

The NVCA logo consists of the lowercase letters "nvca" in a white, sans-serif font, centered within a teal-colored square. The background of the entire slide is a dimly lit, modern office space with wooden floors, desks, and people working.

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Today's US Venture Capital Landscape

Bobby Franklin, President & CEO, NVCA

Agenda

- Introduction to National Venture Capital Association (NVCA) and Venture Forward
- 6 US VC Trends to Watch
- What's Happening in Texas
- Public Policies Affecting the Startup Ecosystem

National Venture Capital Association

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

Venture Forward: New supporting org to address non-policy issues

- Venture Forward launched in June 2020 with a mission to shape the future of VC
- 3 complementary structures—very commonplace with trade associations—supporting the ecosystem
- By structurally separating our advocacy and industry advancement efforts, NVCA and Venture Forward are both better equipped to meet the needs of our community.

Venture Forward Public Charity 501(c)(3)	NVCA Trade Association 501(c)(6)	VenturePAC Political Action Committee 527
<ul style="list-style-type: none"> - Mission-driven - Programs, research, and events that directly serve the good of the community and its members - Funded by donations from individuals <i>or</i> private entities - Donations <u>are</u> tax-deductible 	<ul style="list-style-type: none"> - Membership-driven - Lobbying and advocacy efforts to protect the VC industry from external regulatory forces - Funded by annual member firm dues - Membership dues are <u>not</u> tax deductible 	<ul style="list-style-type: none"> - Membership/Politics-driven - Supports the election of candidates who champion the VC industry - Funded by individual contributions - Donations are <u>not</u> tax deductible

About Venture Forward

- Driving the human capital, culture, values, and narrative of venture capital to promote a strong and inclusive community that will fuel the economy of tomorrow
- Shaping the future of venture capital by offering programming, data and research, and resources that are empowering the ecosystem's ability to thrive.
- Areas of focus: diversity, equity & inclusion; education; research; industry history

VC
UNIVERSITY

LEARN THE NUTS & BOLTS OF VC!

startup@
BerkeleyLaw
UNIVERSITY OF CALIFORNIA

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FORWARD



Comms 101:
3-session program starts February 23

**Building Your Brand
as a VC Investor**

Comms 201:
3-session program starts March 2

**Media Training for
Emerging Voices
in VC**

Presented by  VENTURE
FORWARD  spark





Learn more & consider
donating

ventureforward.org/donate



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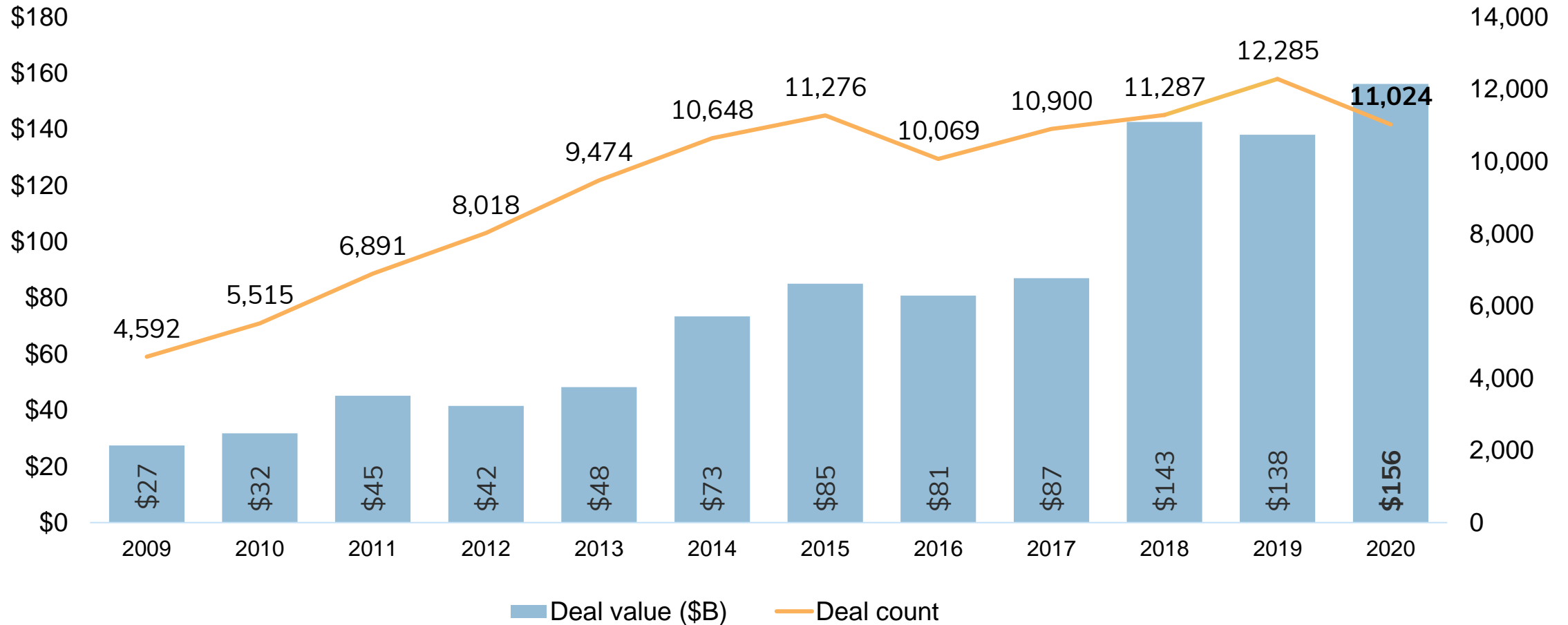


6 US Venture Capital Trends to Watch

1

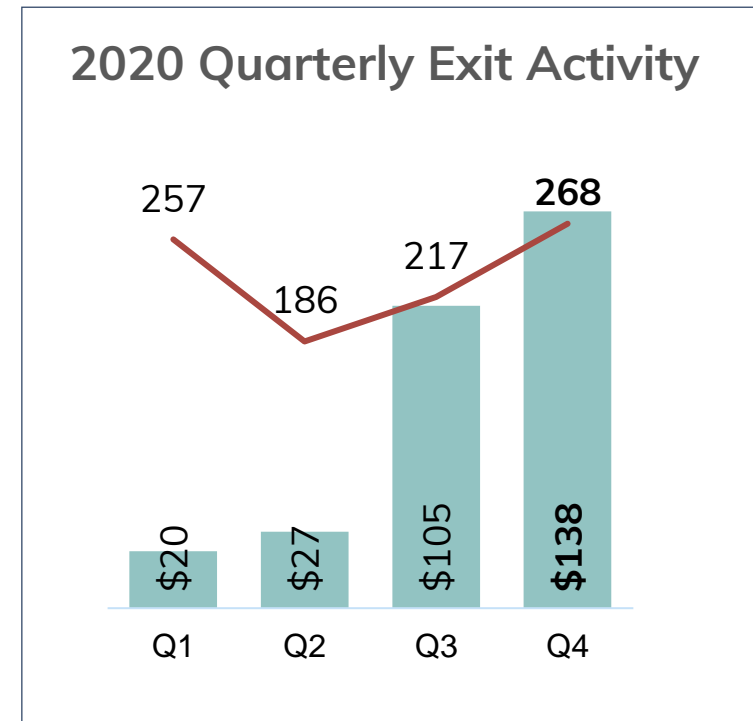
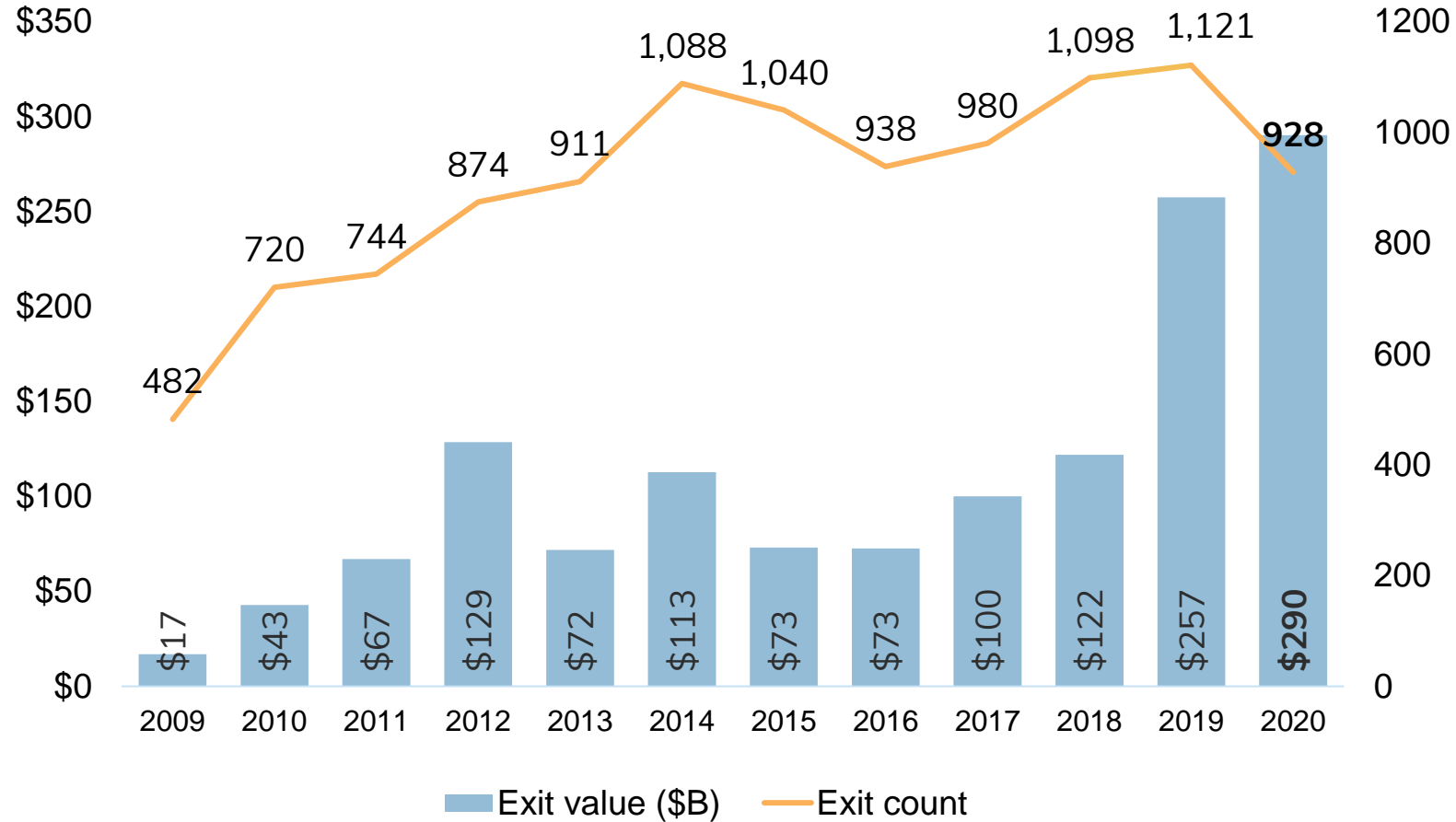
Despite pandemic headwinds, VC dealmaking posted a record year in 2020

US VC Investment Activity



Hot year-end IPO market bodes well for exits during 2021

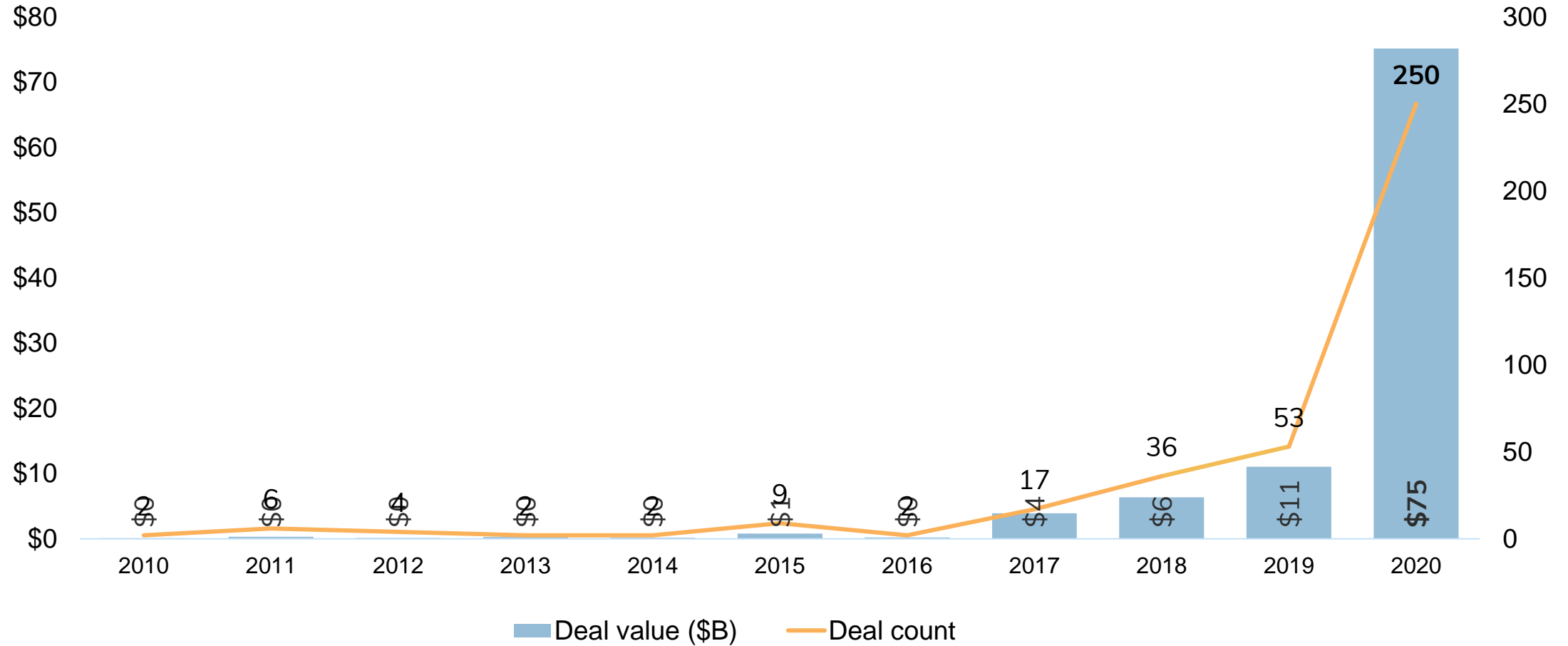
Annual US VC Exit Activity



3

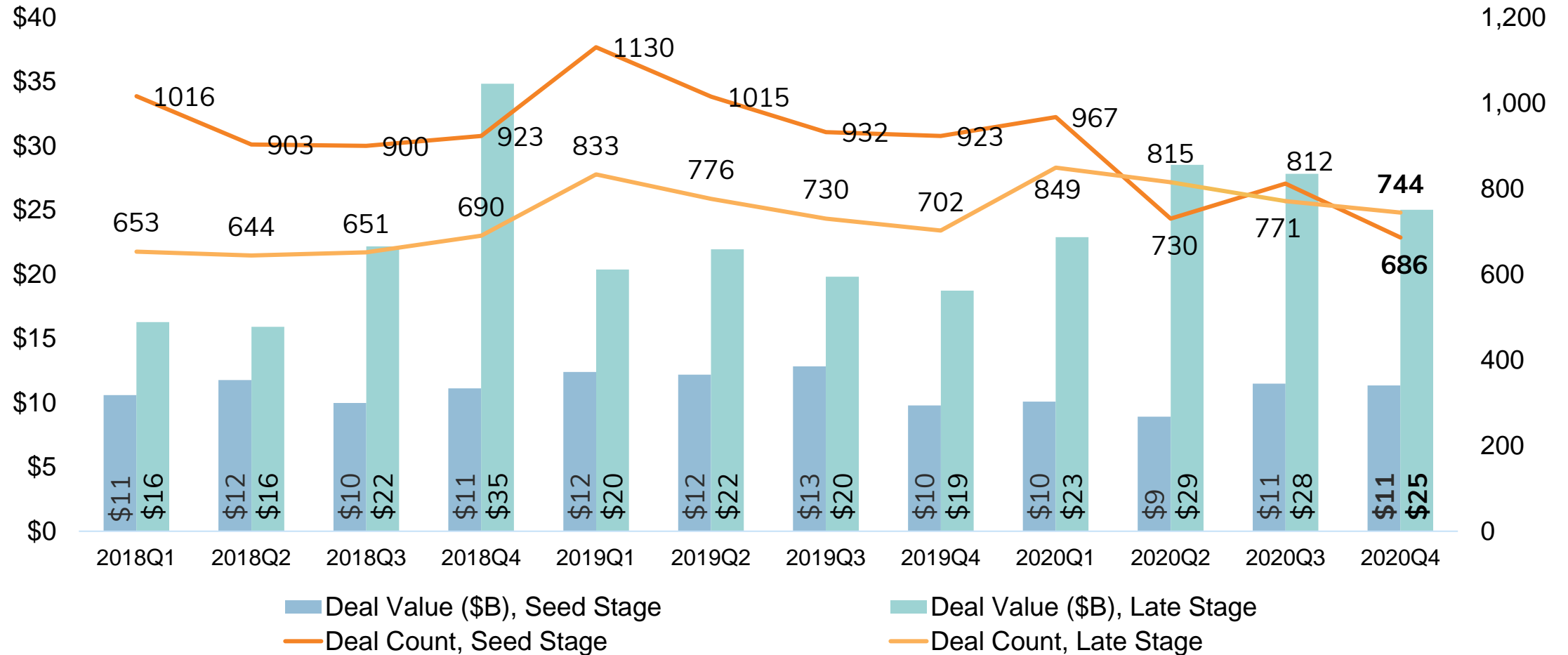
SPAC activity exploded in 2020. Performance in 2021 will help determine if SPACs are here to stay.

US SPAC IPO Activity in 2020



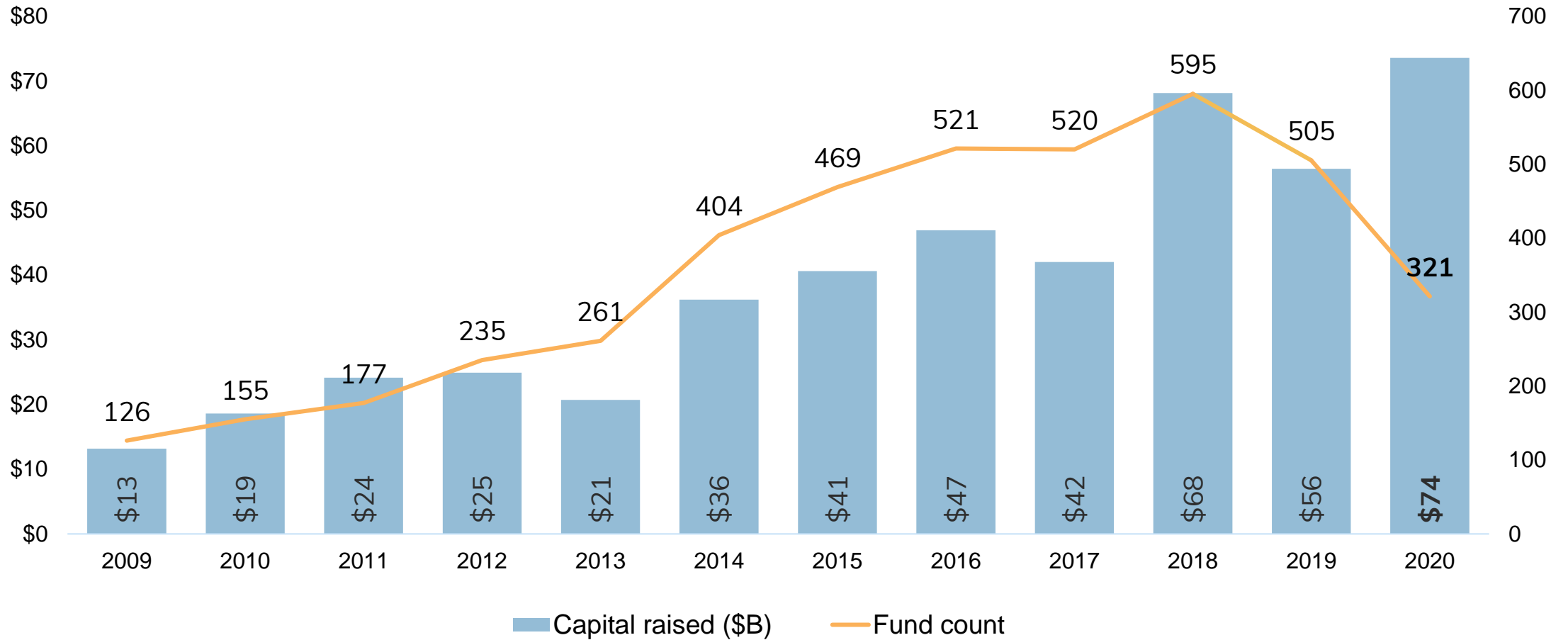
Seed stage has adjusted to new market dynamics, closing gap with late stage performance.

US VC Deal Activity by Stage



With \$152 in dry powder, VC industry enters 2021 in strong position to continue its robust performance

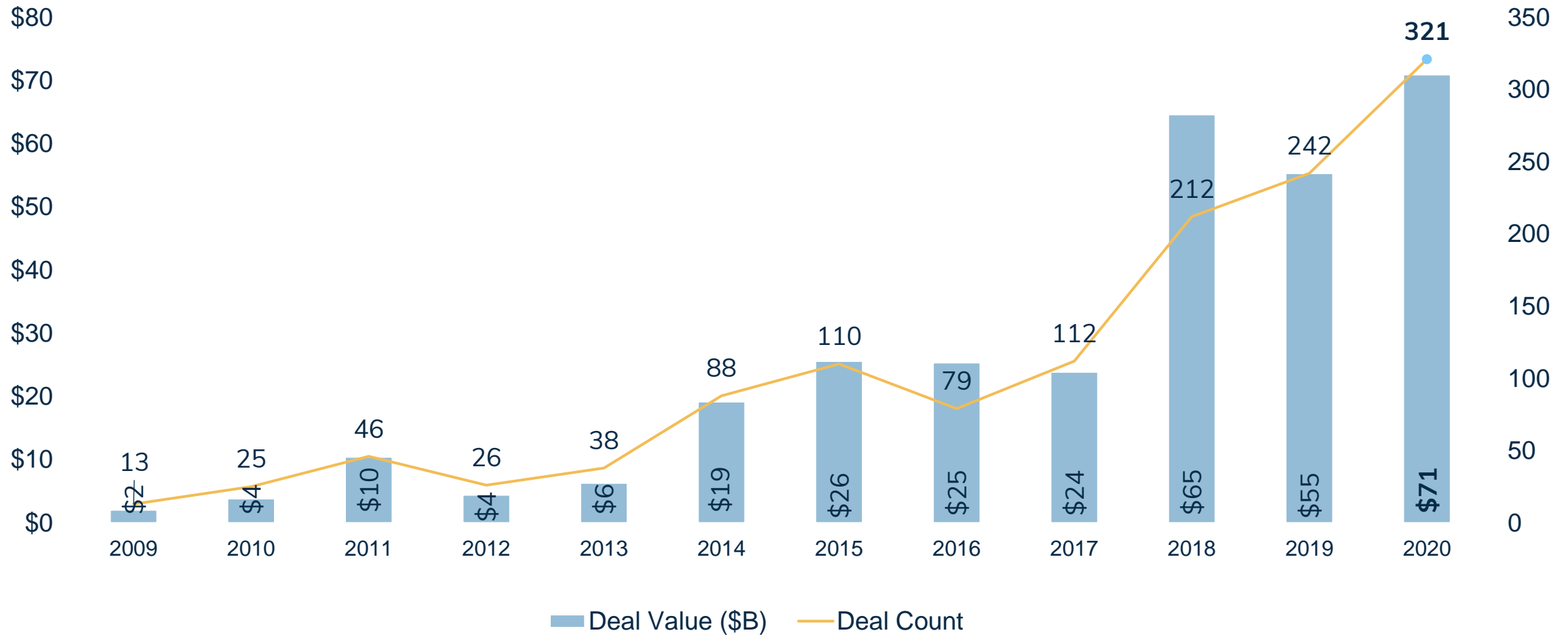
US VC Fundraising Activity



6

Mega deals (\$100M+) continue to surge, causing median and average fund sizes to jump

US VC Mega Deal Activity



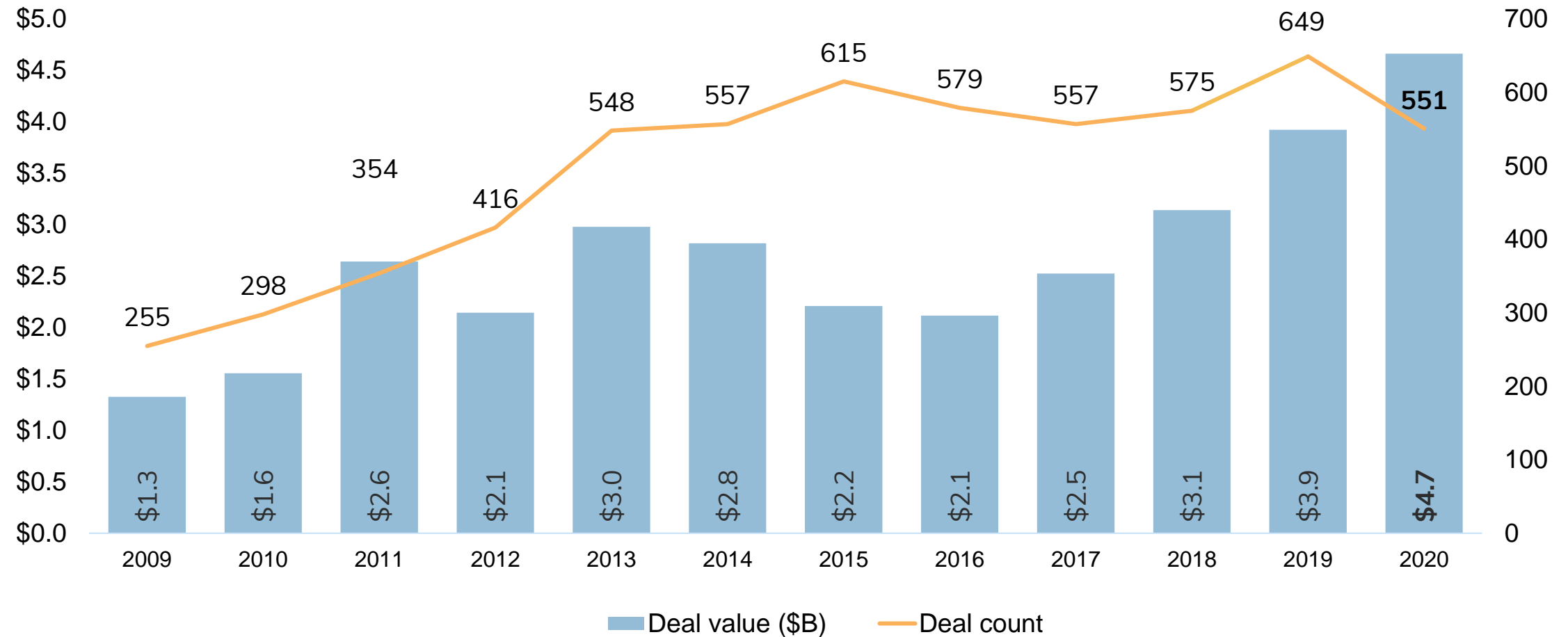
What's Happening In Texas



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TX VC \$ hit record high in 2020, ranking 5th among states in deal activity

Texas VC Investment Activity



TX has a strong investor base with a national reach

US VC Deal Activity (\$M) by State in 2020	
California	\$81,056
New York	\$17,794
Massachusetts	\$16,747
Washington	\$4,709
Texas	\$4,662
North Carolina	\$3,510
Illinois	\$2,823
Colorado	\$2,786
Pennsylvania	\$2,134
Georgia	\$2,015

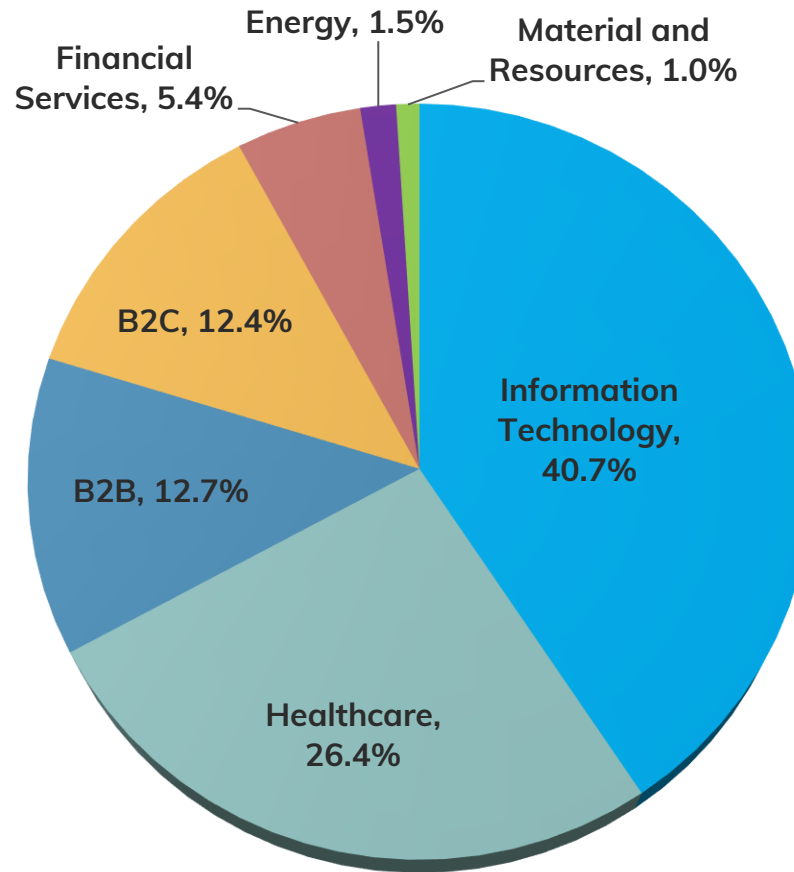
*Top 10 States

# of States Invested into by Investor HQ State in 2019	
Investor HQ State	# of States Invested In
California	46
New York	43
Illinois	40
Massachusetts	35
Texas	34
District of Columbia	33
Maryland	32
Colorado	31
Florida	29
Washington	27

*Top 10 States

IT, Healthcare, & B2B startups lead TX VC activity

Texas VC Investment by Sector in 2020
(% of Capital Invested)



Premier firms and companies in the Longhorn state

**Top Firms Headquartered in TX
(by # Investments from 2015 to 2020)**

Investor Name	# Investments
Capital Factory	258
Geekdom Fund	73
Quake Capital	57
Active Capital	44
Silverton Partners	37
S3 Ventures	27
KdT Ventures	26
ATX Venture Partners	23
LiveOak Venture Partners	22
Goldcrest Capital	21

**Top VC-Backed Companies Founded in TX
(by Exit Value from 2015 to 2020)**

Company Name	Exit Value (\$M)
HomeAway	\$3,900
Peloton Therapeutics	\$2,350
Rackspace US	\$703.50
Kony	\$559
Crius Energy	\$487
Encore Vision	\$465
DE Spirits	\$400
CSIdentity	\$358
Noventis	\$338.70
Industrial Safety Technologies	\$330



Public Policy Updates: What is Happening in Washington

Personnel is policy – Biden key choices so far



Critical Political Dynamic I: Biden & McConnell

- McConnell holds the keys on many of Biden's largest agenda items
- Whether the two teams can work together will be the single most important factor determining productivity of federal policymaking



Critical Political Dynamic II: GOP v. (Dem Moderates v. Progressives)



Critical Political Dynamic III: Republican Civil War

- Republican party in war for itself – institutionalists like McConnell versus Trump and his supporters
- Intra party fight will have major impact on 2022 elections
- Question remains over how powerful McConnell will be within Senate Republicans and his ability to keep his caucus together



First 100 Days of Biden Administration

Staffing and nominations

Economic and public health (COVID) response package

Submit comprehensive immigration bill to Congress

Reverse Trump EOs on immigration & environment

Re-join WHO and Paris Climate Agreement

Vaccine distribution plan

Biden Agenda Priorities

- Economic and public health response to COVID crisis
- Immigration
- Infrastructure
- Clean energy/climate change
- Innovation
- Postsecondary education
- Racial justice
- Health care
- Trade/outourcing

Immigration will be priority, but frustrated

- Biden will quickly move to dismantle Trump's immigration orders
- Democrats will try to send strong message to Latino voters by **passing immigration bill in the House**
- But narrow control of the Senate will **limit what can get done**
- With filibuster, immigration bill will need to be targeted; without filibuster it can be broader
- Important that NVCA priorities like a Startup Visa are included in moving bills even if they don't become law



Biden on Tax Policy

Biden has proposed a series of revenue increases, GOP will defend their tax cut package

Business Tax Proposals	Individual Tax Proposals
Increase corporate rate to 28%	Increase top ordinary income tax rate to 39.6%
Impose 15% minimum tax on global book income for Cos w net income over \$100M	Tax capital gains as ordinary income for taxpayers w more than \$1M in income; tax unrealized capital gains at death with no stepped-up basis
Increase minimum tax rate on global intangible income to 21%	Cap itemized deductions at 28%, but reinstate SALT deduction
Various clean energy tax incentives	Impose Social Security payroll taxes on earnings over \$400K
Create manufacturing communities tax credit & tax penalties on outsourcing	

Innovation Policy

- Greater focus on **promoting basic research investment to address China threat** and global competition for innovation
- More significant investment in clean energy research
- Opportunity for VCs in bipartisan legislation
- *Endless Frontier Act*
 - \$100B investment in ten key tech focus areas
 - Focus on new company formation



A modern office environment with several people working at desks and standing in a collaborative space. The office has a bright, open-plan layout with wooden floors and large windows. People are seen sitting at desks with multiple monitors, and others are standing and talking. The overall atmosphere is professional and collaborative.

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Thank You
Learn more at nvca.org