Trends in Venture Capital Fund Terms

Key economic trends for GPs raising funds to invest in early and growth stage companies

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Data methodology

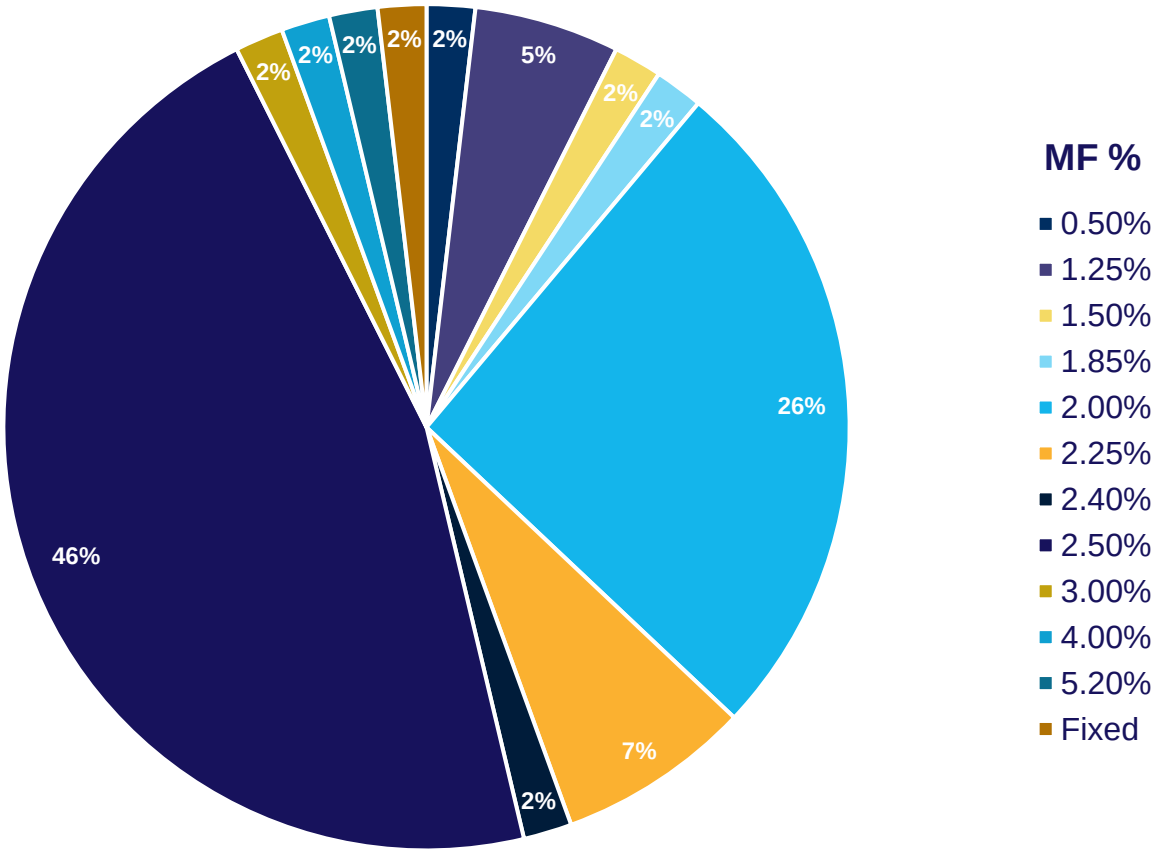
Our sample contains the following:

- 60 sample LPAs
- European VCs
- Pre-seed to growth stage
- First fund to 18th fund
- Funds raising up to £500m

1. Management Fee Trends

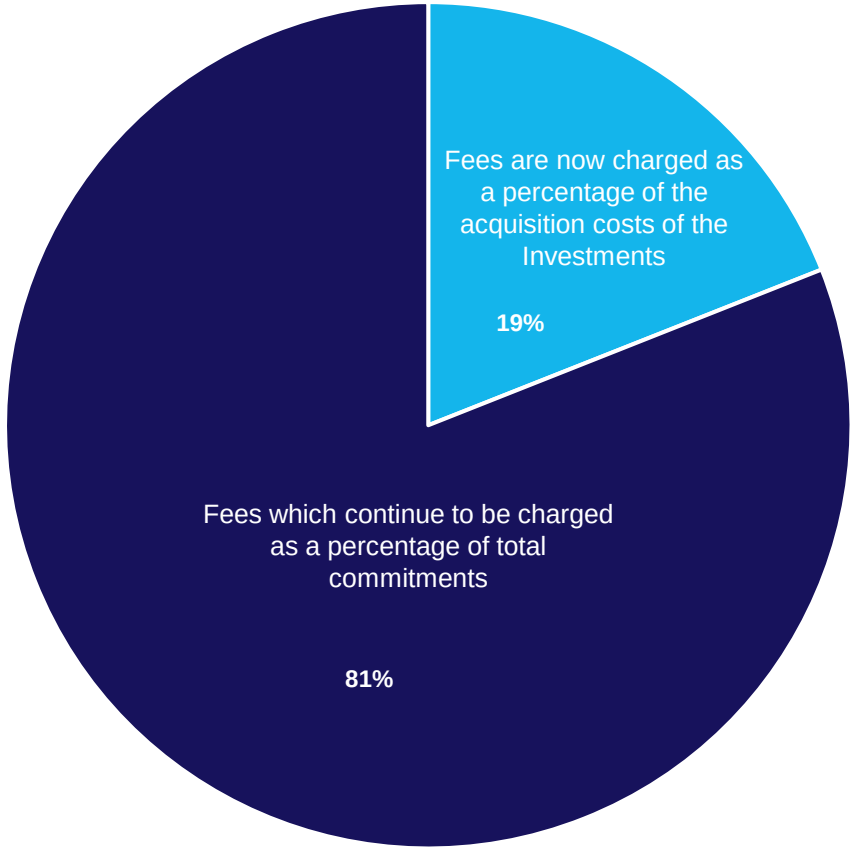
Management Fee or GPS Trends during the Investment Period

The below pie chart sets out the most common Management Fee or GPS percentages in our data set charged against Commitments during the Investment Period. Fees charged at between 2-2.5% formed the largest part of the data set (81%).

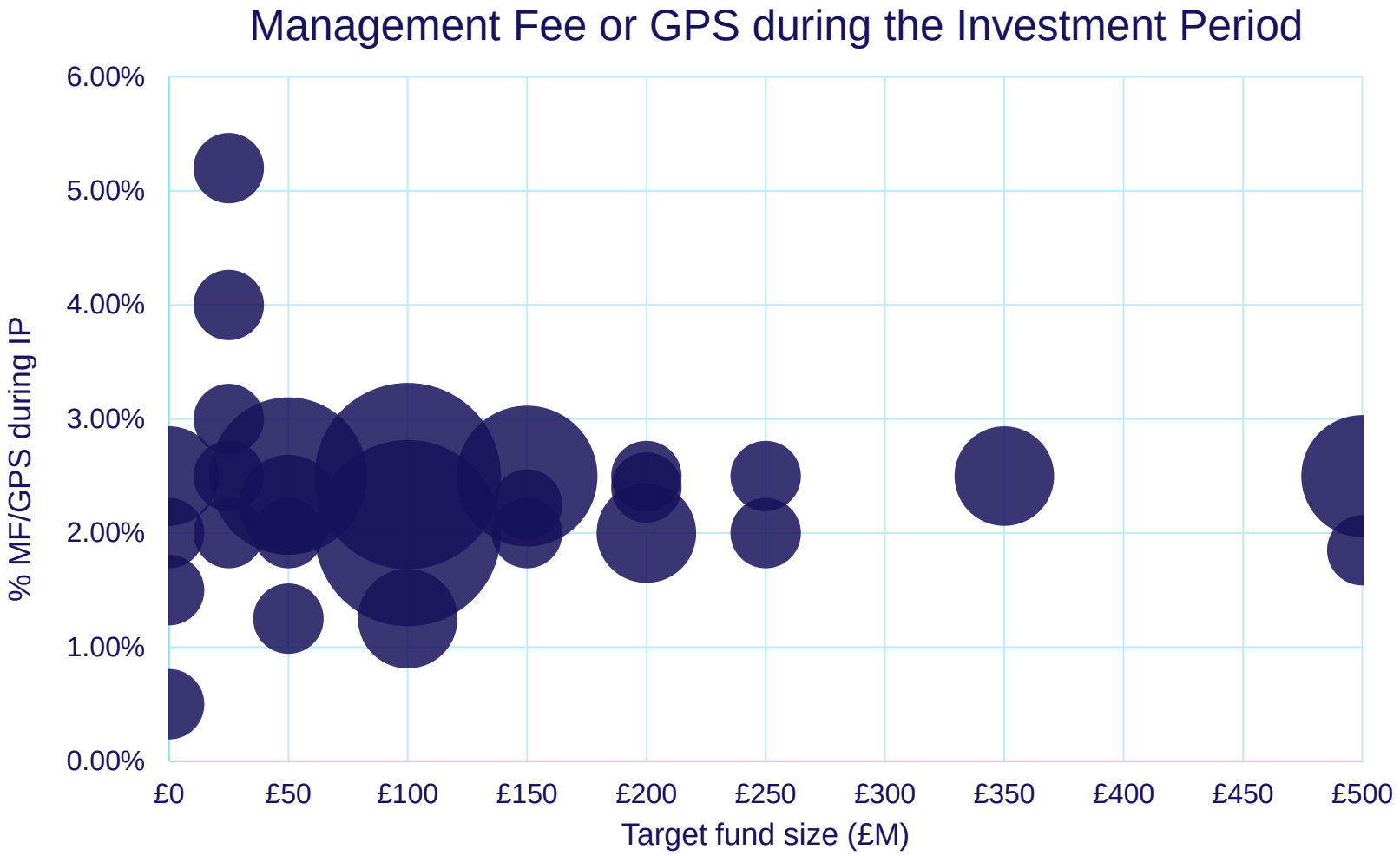


Management Fee or GPS after the end of the Investment Period

The below pie chart sets out how the Management Fee or GPS was charged after the end of the Investment Period – either continuing by way of being charged as an (often reduced) percentage against the total commitments or alternatively being charged as a percentage of the acquisition costs of the investments (reducing as such investments as sold or written down).



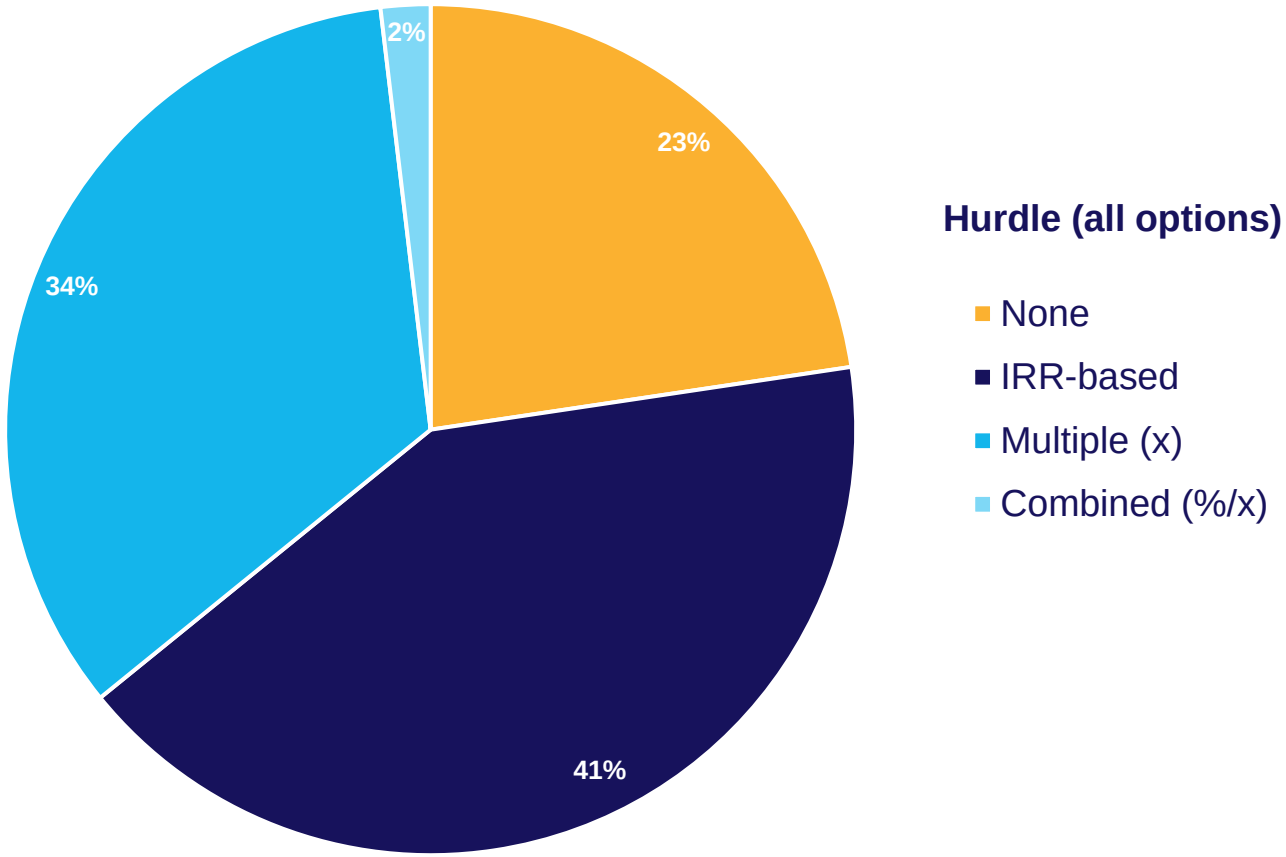
Management Fee Trends marked against Fund Size



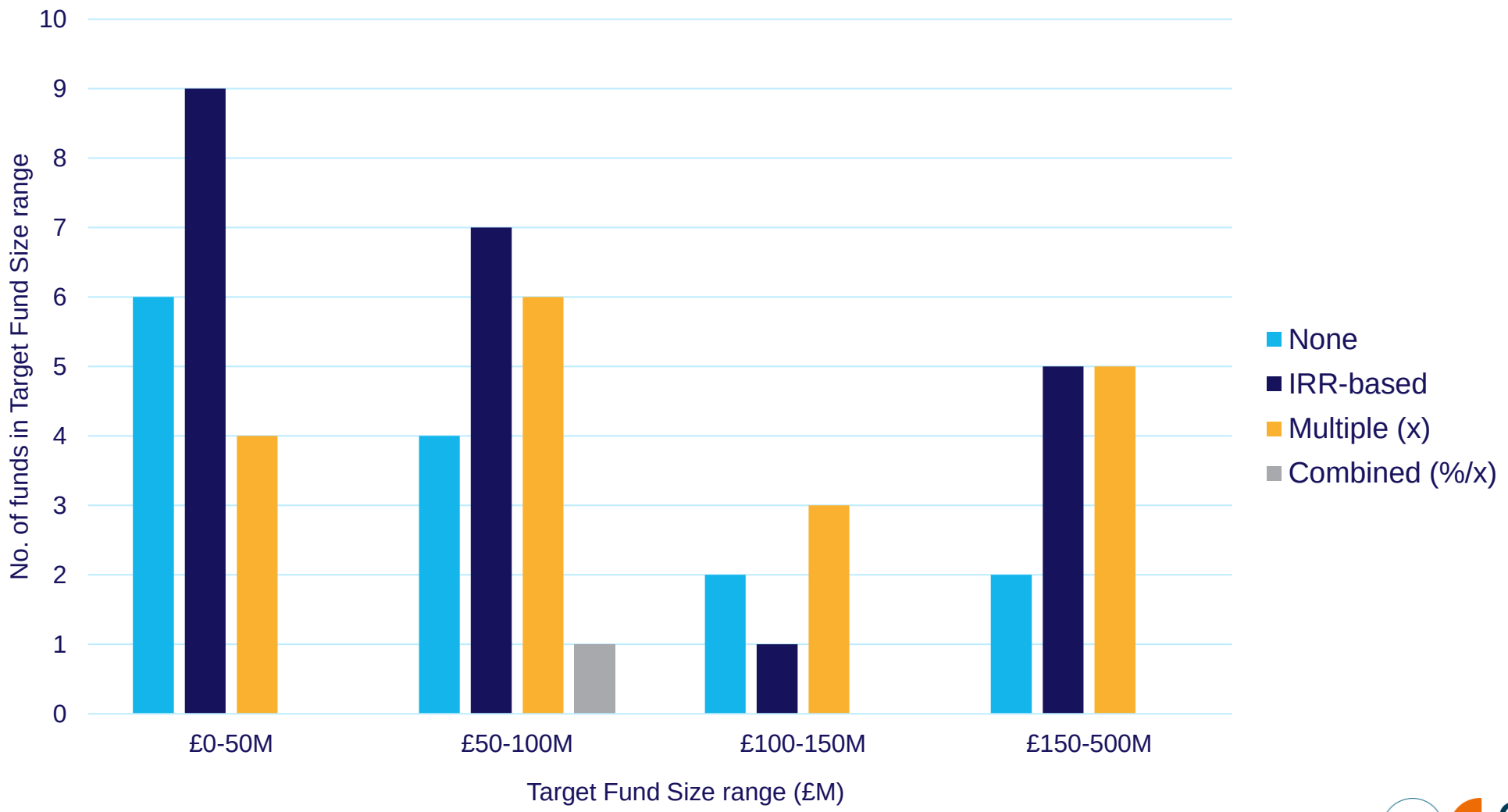
2. Carried Interest Trends

Is there a hurdle or preferred return prior to any carry being paid?

The below Pie Chart shows whether the Funds in our dataset used a hurdle set as an IRR percentage, a multiple of the Investors' commitments, the higher of the two (noted as Combined) or no hurdle at all.

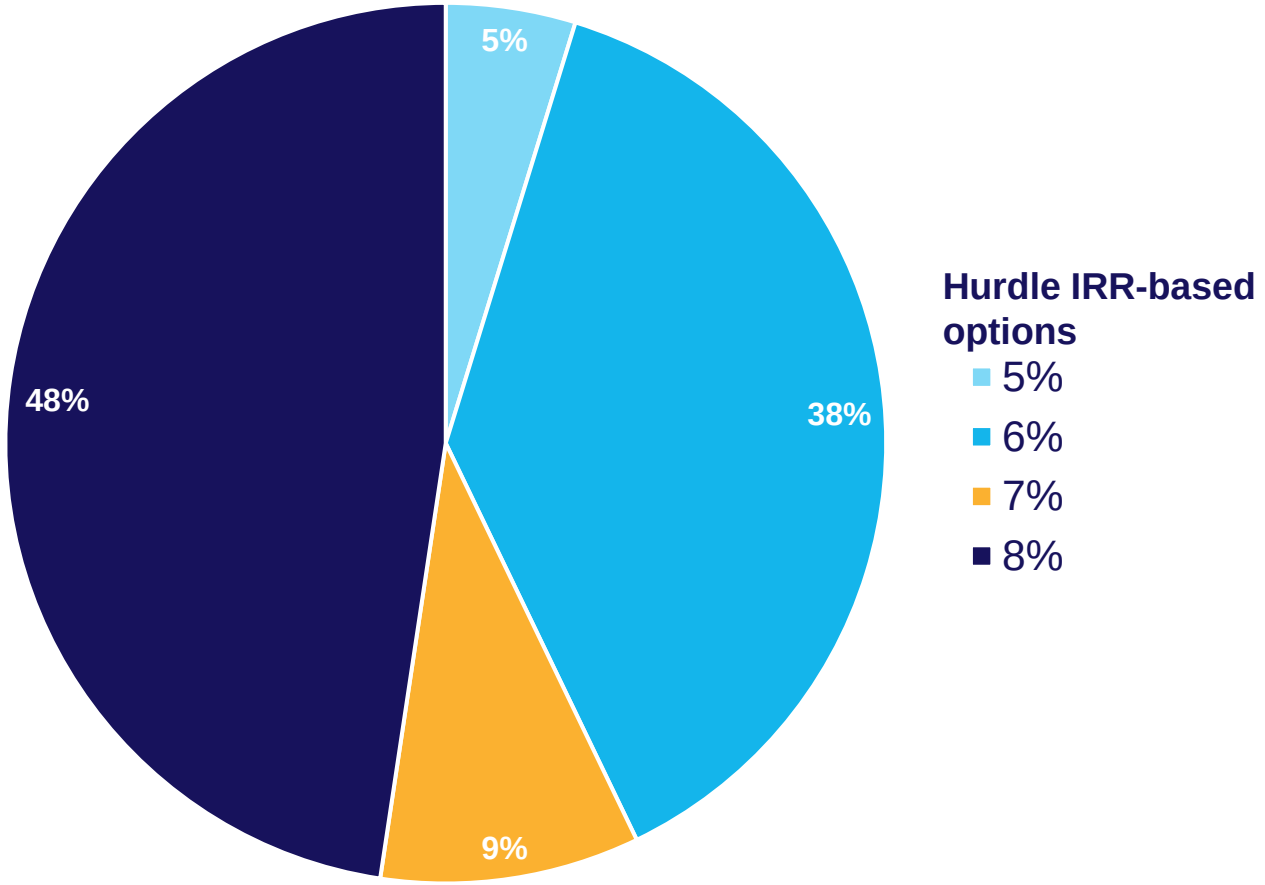


Hurdle Options measured against Target Fund size

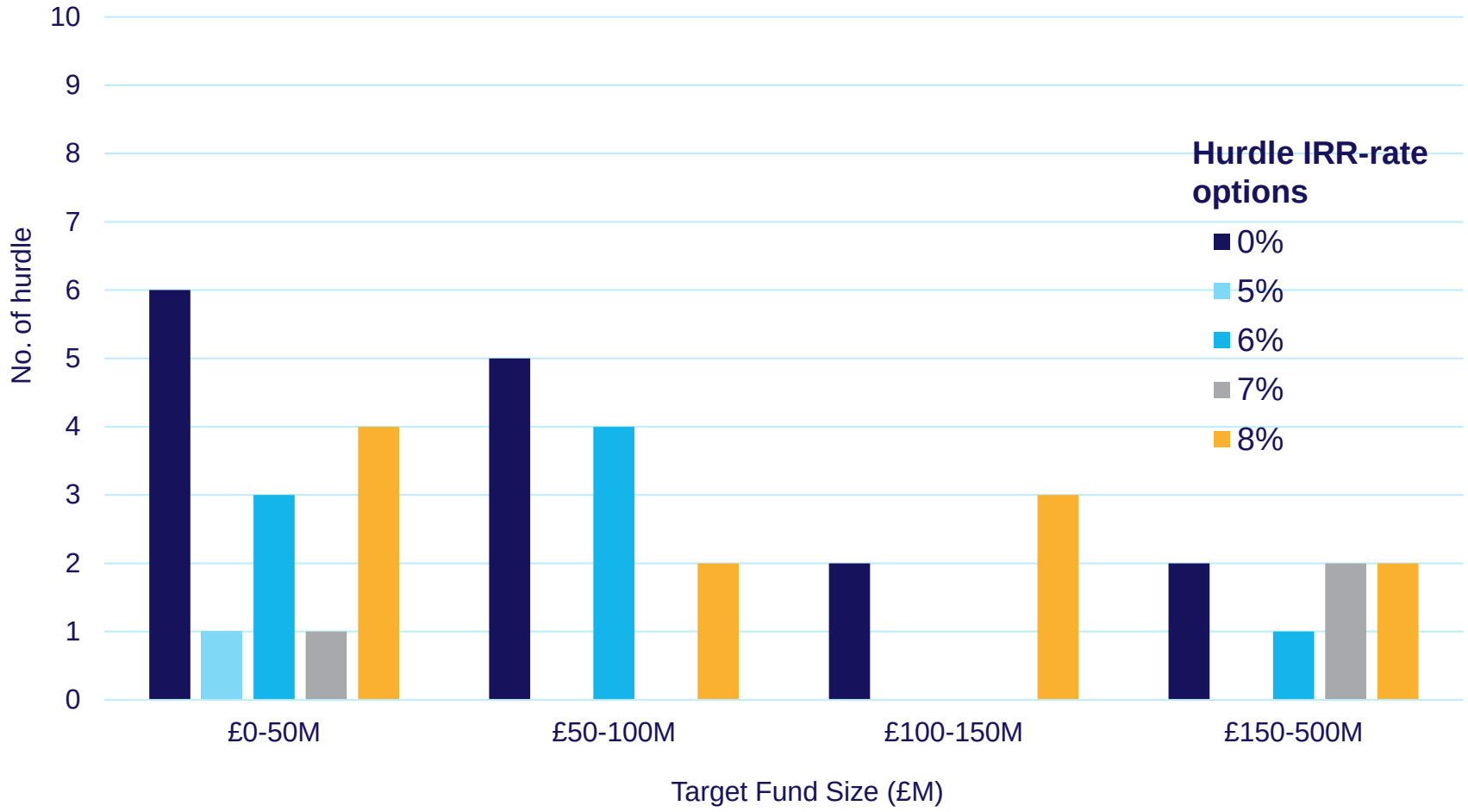


Preferred Return Hurdle as an IRR Percentage

An IRR of 8% was most commonly used by the Funds in our data set (48% of those using an IRR based hurdle).

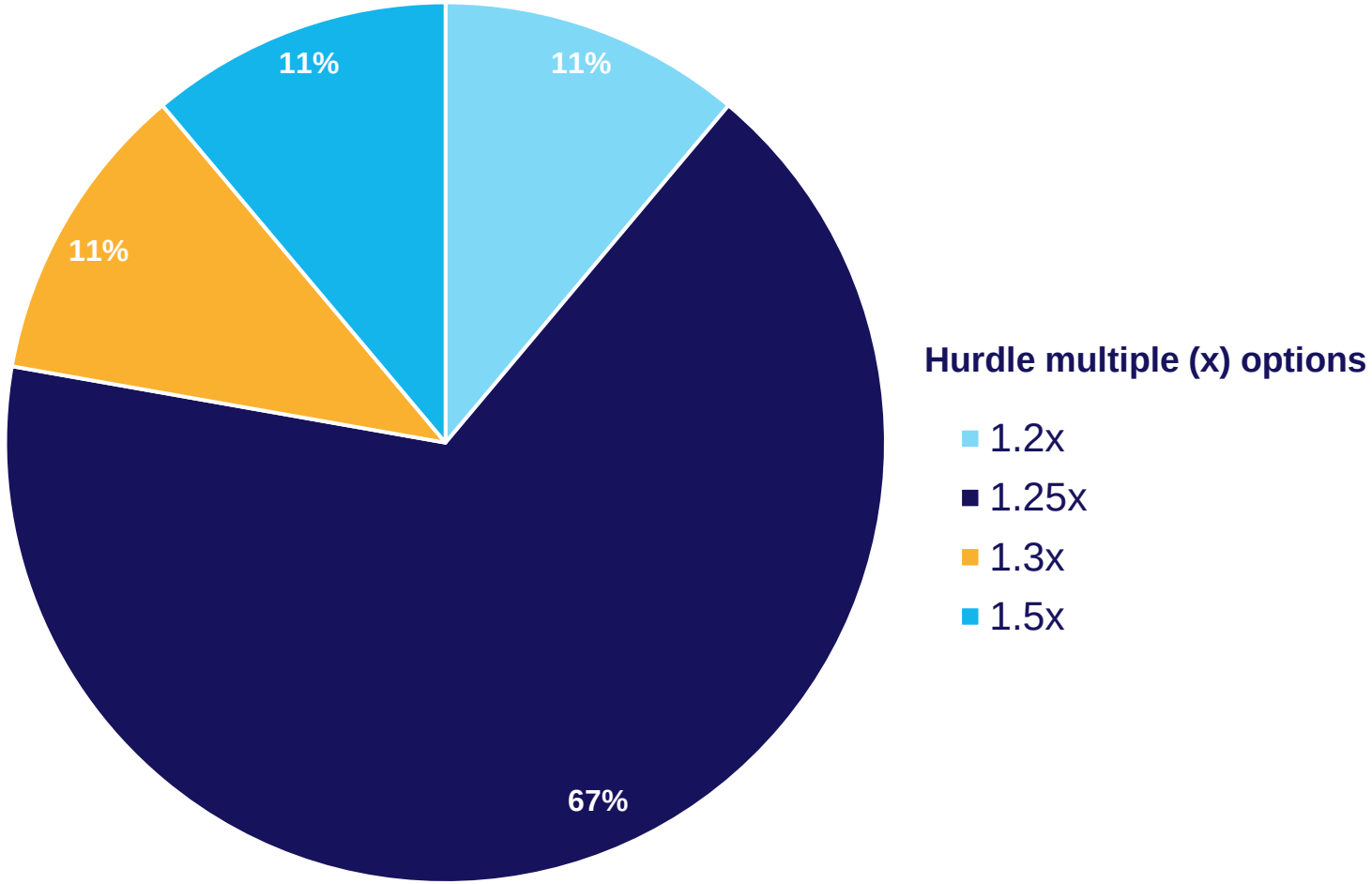


Preferred Return Hurdle as an IRR Percentage measured against Fund Size

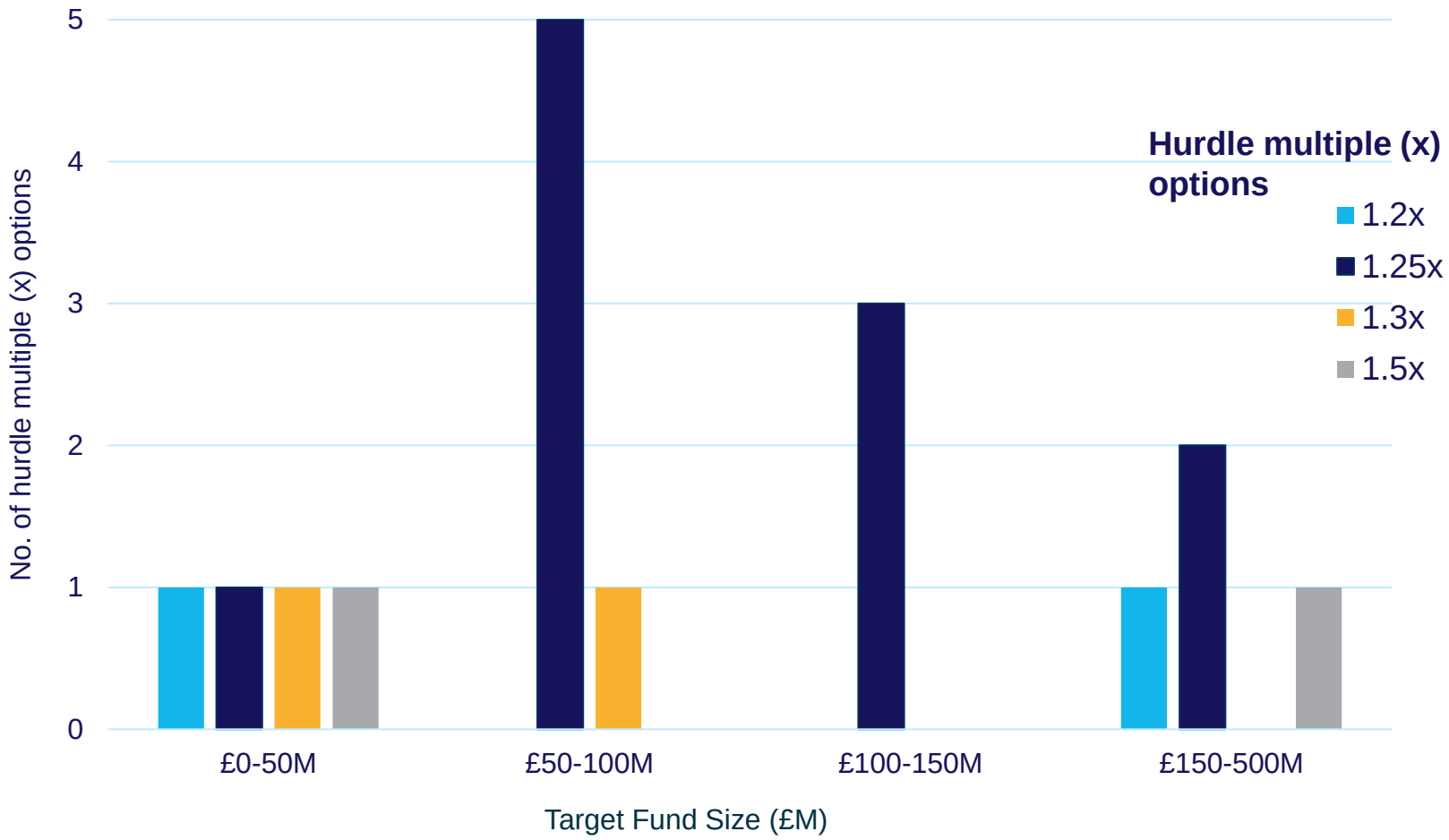


Preferred Return Hurdle as a Multiple

A Multiple of 1.25x was most commonly used by the Funds in our data set (67% of those using a multiple).

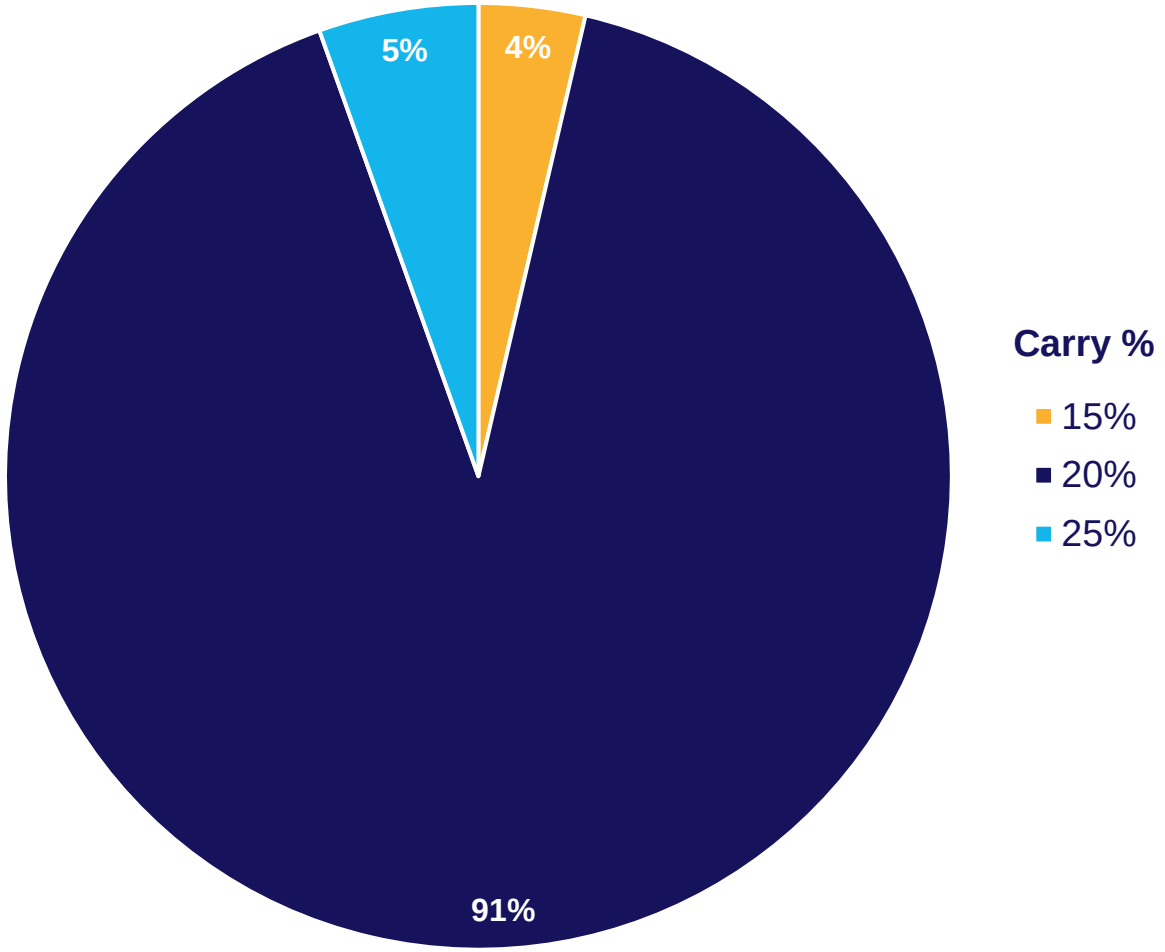


Preferred Return Hurdle as a Multiple measured against Fund Size

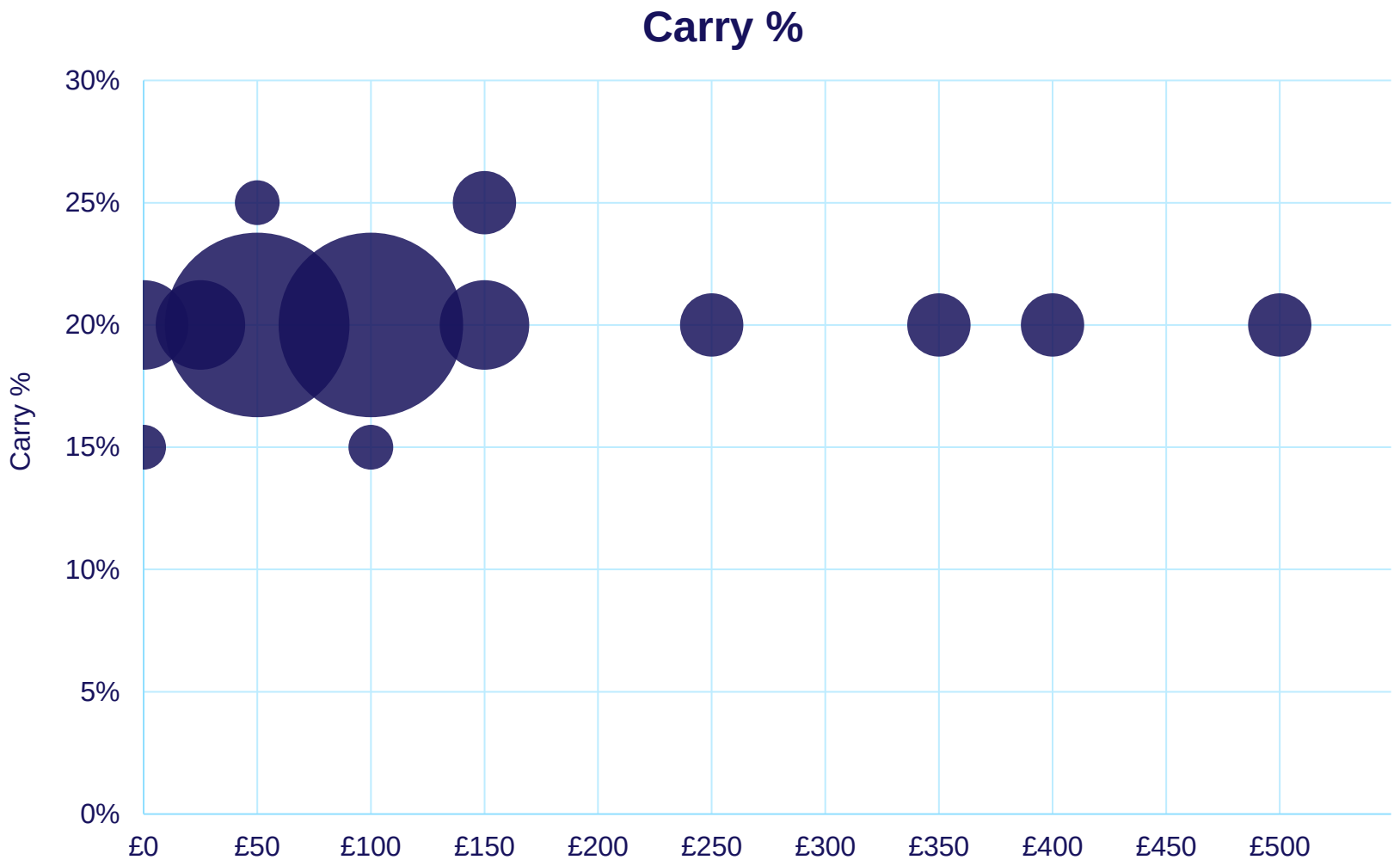


Carried Interest Percentages

We've set out below the most common carried interest percentages that were charged in our data set. Carried Interest at 20% still remains the most popular fund term (forming 91% of the data set)

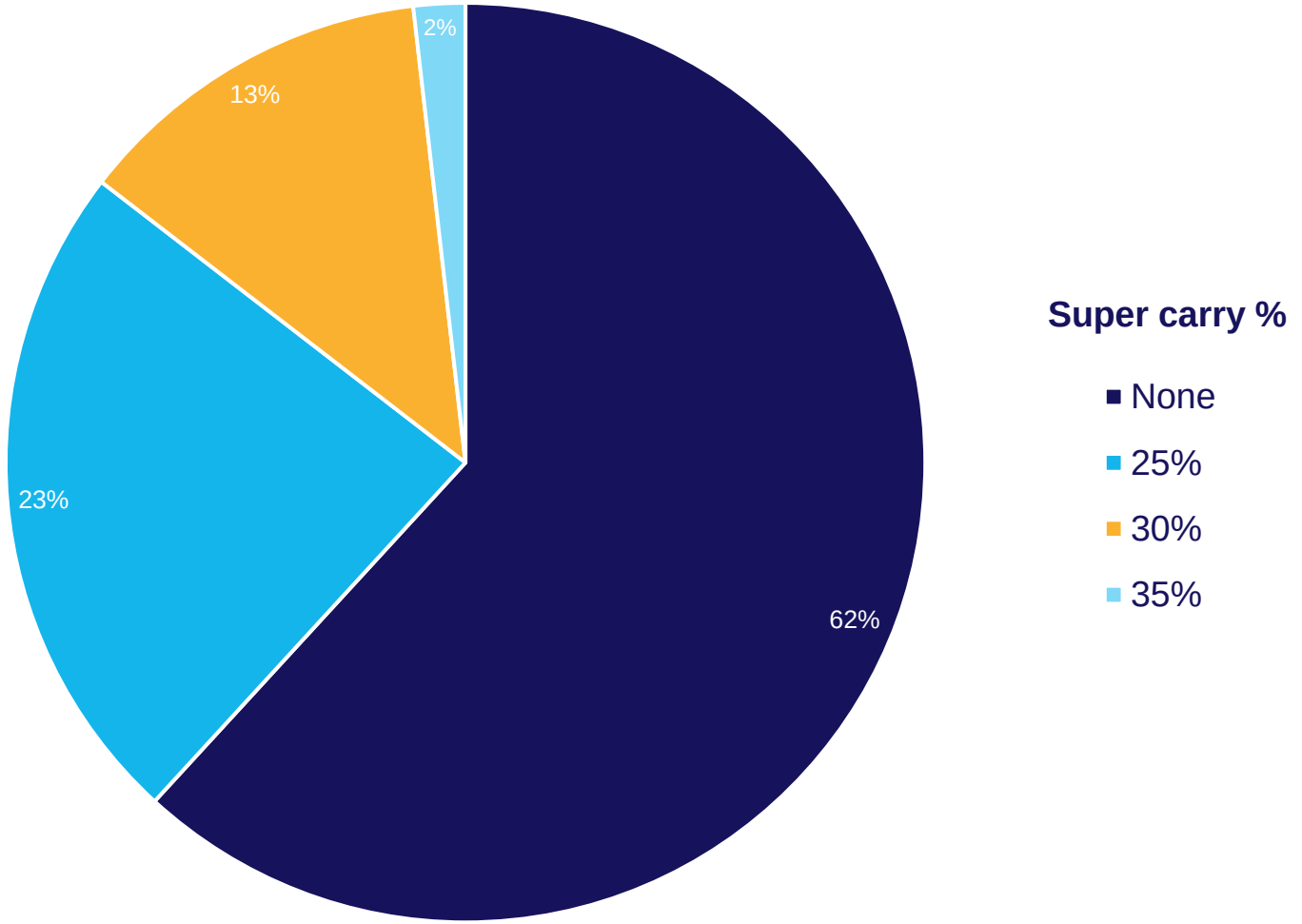


Typical Carried Interest percentage marked against Fund Size

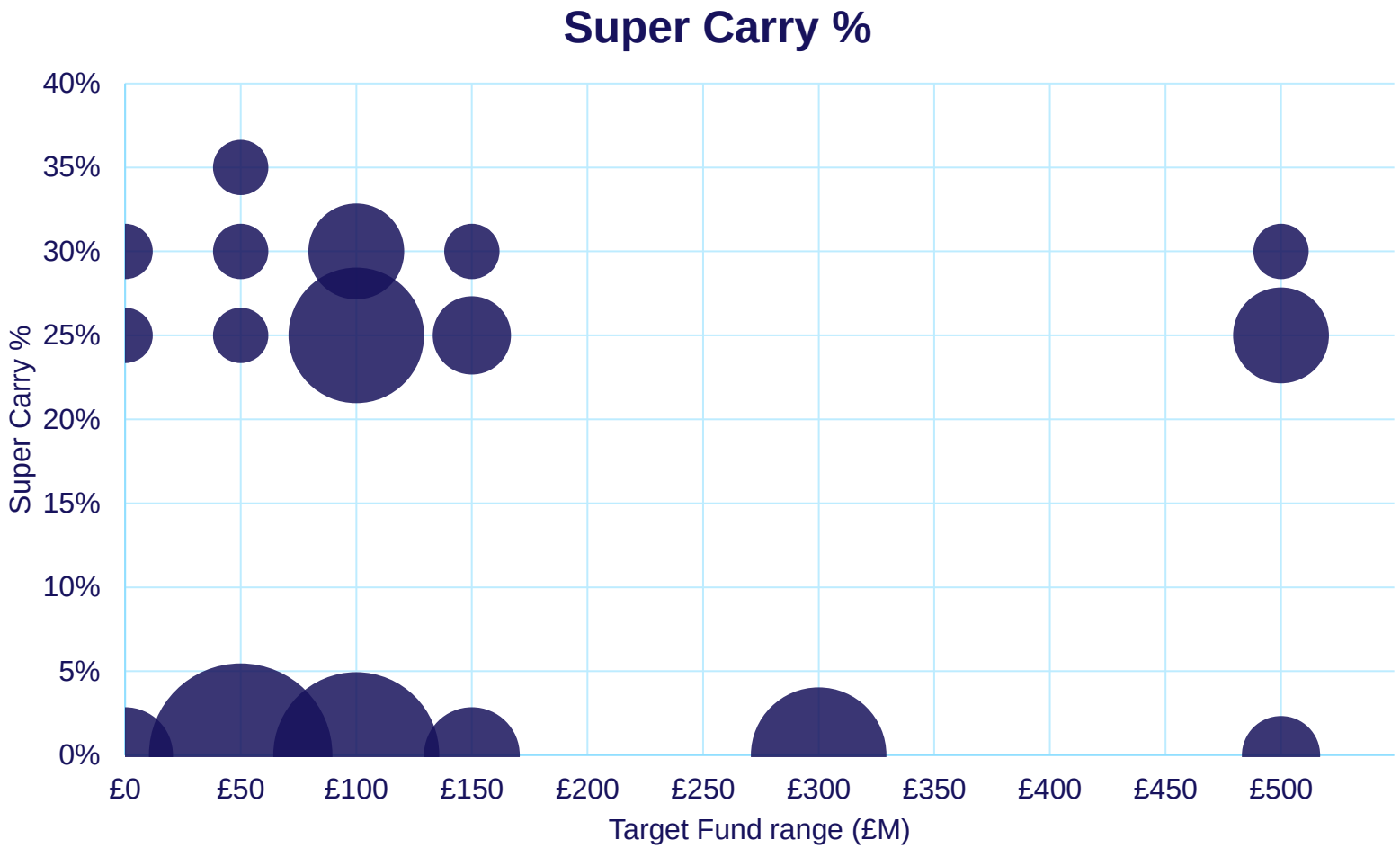


Enhanced Carried Interest (or Super-Carry)

The majority of Funds in the data set (62%) did not charge super-carry (i.e. an enhanced carry if a certain return/multiple is achieved). For the Funds that did charge super-carry, 25% was the most popular.

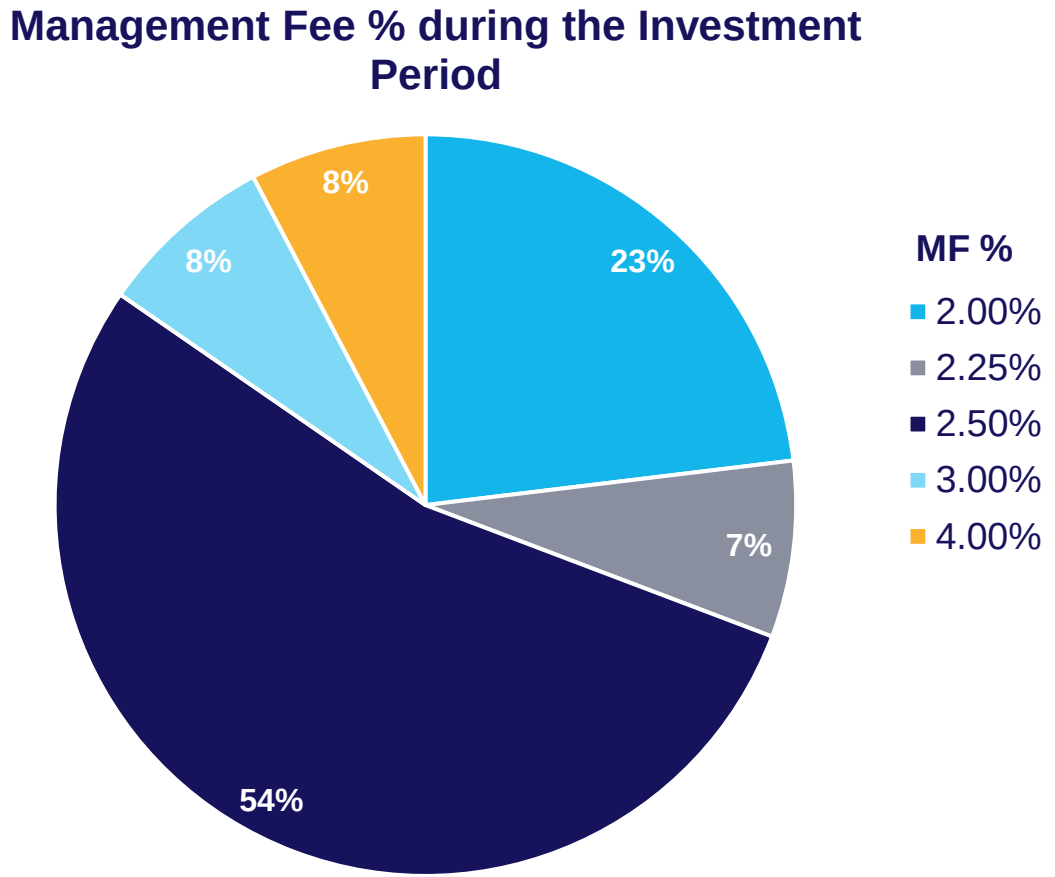


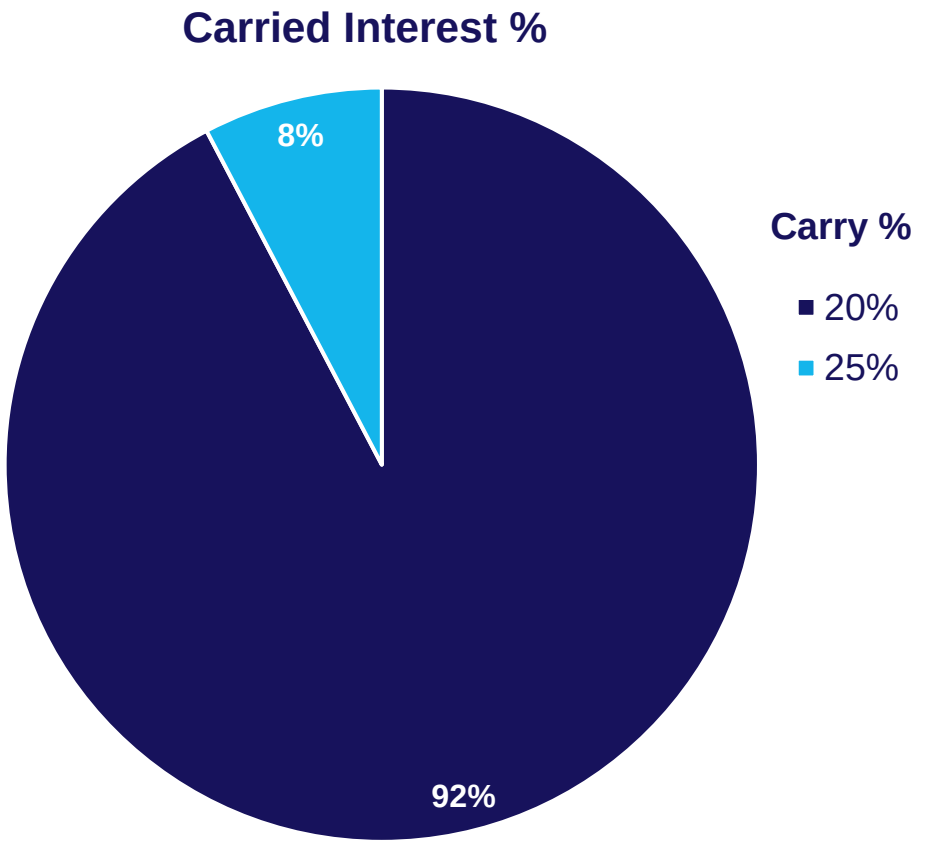
Enhanced Carried Interest marked against Fund Size



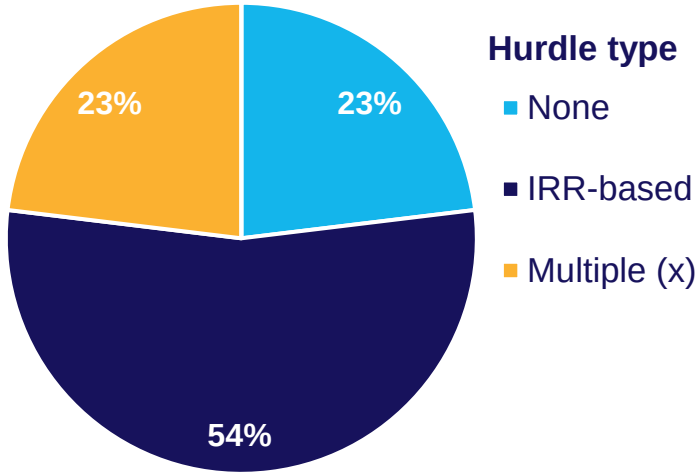
3. First Time Fund Manager Trends

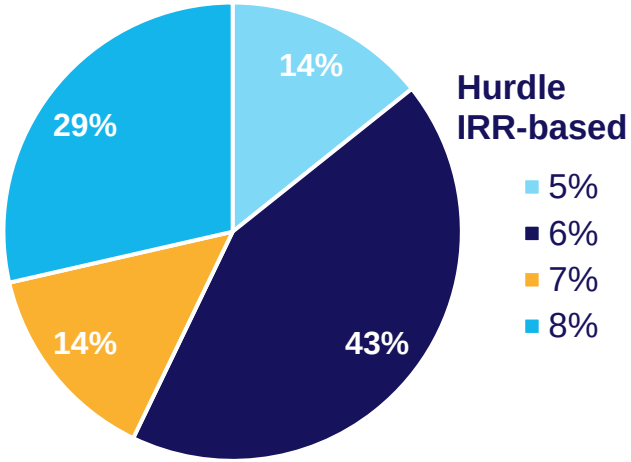
Specific Trends for First Time Fund Managers

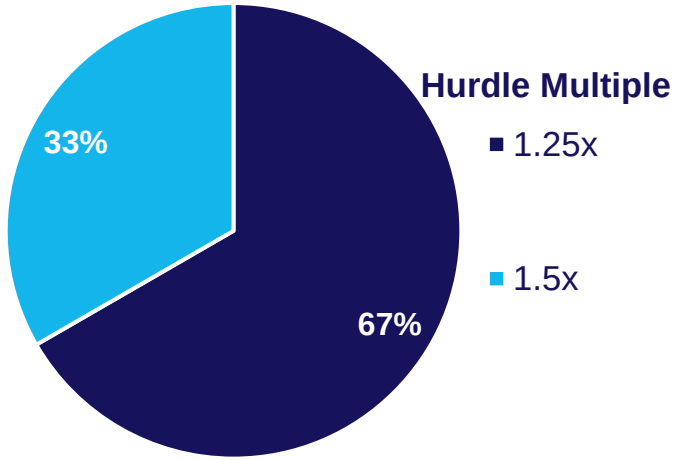




Specific Trends for First Time Fund Managers – Preferred Return Hurdle







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