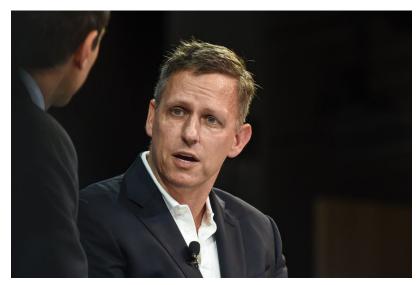
https://www.wsj.com/articles/peter-thiels-founders-fund-building-new-war-chest-in-strategy-shift-11571672563

## ◆ WSJ NEWS EXCLUSIVE | TECH

## Peter Thiel's Founders Fund Builds New War Chest in Strategy Shift

The firm, co-founded by the early Facebook investor, wants cash to pump into aging tech startups that have remained private



Mr. Thiel co-founded PayPal Holdings and wrote one of the first checks to Mark Zuckerberg to start Facebook. **PHOTO**: STEPHANIE KEITH/GETTY IMAGES

By Rob Copeland and Katie Roof
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Peter Thiel's venture-capital firm is raising nearly \$3 billion—and in a switch from the company's usual script, much of the war chest will be poured into the swelling ranks of technology startups that have stayed private for years.

Founders Fund, Mr. Thiel's flagship San Francisco firm, is late in the process of amassing the new cash across two funds, people familiar with the matter said. The push includes Founders' first dedicated fund for late-stage companies, which the firm intends to use to plow new money into existing investments like payments business Stripe Inc. and data-analysis company Palantir Technologies Inc.

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This story reveals new information and details that were first reported by WSJ.

Founders needs to be able to make larger investments at later stages of a company's lifetime to maintain comparable stakes and a say in company operations, some of the people said.

"Winning in venture means riding your winners all the way to the finish line," said Jeremy Liew, partner at venture-capital firm Lightspeed Venture Partners, which has sometimes invested alongside Founders but isn't involved in the current effort.

Mr. Liew, who has raised a fund to invest in growth-stage private companies, said he and his peers must ensure that they retain a high ownership percentage of companies heading public. "If you can't continue to be a major source of financing, you get diluted."

Mr. Thiel, 52, is known for both his investment prowess and outlier politics in liberal Silicon Valley. The billionaire is a vocal supporter of President Trump and spoke at the 2016 Republican National Convention. Long before that, he co-founded PayPal Holdings Inc. and wrote one of the first checks to Mark Zuckerberg to start Facebook Inc. He remains on Facebook's board.

Of \$2.7 billion that Founders expects to raise by the first quarter of next year, some \$1.5 billion will go to the growth strategy aimed at older, larger companies, people familiar with the matter said. The remainder will follow Founders' existing strategy, which includes some investment in startups when they are nascent business ideas.

Mr. Thiel's and Founders' move toward later-stage startups is indicative of a wider trend in technology toward so-called growth-stage financing, or investments in mature companies. The \$100 billion gorilla in the space is SoftBank Group Corp. 's Vision Fund, which launched two years ago.

SoftBank's strategy remains unproven. One of its biggest investments, WeWork parent We Co., is in disarray, while shares of Uber Technologies Inc. are trading well below their initial public offering price. It remains to be seen whether SoftBank will be able to raise a second fund.

Founders Fund is undaunted. It has told potential investors that older companies that stay private longer can prove to be more stable, if less lucrative, investments than moonshot startup bets, according to the people familiar with the matter.

The firm continues to enjoy a maverick image; it is hosting Hereticon next year, a conference to foster what it calls "heretical thinkers."





Mr. Thiel and other Founders partners are expected to provide roughly 20% of the new funds' money. Recent investments include game-show app HQ Trivia and The Athletic, a sports news site.

Founders has produced investment returns well-above the industry average, The Wall Street Journal reported earlier this year. Its earliest funds, from 2005 and 2007, grew sixfold and more than eightfold, respectively, by the third quarter of last year. Early investments in Facebook and Space Exploration Technologies Corp., known as SpaceX, fueled the returns.

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