



CAMBRIDGE ASSOCIATES LLC



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GRADUALLY IMPROVING IPO MARKET PRODUCES STRENGTHENED VENTURE CAPITAL FUND PERFORMANCE

Arlington, VA, February 3, 2014— Venture capital fund performance continued to make gains across most time horizons as of September 30, 2013, according to the Cambridge Associates LLC U.S. Venture Capital Index[®], the performance benchmark of the National Venture Capital Association (NVCA). The quarterly, 1-, 3-, 5-, 10- and 15-year horizons all showed higher returns with no change in the 20-year horizon. The 10-year return inched higher for the 14th consecutive quarter and the 1-year performance indicator nearly doubled from one year ago. Despite these improvements, the 1-, 3-, and 5- year returns were bested by the DJIA, NASDAQ Composite, and S&P 500 as of Q3 2013.

U.S. Venture Capital Index Returns

Cambridge Associates LLC U.S. Venture Capital Index ^{®1} for the periods ending	Qtr.	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
September 30, 2013	6.5	15.1	14.4	7.5	8.6	26.1	30.0
June 30, 2013	4.3	8.9	13.5	5.7	7.8	22.8	30.1
March 31, 2013	2.5	4.9	12.0	4.8	7.4	22.8	29.6
December 31, 2012	1.2	7.2	11.4	4.1	6.9	24.7	28.5
September 30, 2012	0.6	7.7	12.2	4.5	6.1	24.2	28.8
30-Sep-13							
U.S. Venture Capital - Early Stage Index¹	6.1	13.6	14.9	7.0	7.6	96.5	43.5
U.S. Venture Capital - Late & Expansion Stage Index¹	8.9	21.4	15.7	12.2	11.7	9.1	11.7
U.S. Venture Capital - Multi-Stage Index¹	6.2	15.4	13.1	6.8	9.3	7.8	13.6
U.S. Growth Equity¹	8.5	18.9	17.3	11.9	13.4	NM	NM
DJIA	2.1	15.6	14.9	9.9	7.7	6.9	10.0
NASDAQ Composite*	10.8	21.0	16.8	12.5	7.8	5.5	8.3
S&P 500	5.2	19.3	16.3	10.0	7.6	5.3	8.8

Sources: Cambridge Associates LLC, Dow Jones Indices, Standard & Poor's, and Thomson Reuters Datastream.

The Cambridge Associates LLC U.S. Venture Capital Index® is an end-to-end calculation based on data compiled from 1,467 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2013. The U.S. Growth Equity Index is based on data compiled from 149 U.S. growth equity funds, including fully liquidated funds formed between 1986 and 2013.

¹ Pooled end-to-end return, net of fees, expenses, and carried interest.

*Capital change only.

U.S. Venture Capital mPME Analysis

Index	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Cambridge Associates LLC U.S. Venture Capital Index®	15.1	14.4	7.5	8.6	26.1	30.0
mPME Analysis						
S&P 500 Index	19.3	16.2	10.7	7.9	6.0	8.1
Russell 2000® Index	29.9	18.1	11.7	10.0	9.0	9.2
Russell 3000® Index	21.5	16.7	11.2	8.5	6.6	8.3
U.S. Growth Equity Index	18.9	17.3	11.9	13.4	NM	NM
mPME Analysis						
Russell 2000® Index	29.6	18.2	12.3	10.0	NM	NM
Russell 2500™ Index	29.5	18.3	13.7	10.7	NM	NM
Russell 3000® Index	21.3	16.8	11.7	8.4	NM	NM
Russell Midcap® Index	27.8	17.4	14.0	10.9	NM	NM
PME S&P 500 Index	19.1	16.3	11.2	7.9	NM	NM

Sources: Cambridge Associates LLC, Frank Russell Company, Standard & Poor's and Thomson Reuters Datastream.

Cambridge Associates' Modified Public Market Equivalent (mPME)² replicates private investment performance under public market conditions. The public index's shares are purchased and sold according to the private fund cash flow schedule, with distributions calculated in the same proportion as the private fund, and mPME NAV is a function of mPME cash flows and public index returns. "Value-Add" shows (in basis points) the difference between the actual private investment return and the mPME calculated return.

²Patent pending.

"In the past 10 years, returns overall have been more modest than those of the previous decade but some great companies were created in this period, many of which are expanding their growth by going public or being acquired," said Bobby Franklin, president and CEO, NVCA. "The industry has been optimistic about seeing an improvement in VC fund performance, and it's encouraging to see that materialize. Given the better exit environment, the IPO markets generated welcomed returns to limited partners and that should continue through Q4 2013 and we hope in 2014," Franklin added.

"A healthy IPO market and M&A activity both benefitted biotech and IT companies alike," said Theresa Sorrentino Hajer, Managing Director, Venture Capital Research at Cambridge Associates. "While there were several success stories involving large companies, the IPO market remains highly selective and volatile. The stronger exit environment has meant good news for LPs in the form of distributions from venture funds."

Vintage Year Return Ratios

The following chart lists the ratio between the dollars paid into venture capital funds by limited partners (LPs) and the dollars distributed to them by vintage year. For example, the 2002 vintage year funds have distributed cash of 0.67 times the amount of capital paid in by LPs and the residual value is 0.36 times the paid-in capital; the total value multiple is therefore 1.03 times. It is important to note that the residual value is unrealized and will change as companies exit the portfolio, are re-valued, or are written off. The 2003 and 2004 vintage year funds show the most positive ratio of the last decade, with returns at 1.58 and 1.49 times (respectively) the capital contributed by LPs, should those funds realize the value of what remains in the portfolio. More recent vintage years have yet to return significant cash to LPs as most funds do not have the opportunity to begin returning capital until after year five.

Vintage Year Multiples Analysis Pooled Mean Net to Limited Partners September 30, 2013

Vintage Year	Distribution to Paid in Capital (DPI)	Residual Value to Paid in Capital (RVPI)	Total Value to Paid in Capital (TVPI)
1981-1995	3.39	0.01	3.40
1996	4.89	0.02	4.91
1997	3.08	0.02	3.10
1998	1.43	0.06	1.49
1999	0.84	0.12	0.96
2000	0.76	0.27	1.03
2001	0.79	0.36	1.15
2002	0.67	0.36	1.03
2003	0.80	0.78	1.58
2004	0.76	0.73	1.49
2005	0.42	0.88	1.30
2006	0.40	0.98	1.38
2007	0.37	1.16	1.53
2008	0.25	1.14	1.39
2009	0.16	1.18	1.34
2010	0.09	1.24	1.33
2011	0.03	1.04	1.07
2012	0.01	1.00	1.01
2013	0.00	0.95	0.95
Total All Vintage Years	1.09	0.51	1.60

Additional Performance Benchmarks

To view the full, comprehensive report, which includes tables on additional time horizons, vintage years, and industry returns, please visit the [Cambridge Associates](#) or [NVCA](#) websites.

Cambridge Associates derives its U.S. venture capital benchmarks from the financial information contained in its proprietary database of venture capital funds. As of September 30, 2013, the database included 1,439 venture funds formed from 1981 through 2013.

About The National Venture Capital Association

Venture capitalists are committed to funding America's most innovative entrepreneurs, working closely with them to transform breakthrough ideas into emerging growth companies that drive U.S. job creation and economic growth. As the voice of the U.S. venture capital community, the National Venture Capital Association (NVCA) empowers its members and the entrepreneurs they fund by advocating for policies that encourage innovation and reward long-term investment. As the venture community's preeminent trade association, NVCA serves as the definitive resource for venture capital data and unites nearly 400 members through a full range of professional services. For more information about the NVCA, please visit www.nvca.org.

About Cambridge Associates

Founded in 1973, Cambridge Associates is a provider of independent investment advice and research to institutional investors and private clients worldwide. Today the firm serves over 950 global investors and delivers a range of services, including investment consulting, outsourced portfolio solutions, research services and tools (Research Navigatorsm and Benchmark Calculator), and performance monitoring, across asset classes. The firm compiles the performance results for over 5,500 private partnerships and their more than 68,000 portfolio company investments to publish its proprietary private investments benchmarks, of which the *Cambridge Associates LLC U.S. Venture Capital Index*[®] and *Cambridge Associates LLC U.S. Private Equity Index*[®] are widely considered to be among the standard benchmark statistics for these asset classes. Cambridge Associates has been selected to provide data and to develop and maintain customized industry benchmarks for a number of prominent industry associations, including the Institutional Limited Partners Association (ILPA), Australian Private Equity & Venture Capital Association Limited (AVCAL); the African Venture Capital Association (AVCA); the Canada Venture Capital and Private Equity Association (CVCA); the Hong Kong Venture Capital and Private Equity Association (HKVCA); the Indian Private Equity and Venture Capital Association (IVCA); the New Zealand Private Equity & Venture Capital Association Inc. (NZVCA); the Asia Pacific Real Estate Association (APREA); and the National Venture Capital Association (NVCA). Cambridge also provides data and analysis to the Emerging Markets Private Equity Association (EMPEA). Cambridge Associates has more than 1,100 employees serving its client base globally and maintains offices in Arlington, VA; Boston; Dallas; Menlo Park, CA; London; Singapore; Sydney; and Beijing. Cambridge Associates consists of five global investment consulting affiliates that are all under common ownership and control. For more information about Cambridge Associates, please visit www.cambridgeassociates.com.