



Venture Pulse Q4 2015

Global Analysis of
Venture Funding

January 19, 2016

Welcome message

2015 was a record-setting year for venture capital, with over \$128 billion of total investment made worldwide, topping 2014's total by 44 percent. What sets 2015 apart, however, lies in the size and scope of the venture capital (VC) investments that were made.

From healthcare to Fin Tech, and retail to education, companies sparked changes that could affect every sector and every business moving forward. Investors saw this potential and made significant investments; in fact, 71 VC-backed companies achieved Unicorn status (\$1 billion valuation) during the year, compared to 53 in 2014.

The World Economic Forum calls this dawning era of transformation and innovation the Fourth Industrial Revolution. At the end of this month, business and government leaders will come together in Davos, Switzerland, to discuss how to navigate these unprecedented changes. But the reality is that regular system-wide innovations are expected to continue to rock the foundations of traditional industries well into the future – and investors must enter uncharted territories if they are to achieve success.

However, after 2 incredibly strong quarters, investors are becoming more cautious with their funding. We've seen VC investment drop from \$38.7 billion in Q3 to \$27.2 billion in Q4, while the number of deals hit a low not seen since Q1'13. The drop-off was most noticeable in Asia, where China and India received significantly less funding than in all previous quarters of 2015. Comparatively, Europe experienced the least decrease in VC activity, although both the number of deals and the total deal value in Europe remain small compared to other regions of the world.

The drop in VC investment signifies a shift in thinking as global investors seem to be taking a less bullish view of the market. An uncertain global economy, a projected slowdown in China, and expected interest rate increases following the recent increase in the US seem to be driving some investors to hold back their investment dollars. These trends, along with a number of Q4'15 IPOs falling short of recent private valuations appear to be making investors more cautious. Some investors have even moved to write down a number of their major VC investments in order to reflect fair market value. Investor caution will likely continue to impact VC activity heading into the first quarter of 2016.



You know KPMG, you might not know KPMG Enterprise. KPMG Enterprise advisers in member firms around the world are dedicated to working with businesses like yours. Whether you're an entrepreneur looking to get started, an innovative, fast growing company, or an established company looking to an exit, KPMG Enterprise advisers understand what is important to you and can help you navigate your challenges – no matter the size or stage of your business. You gain access to KPMG's global resources through a single point of contact – a trusted adviser to your company. It's a local touch with a global reach.



CB Insights is a National Science Foundation backed software-as-a-service company that uses data science, machine learning and predictive analytics to help our customers predict what's next—their next investment, the next market they should attack, the next move of their competitor, their next customer, or the next company they should acquire.

Welcome message (cont.)

We highlight a range of issues and trends in this Q4'15 edition of the Venture Pulse report – a collaboration between KPMG Enterprise and CB Insights. Specifically, we discuss a number of key questions, including:

- How is the Fourth Industrial Revolution shifting the foundation of business?
- What is prompting the slowdown in VC activity?
- Why might Europe weather the current storm more readily than other regions?
- What could 2016 have in store for VC investing?

I hope you find this edition of the Venture Pulse report informative. If you would like to discuss any of the results in more detail, contact a KPMG adviser in your area.

Sincerely,

Dennis Fortnum

Global Head of
KPMG Enterprise,
KPMG International

Brian Hughes

Co-Leader,
KPMG Enterprise
Innovative Startups
Network, Partner, KPMG
in the US

Arik Speier

Co-Leader,
KPMG Enterprise
Innovative Startups
Network, Partner, KPMG
in Israel



You know KPMG, you might not know KPMG Enterprise. KPMG Enterprise advisers in member firms around the world are dedicated to working with businesses like yours. Whether you're an entrepreneur looking to get started, an innovative, fast growing company, or an established company looking to an exit, KPMG Enterprise advisers understand what is important to you and can help you navigate your challenges – no matter the size or stage of your business. You gain access to KPMG's global resources through a single point of contact – a trusted adviser to your company. It's a local touch with a global reach.



CB Insights is a National Science Foundation backed software-as-a-service company that uses data science, machine learning and predictive analytics to help our customers predict what's next—their next investment, the next market they should attack, the next move of their competitor, their next customer, or the next company they should acquire.

TABLE OF CONTENTS

#	SECTION	INVESTMENT ACTIVITY
6	Summary	
8	Global Data	\$27.2B in funding 1742 deals
38	North America	\$14.1B in funding 1026 deals
62	Europe	\$3B in funding 338 deals
78	Asia	\$9.7B in funding 346 deals

All monetary references contained in this report are in USD

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC



In 2015 VC-backed companies raised

\$128.5B

across

7872 deals

SUMMARY OF FINDINGS

2015 VC FUNDING HITS ALL-TIME HIGH. ENDS WITH PULLBACK.

Multi-year highs in funding: Globally, funding to VC-backed companies in 2015 hit an all-time high of \$128.5B, up 44 percent versus 2014's total of \$89.4B.

Deals see steep decline: Large deals were the headline of 2015, largely driving the funding trends and leaving deal activity to fall for the final 2 quarters, including Q4'15, which saw just 1742 deals, the lowest quarterly total since Q1'13.

Wounded Unicorns: Many could call 2015 the year of the Unicorn, as 72 new VC-backed companies achieved \$1B+ valuations in 2015. Despite the large growth, the Unicorn trend slowed globally in Q4'15 with just 12 new club entrants, down from 24 in Q3'15.

Corporates clamoring for deals: Corporates have participated in ~25 percent of deals for 3 quarters straight as corporates continue to open venture investment arms at a feverish pace.

Note: Report includes all rounds to VC-backed companies

CB Insights tracked a large number of mega-deals to VC-backed companies this quarter that included hedge funds or mutual funds, for example. This report includes all of those rounds. All data is sourced from CB Insights. Page 93 details the rules and definitions we use.

US DEALS CONTINUE TO FALL IN Q4'15 AS WRITE-DOWNS PLAGUE INVESTORS

US deal activity falls for second straight quarter: US VC activity cooled off drastically in Q4'15 as deals fell for the second straight quarter to their lowest total since Q4'11. Funding reached \$72.4B in 2015, despite a Q4'15 which saw \$13.8B in funding, the lowest total since Q3'14.

The fall of the mega-round: After Q3'15 saw 39 \$100M+ rounds to US VC-backed companies, investors significantly pulled back, with Q4'15 seeing just 18 mega-rounds. Overall, 2015 saw over 100 mega-rounds, which raised a cumulative \$27.3B.

Signs of seed fatigue: Despite more micro-VCs and multi-stage funds investing at the seed-stage, seed investments fell for the second straight quarter to a 24 percent deal share.

New York outpaces Massachusetts: New York has now outpaced Massachusetts for deal activity in each of the last 5 quarters.

Early-stage deal sizes increase: The decrease in early-stage deals in North America could partially be blamed on the increase in deal sizes. In Q4'15 median early-stage deal sizes reached a 5 quarter high of \$3.2M, up 39 percent versus the same quarter a year prior.

SUMMARY OF FINDINGS

EUROPE TRUDGES ALONG, AVOIDS SAME PULLBACK AS NORTH AMERICA & ASIA

European funding falls slightly on steady deal activity:

The new normal in Europe seems to be close to \$3B in funding a quarter, a level reached in all 4 quarters of 2015. Deal count fell slightly vs. Q3'15 to 338 deals in Q4'15.

Late-stage deal sizes reach 5 quarter high: Median late-stage deal sizes in Europe weighed in at \$18.6M in Q4'15, a 5 quarter high, and double Q4'14's median of \$7.8M. Despite the increase in round size, late-stage deals decreased on an absolute basis in Q4 vs Q3'15.

UK activity rebounds to highs: After an anemic quarter for funding and deals in Q3'15, UK-based startups raised \$1.4B across 114 deals, both 5 quarter highs. O3B Networks' \$460M financing helped buoy funding. Overall, the UK accounted for ~45 percent of EU funding.

Germany funding falls below \$500M: Funding to German VC-backed startups fell 15 percent in Q4'15 versus Q3'15, despite a 10 percent increase in deals. Funding has failed to reach \$500M in 3 of the last 5 quarters as an absence of large late-stage rounds continues to play a major role in funding.

ASIA SEES MASSIVE SLOWDOWN IN FUNDING AND DEALS

Asia investment activity craters, big year: Funding to VC-backed startups in Asia fell 32 percent versus Q3'15; however, overall funding for 2015 was still a record high at \$39.7B, more than the previous 4 years combined.

Mega-rounds down in Asia: \$100M+ rounds dominated headlines for Asia over the past 2 quarters; however, Q4'15 saw a major pullback with only 16 mega-rounds. The five top deals in Asia in Q4'15 accounted for \$4.9B or 51 percent of all funding.

China funding crashes: After Q3'15 saw multiple \$1B rounds and a 5 quarter high in deals, funding in China fell 29 percent to \$7.2B amid continued economic uncertainty in the region.

Outsize corporate influence in Asia: Corporates participated in over one-third of all deals, compared to one-fourth of deals on a global level.

India funding slows: With prominent investors expressing concern over overheating in India's VC ecosystem, deals and funding fell 46 percent and 18 percent respectively in Q4'15 versus the previous quarter as VC-backed startups raised \$1.5B on 114 deals.



In Q4 2015

GLOBALLY

VC-backed companies raised

\$27.2 billion

VC investment declines as market realities sink in

At the end of 2015, total global venture capital deal value reached a record high of \$128.5 billion, buoyed by massive VC investment activity during Q2 and Q3 in particular. However, overall VC investment pulled back significantly in Q4'15, with overall deal volume experiencing a significant decline.

Total deal value dropped from \$38.7 billion in Q3 to \$27.2 billion in Q4. At the same time, total deal volume decreased from 2008 deals in Q3 to 1,742 in Q4.

Mega-round numbers shrink significantly

An uncertain global economy, a projected slowdown in China, and expected interest rate increases following the recent increase in the US appears to be driving many VC investors to be more cautious. This caution can be seen in the major decline in the number of mega-rounds (\$100M+ investment), from over 72 in Q3 to 38 in Q4. Both North America and Asia saw a significant decrease in mega-rounds versus the exuberant levels seen in Q3. Deal size has also been negatively affected; of the Q4 mega-rounds, only Asia saw mega-rounds which exceeded \$1B in Q4'15. North America experienced the biggest drop in the number of mega-rounds, followed by Asia and Europe respectively.

IPOs fall short of private valuations

During Q4'15, a number of IPOs fell short of recent private valuations, no doubt rattling VC investor confidence. This experience has made a number of investors re-evaluate their investment portfolios. Some investors have even moved to write down a number of their major VC investments in order to reflect fair market value.

North American VC activity slows as interest rates set to rise

North America experienced a dramatic slowdown in VC activity as investors grew more cautious. Total venture capital investment in North America dropped from \$20.8 billion in Q3 to \$14.1 billion in Q4 – the lowest total in the past 6 quarters. In the US, several mutual funds marked down a number of startup valuations related to 'Unicorn' companies – no doubt prompting more scrutiny of additional VC investment activities.

In the US, speculation around rising interest rates may be prompting some North American institutional investors to consider options that could provide reasonable rates of return at lower risk, should interest rates continue to rise. We anticipate corporate investment will be less affected by rising interest rates.

VC investment declines as market realities sink in (cont.)

Asian VC activity declines amidst slowdown concerns

Asia was also hit hard overall by the decline in VC activity during Q4'15, with both China and India receiving substantially less VC investment than in each of the previous 3 quarters. In fact, total deal value in Asia dropped from \$14.2 billion in Q3 to just \$9.7 billion in Q4. Concerns regarding a slowdown in China's economy and a weakening retail sector appear to be fueling caution across VC investors.

European VC investment less affected by fourth quarter slump

Europe experienced the smallest decrease in VC activity during Q4'15, declining from \$3.5 billion in Q3 to \$3 billion in Q4. Europe's long-standing reputation for more moderate valuations than those in North America and Asia appears to have provided some protection against the overall global decline.

Investors recognizing market realities

When reviewing Q4'15 VC activity, the most apparent trend is a shift in thinking. Q4'15 really opened investor eyes to current VC realities and showcased problems associated with potentially inflated private valuations. As a result, investors that may have jumped into bigger and bigger deals earlier in 2015, fearing missing out on great growth companies in a highly competitive VC market, seem to now be taking a more cautious approach to their investments.

2016: Focus on the fundamentals will be critical

During the first 3 quarters of 2015, there was little divergence in VC investment between companies with positive and negative cash flows. Looking ahead, we expect to see more divergence and investors focused on investing in companies that have key fundamentals in place – positive cash flows, realistic burn rates and efficient operations.

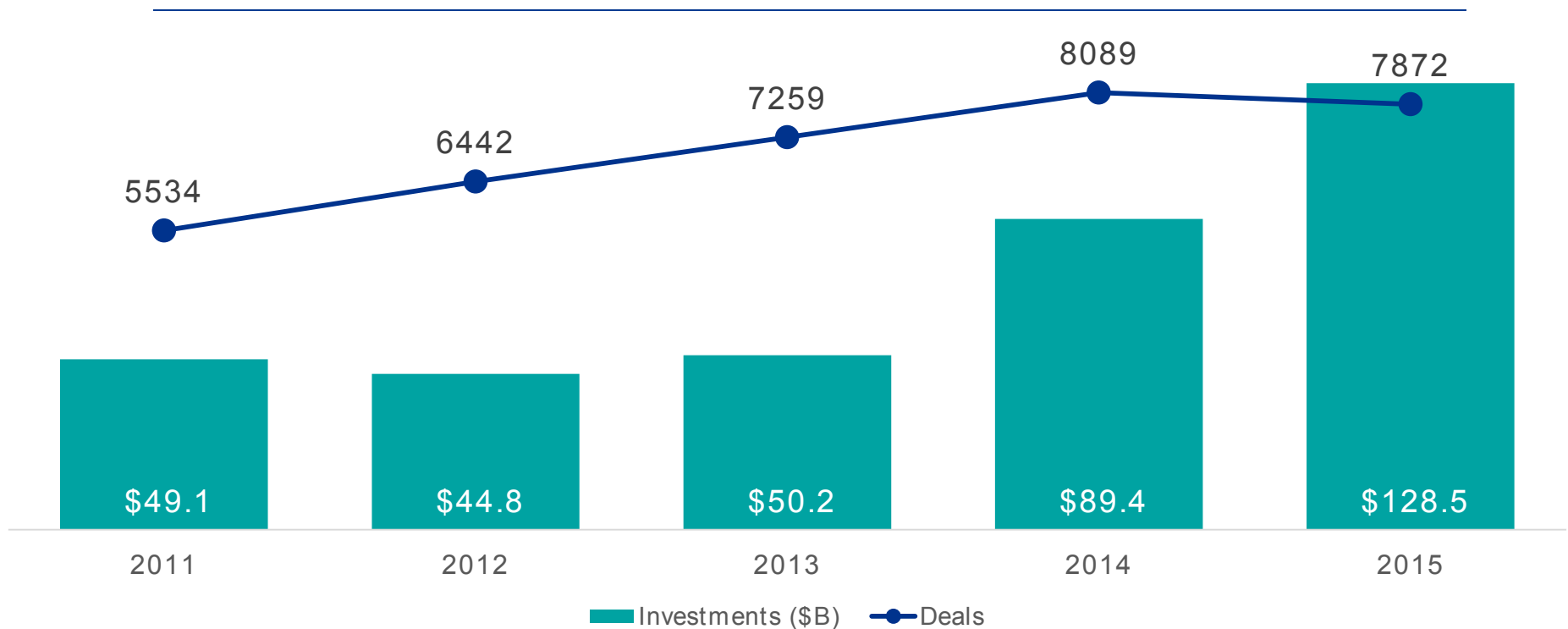
At the same time, with the anticipated slowdown and rising interest rates in the US, there will likely be an increase in M&A activity, even though VC activity may decline.

\$128.5B DEPLOYED ACROSS 7872 DEALS TO VC-BACKED COMPANIES IN 2015

Funding to VC-backed companies in 2015 reached a multi-year high, topping 2014's total by 44%. Mega-rounds proved to dominate the startup world in 2015 as, despite the highs in funding, deals actually fell 3% versus 2014.

Annual Global Financing Trends to VC-Backed Companies

2011 – 2015



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

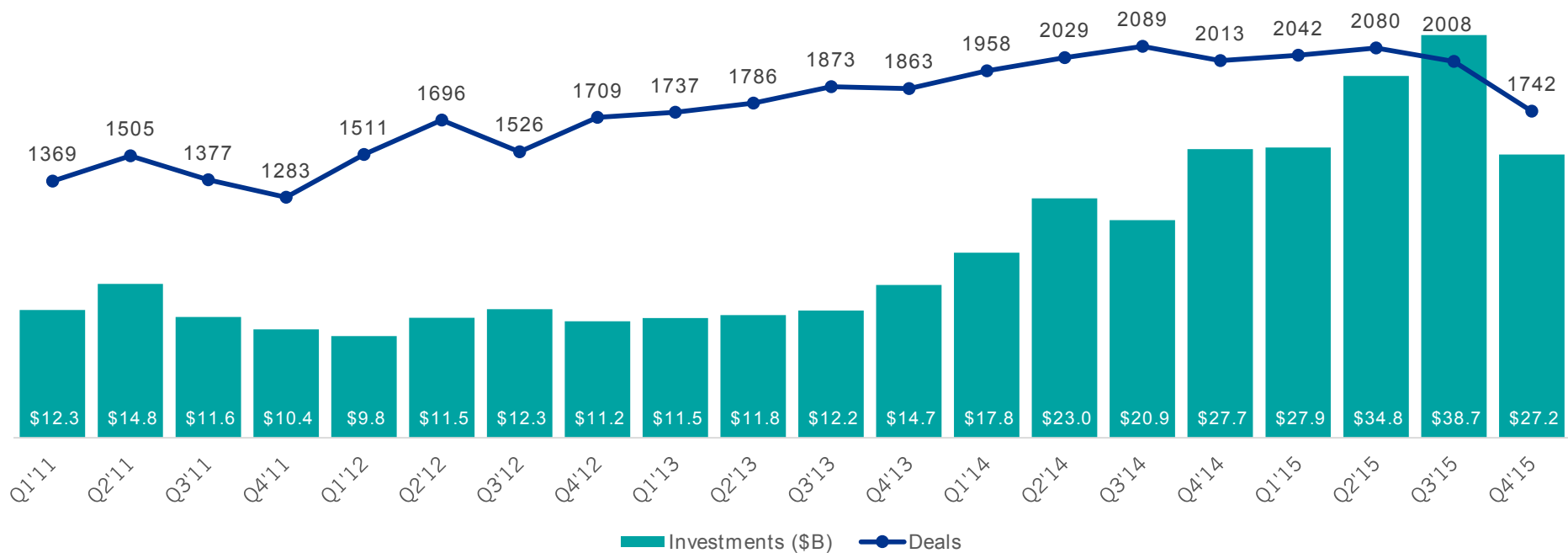
#Q4VC



Q4'15 FUNDING FALLS DRASTICALLY AMID LOWEST DEAL TALLY SINCE Q1'13

After an exuberant Q3'15, which hit dot com funding levels, Q4'15 cooled dramatically. Sentiment which became very negative in late Q3 quickly manifested itself in Q4 activity as overall investment saw a drastic drop-off in the final quarter of 2015. Funding fell 30% amid weakening mega-round activity while deal activity fell 13% vs. the previous quarter, reaching a level last seen in Q1'13.

Quarterly Global Financing Trends to VC-Backed Companies Q1'11 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

“Up until the third quarter of 2015, we saw as much capital going into companies that were generating negative cash flows as those that were generating positive ones. Now, there’s been a divergence. In 2016, the fundamentals are really going to start to matter again. Startups that may be operating with negative gross margins, excessive burn rates and inflated valuations will be the most impacted.”



Brian Hughes

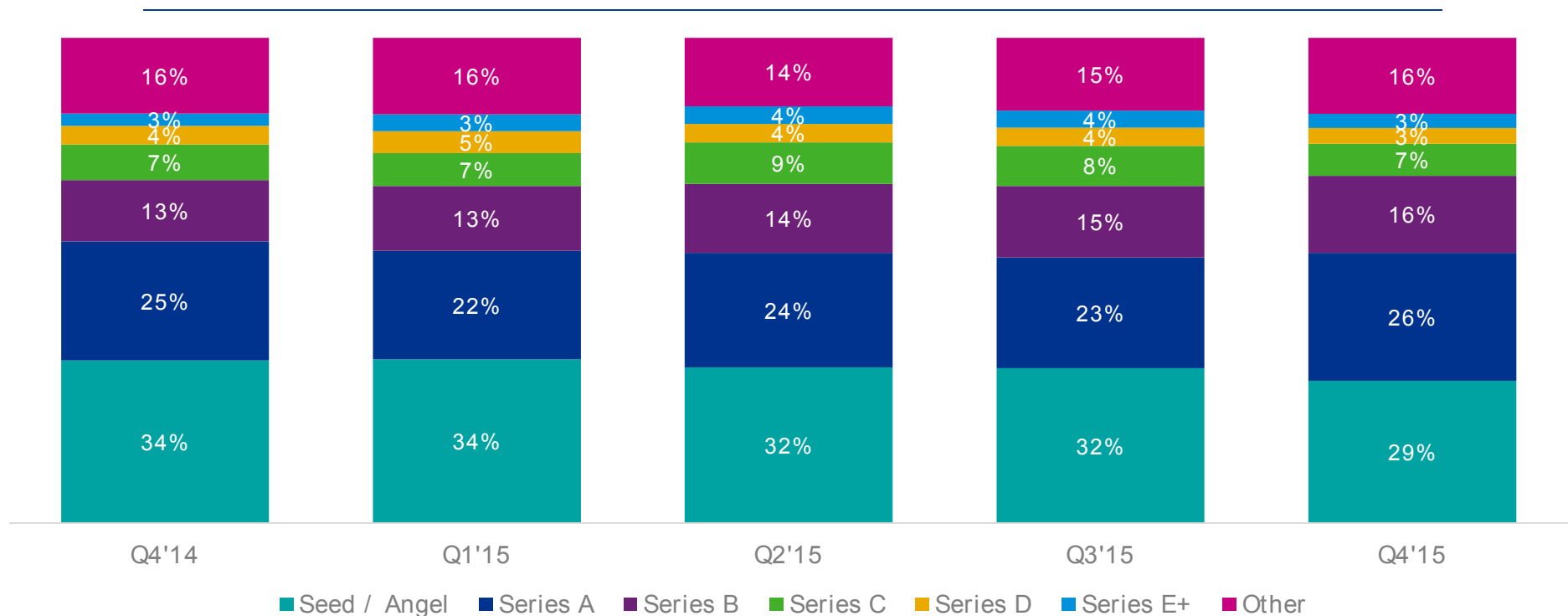
*Co-Leader, KPMG Enterprise
Innovative Startups Network, and
National Co-Lead Partner, KPMG
Venture Capital Practice,
KPMG in the US*

SEED-STAGE DEAL SHARE FALLS TO 5 QUARTER LOW

Deal share to seed-stage investments dropped below 30% in Q4'15, reaching just 29%. Series A deals reached a 5 quarter high at 26% deal share. Mid-stage (Series B – Series C) deals accounted for 23% of all deals in Q4'15, matching the previous 5 quarter high from Q3'15.

Quarterly Global Deal Share by Stage

Q4'14 – Q4'15



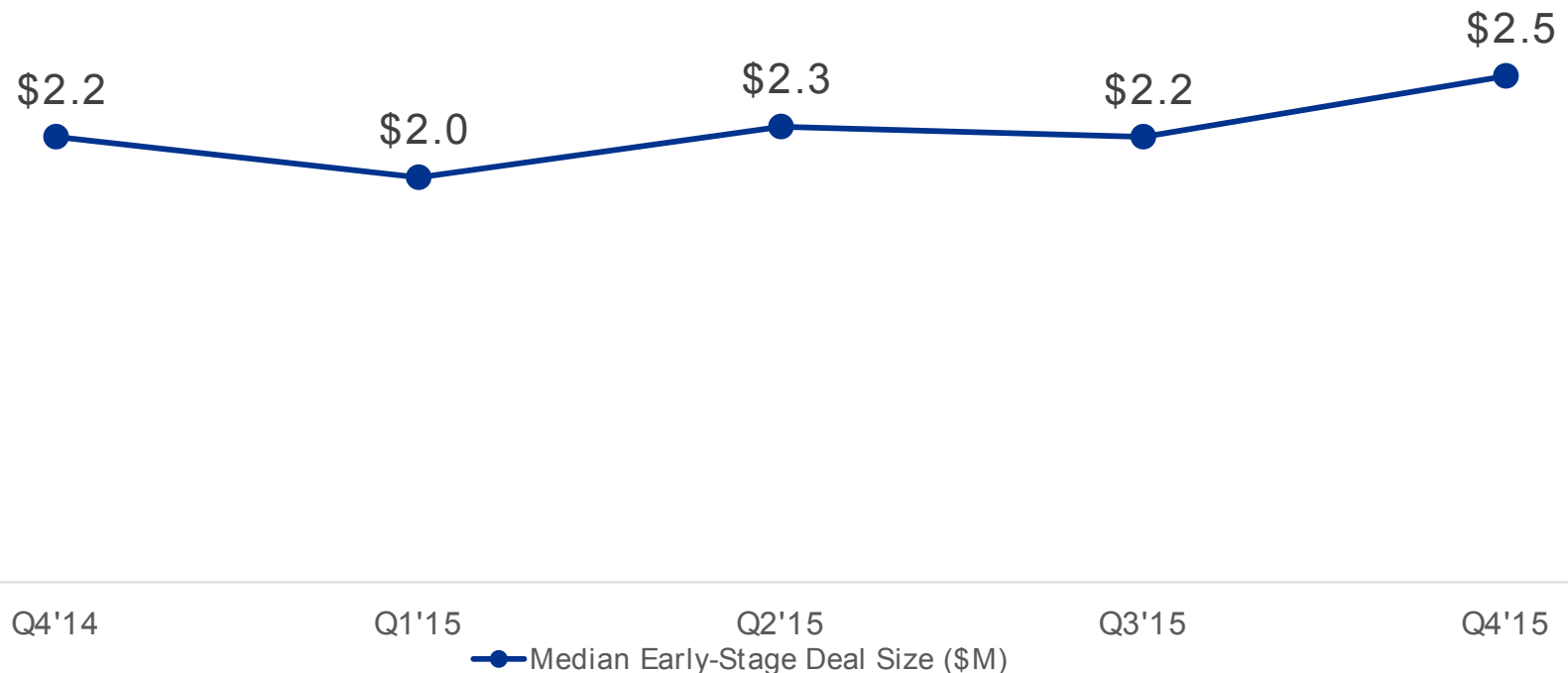
Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

MEDIAN EARLY-STAGE DEAL SIZE REACHES 5 QUARTER HIGH IN Q4'15

Median early-stage (Seed - Series A) deal size among all VC-backed companies was \$2.5M in Q4'15, up 14% versus the previous quarter. The climate remains competitive for micro-VCs, multi-stage funds and strategic investors looking at early-stage deals.

Global Early-Stage Deal Size

Q4'14 – Q4'15



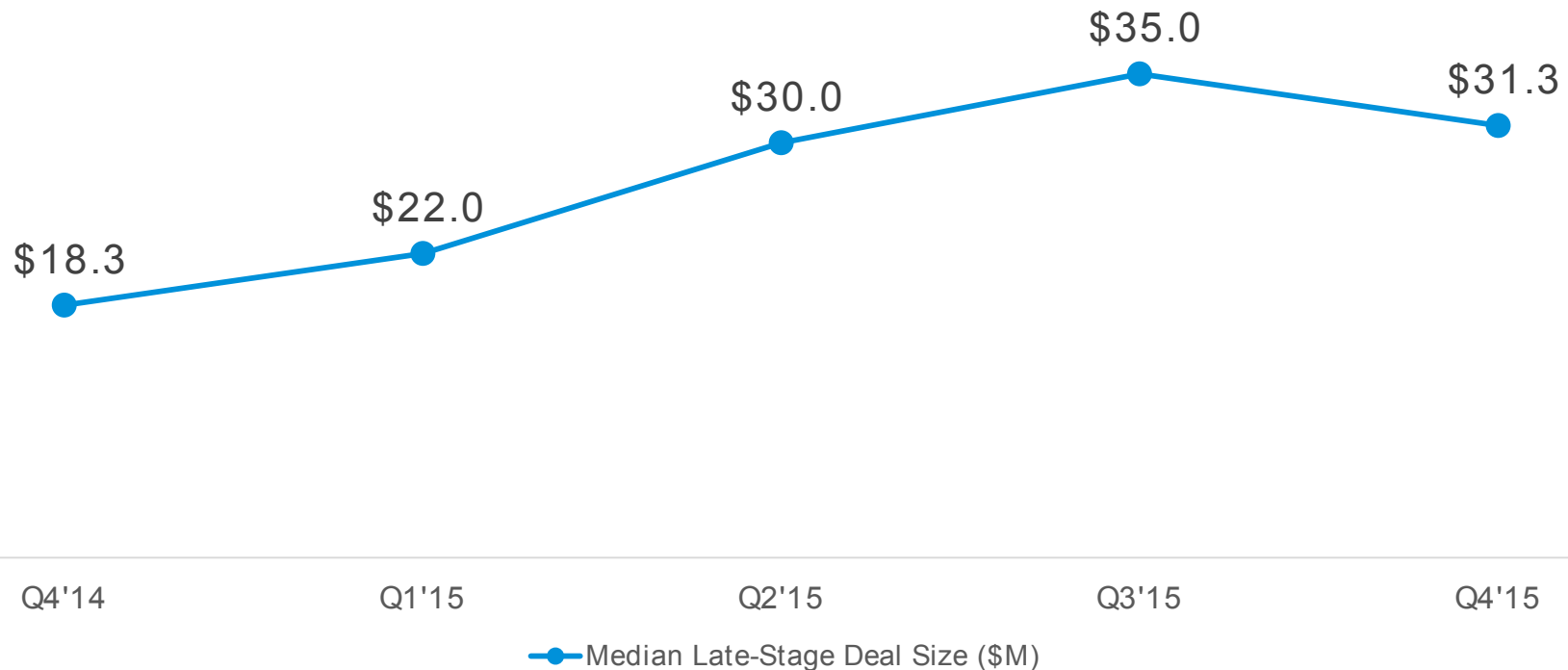
Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

GLOBAL MEDIAN LATE-STAGE DEAL SIZES FALL OFF PREVIOUS HIGHS

The staggering drop in mega-rounds led to global median late-stage deal sizes falling off Q3'15's highs. However, despite just 38 mega-rounds, the median late-stage deal size stayed at or above \$30M for the third straight quarter.

Global Late-Stage Deal Size

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

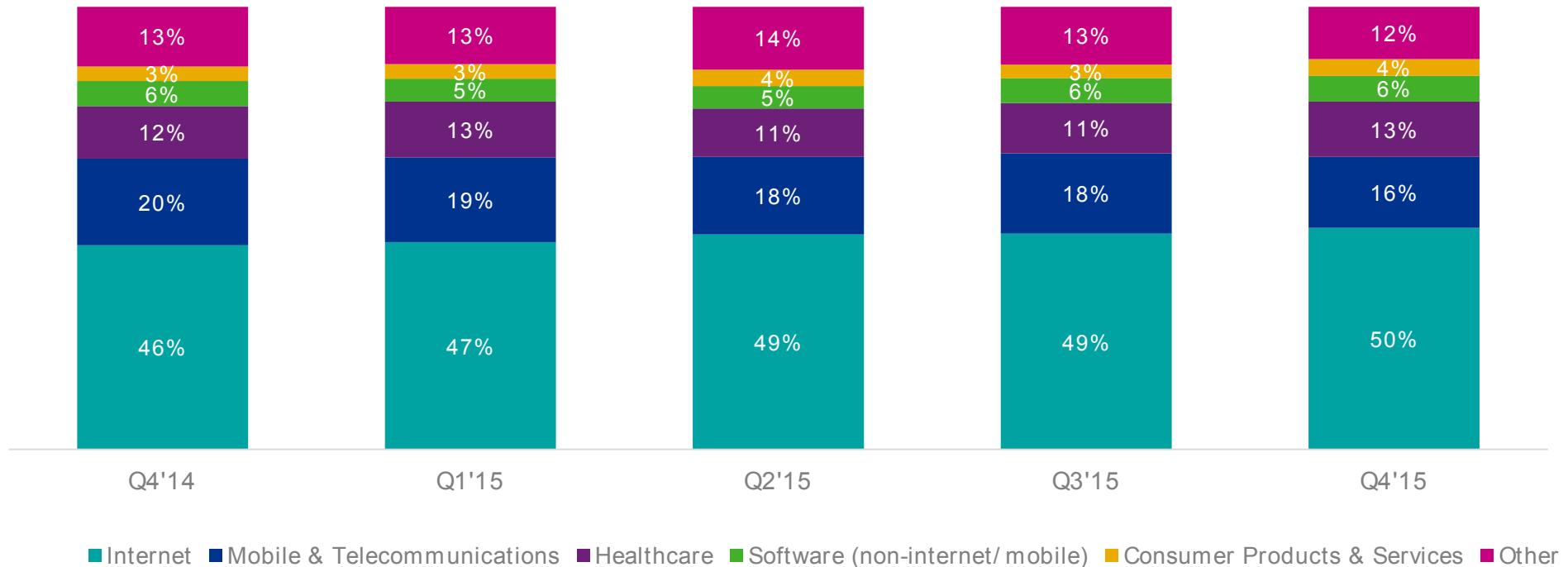
#Q4VC



INTERNET AND MOBILE ACCOUNT FOR TWO-THIRDS OF ALL VC-BACKED DEALS

Internet and mobile continue to represent the bulk of deals to VC-backed companies, as the two major sectors accounted for 66% of all deals in Q4'15. All other sectors remained fairly range-bound with healthcare accounting for 13%, software 6%, and consumer products & services 4%.

Global Quarterly Deal Share by Sector Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

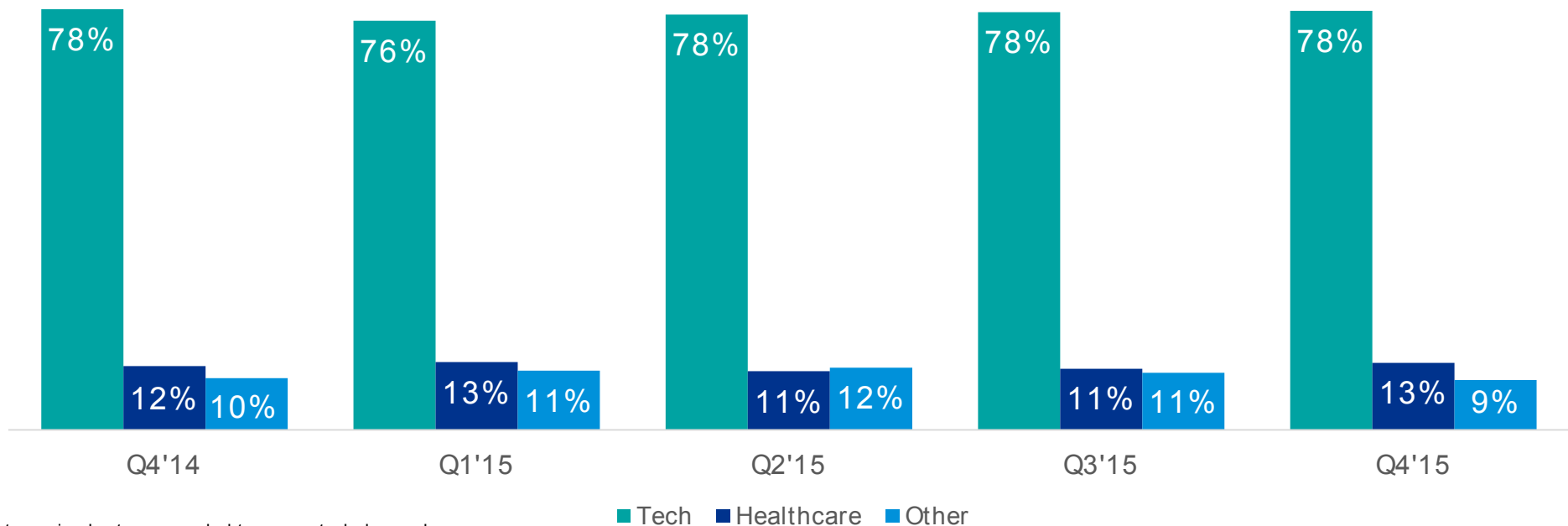
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

TECH MAINTAINS GIANT INVESTMENT DEAL LEAD OVER HEALTHCARE

Tech companies have taken 76%+ of all deal activity to VC-backed firms in each of the past 5 quarters. Healthcare failed to garner more than 13% in any quarter over the same period.

Quarterly Global Tech vs. Healthcare Deal Share

Q4'14 – Q4'15



*percentages in chart are rounded to nearest whole number

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC

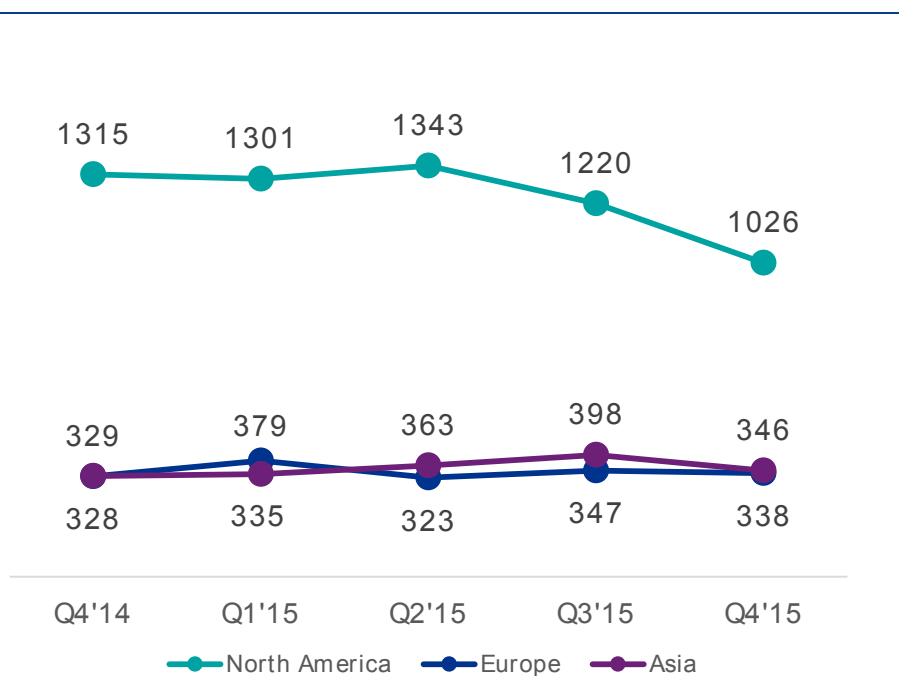


VC-BACKED COMPANIES IN ASIA AND NORTH AMERICA FEEL FUNDING CHILL IN Q4'15

Both North America and Asia saw significant drop-offs in total funding to VC-backed companies in Q4'15. North America saw just \$14.1B of investment in Q4'15, the lowest quarterly total since Q3'14, while Asia funding fell to \$9.7B. Despite the similarity in deal activity in Asia and Europe, Asia captured over 3x the funding in Q4'15.

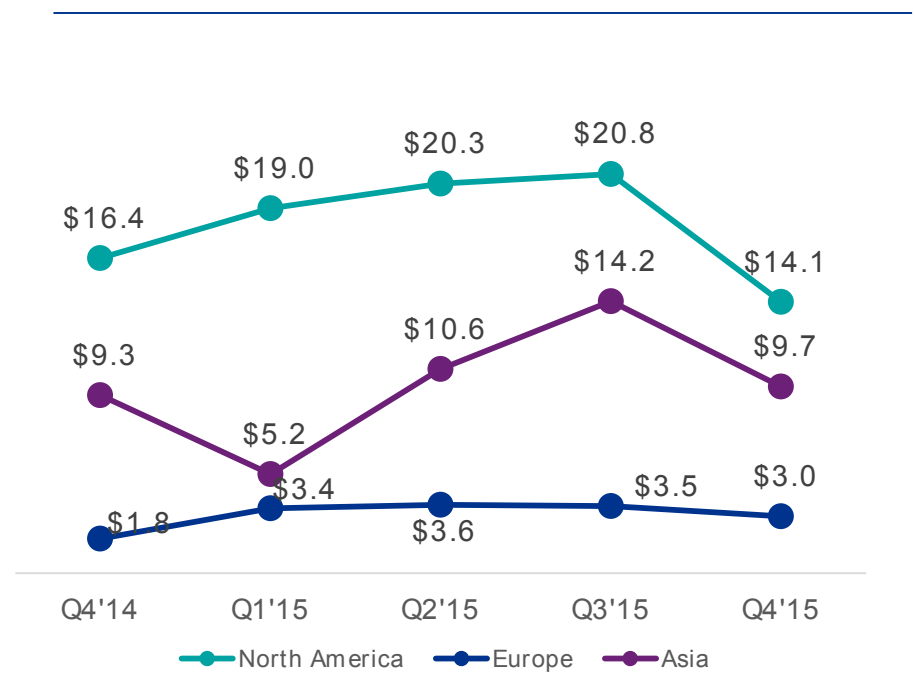
Deal Count by Continent

Q4'14 – Q4'15



Investment (\$B) by Continent

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

“Corporates still want to find companies that can help drive their existing businesses, but the form of investment might not be direct; they might look to pilot test a company’s products instead. On the startup side, there’s a feeling that getting corporates to be their clients rather than their investors might not be a bad thing. When you bring a corporate in as a customer, it can help bring in other customers or investors.”



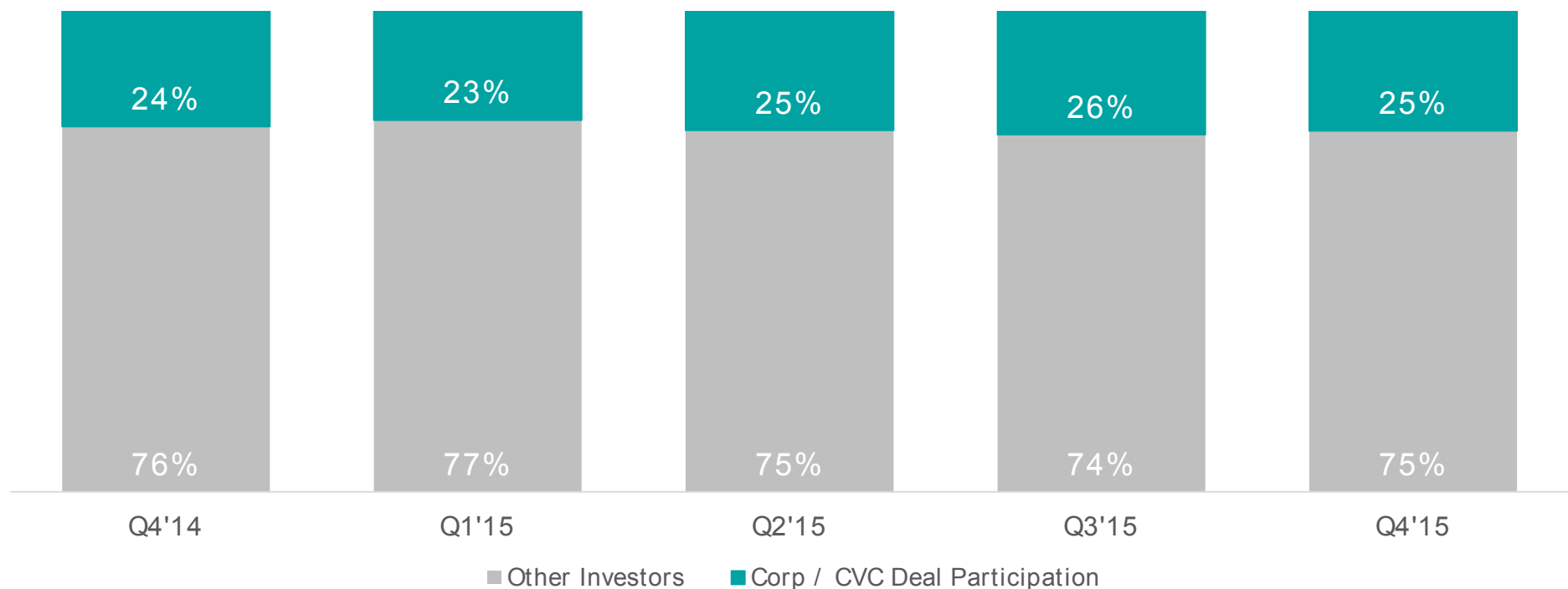
Irene Chu
*Partner, Head of High Growth
Technology & Innovation Group,
KPMG in Hong Kong*

CORPORATES CONTINUE THEIR INVESTMENT PACE INTO VC-BACKED COMPANIES

Corporations and their venture arms are maintaining their deal share into VC-backed companies, taking 25% of deals in Q4'15.

CVC Participation in Global Deals to VC-Backed Companies

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

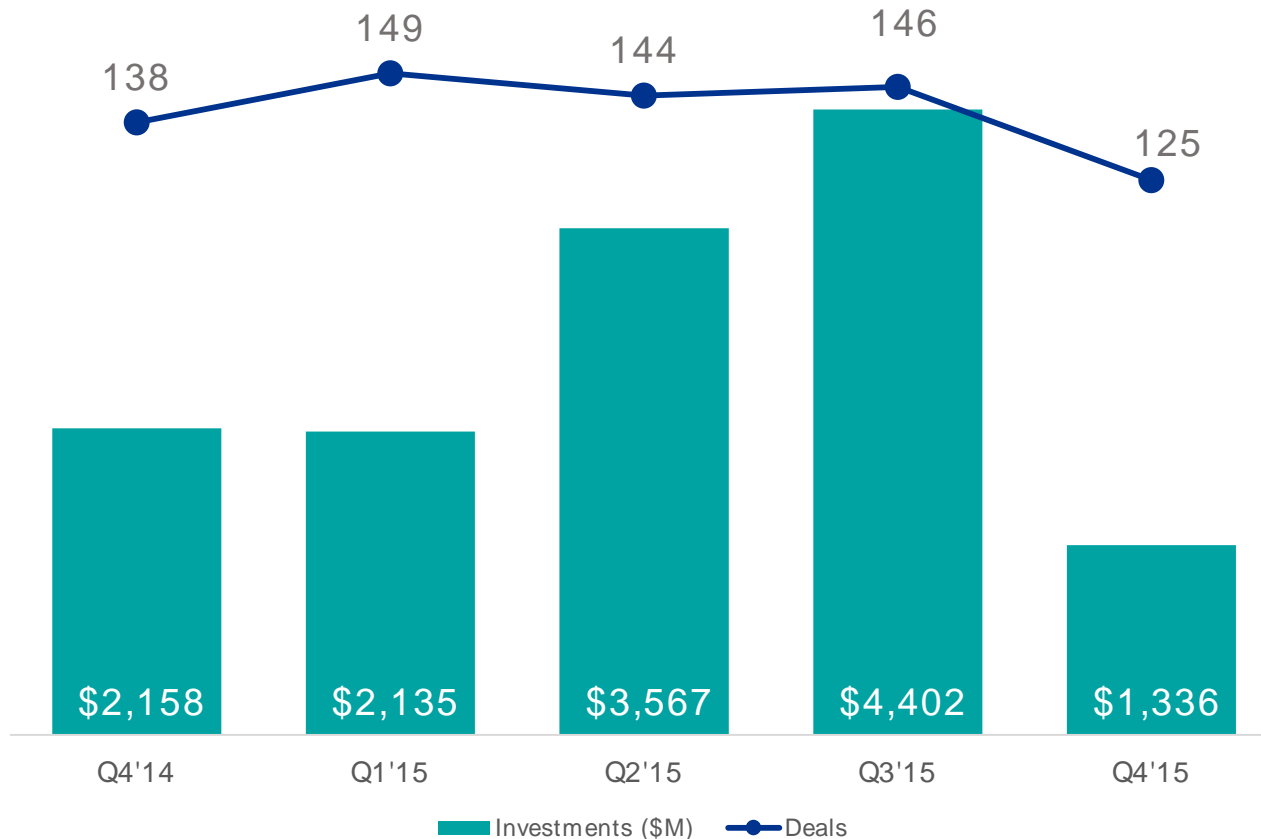
#Q4VC



FIN TECH VC-BACKED INVESTMENT ACTIVITY

Top Deals & Countries, Q4'15

Fin Tech Investment Activity VC-Backed Companies, Q4'14 – Q4'15



Top Deals

Rong360

\$158M // Series D

Social Finance

\$150M // Series E-II

Symphony Communication

\$100M // Series B

Top Countries

United States

64 Deals // \$792.7M

United Kingdom

11 Deals // \$127.4M

India

9 Deals // \$54.5M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC



“With an 8 percent reduction each year, Fin Tech was not immune from the overall reduction in VC funding in Q4. It is no surprise that it has been harder to close deals, however we believe this is only a blip along a continued mid-term growth of investment into Fin Tech. Competition should heighten in 2016, as VC funding, global banks and insurers are increasing their investment into certain Fin Tech sub-sectors, such as biometrics and future payments.”



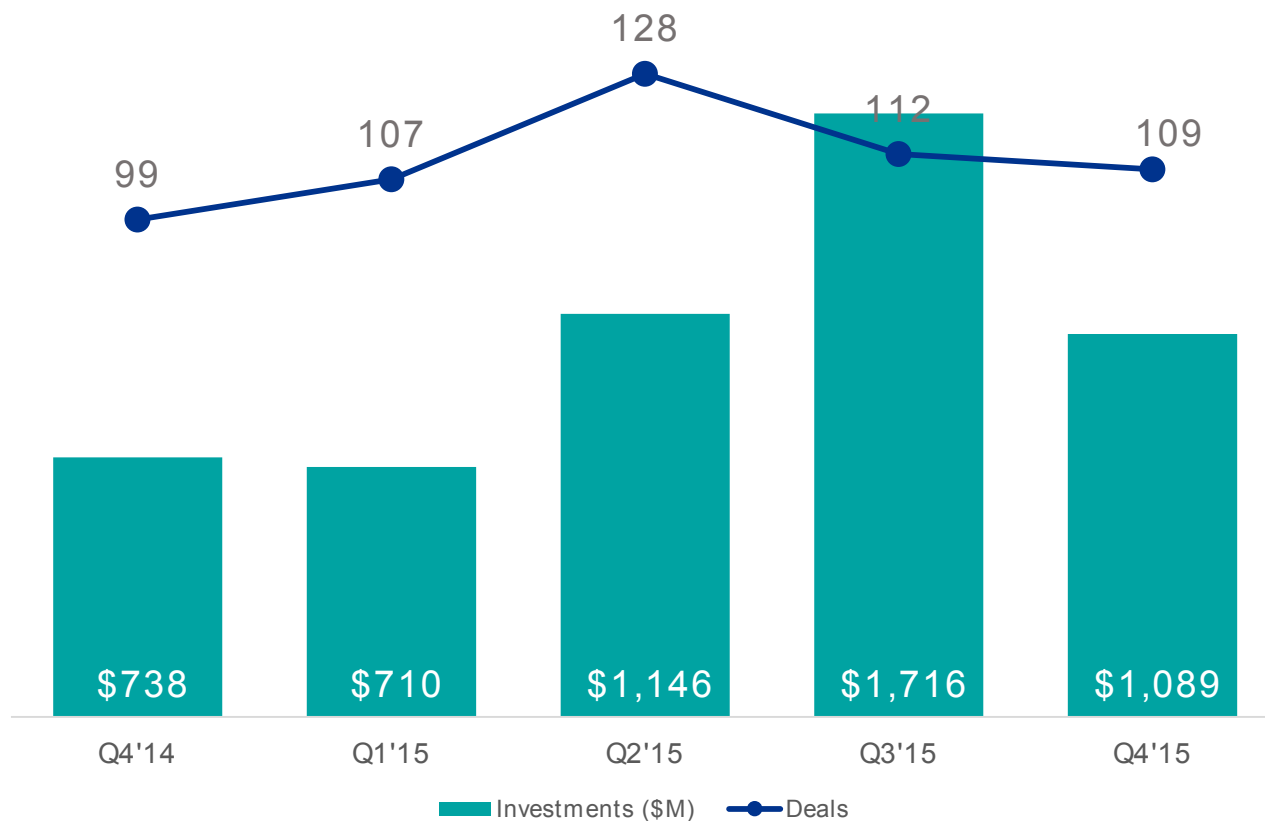
Warren Mead
*Global Co-Lead Partner, Fintech,
and Head of Challenger Banks,
KPMG in the UK*

DIGITAL HEALTH VC-BACKED INVESTMENT ACTIVITY

Top Deals & Countries, Q4'15

Digital Health Investment Activity

VC-Backed Companies, Q4'14 – Q4'15



Top Deals

Collective Health

\$81M // Series C

Peloton Interactive

\$75M // Growth Equity

One Medical Group

\$65M // Series H

Top Countries

United States

74 Deals // \$918.5M

India

8 Deals // \$52.9M

Canada

4 Deals // \$3.4M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC



Giving Ed Tech an A+ in Q4

While Q4'15 VC investment may have declined across many industries, one sector that saw a significant upward curve over the quarter was education technology. In Q4, buoyed by a number of \$100M+ deals, VC investment in Ed Tech grew over 300 percent compared to Q3 – from \$295 million to over \$1 billion.

Ed Tech has been on the radar of investors for several quarters, if not more. Given the demand of parents, teachers and students for innovative technologies to support learning, most investors have been focused less on whether to invest and more on where to invest. From the technologies supporting MOOCs (Massive Open Online Courses) to interactive learning apps, testing programs and technologies meant to increase the effectiveness of classroom learning, Ed Tech companies are working to transform education.

One needs only to look at the top VC investments in Ed Tech during Q4 to see the diversity. Companies such as:

- **HotChalk** – a California company working with universities to put degree programs online
- **TutorGroup** – a language training company based in Taiwan that provides an online platform for connecting learners with teachers anywhere in the world
- **Udacity** – a Silicon Valley-based company that works with organizations to create skills-driven technology courses intended to advance lifelong learning

Heading into 2016, we expect Ed Tech will continue to gain attention in the VC market. With many jurisdictions looking to modernize and update their learning infrastructure, and to extend equal learning opportunities to all learners regardless of location – the opportunities presented by investing in innovative technologies could be manifold.

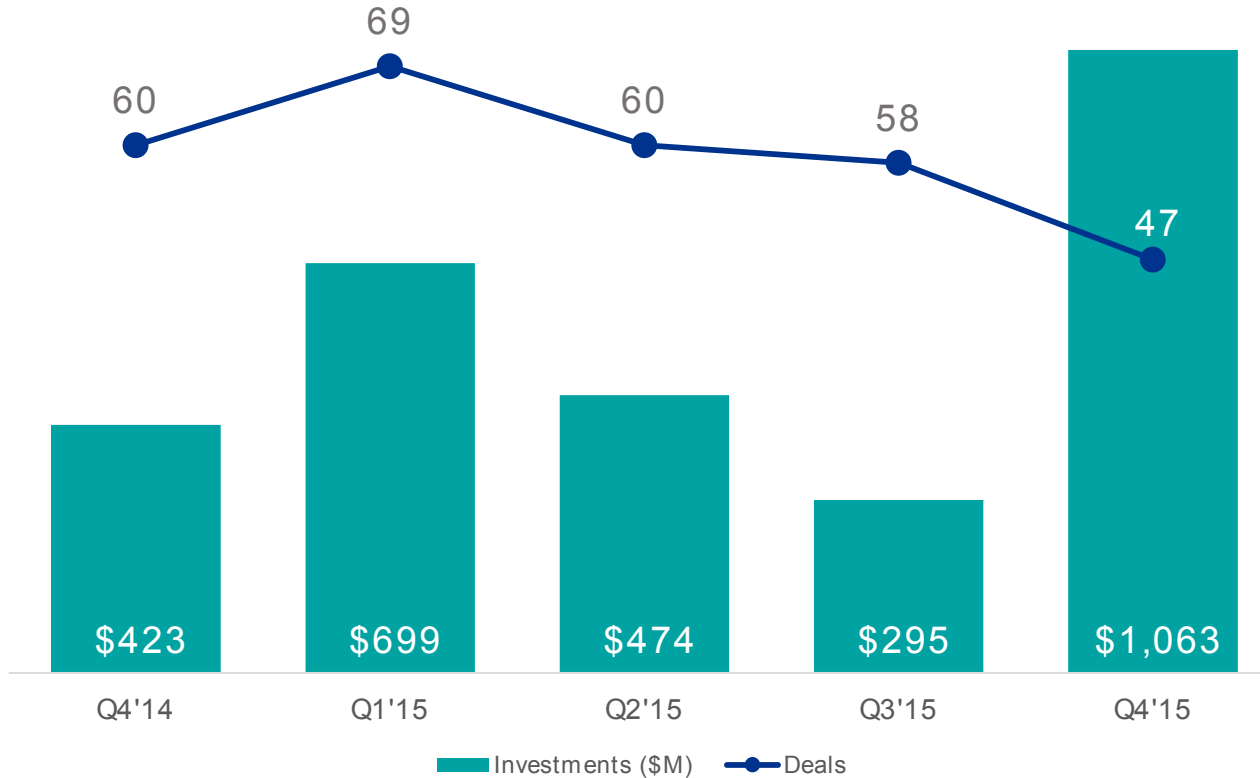
At the same time, we expect that VC investors in the Ed Tech space will become more particular about their investments over the long term. That's because some Ed Tech companies have found it difficult to monetize their offerings. In the US for example, California is in the process of strengthening privacy laws to restrict app-related user information from being sold; other states are likely to follow suit. This could hinder the ability of some Ed Tech app developers to make a profit.

ED TECH VC-BACKED INVESTMENT ACTIVITY

Top Deals & Countries, Q4'15

Ed Tech Investment Activity

VC-Backed Companies, Q4'14 – Q4'15



Top Deals

HotChalk

\$230M // Corp. Minority

TutorGroup

\$200M // Series C

Udacity

\$105M // Series D

Top Countries

United States

30 Deals // \$627.9M

China

7 Deals // \$414M

Netherlands

3 Deals // \$4.6M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

“With so many jurisdictions out there looking to modernize educational offerings for students, whether in kindergarten or continuing education, the potential for innovative technologies to make a difference is significant. The challenge for investors will be the ability to select companies with an optimal strategy that meets the needs of all stakeholders, including teachers, administrators, and students.”



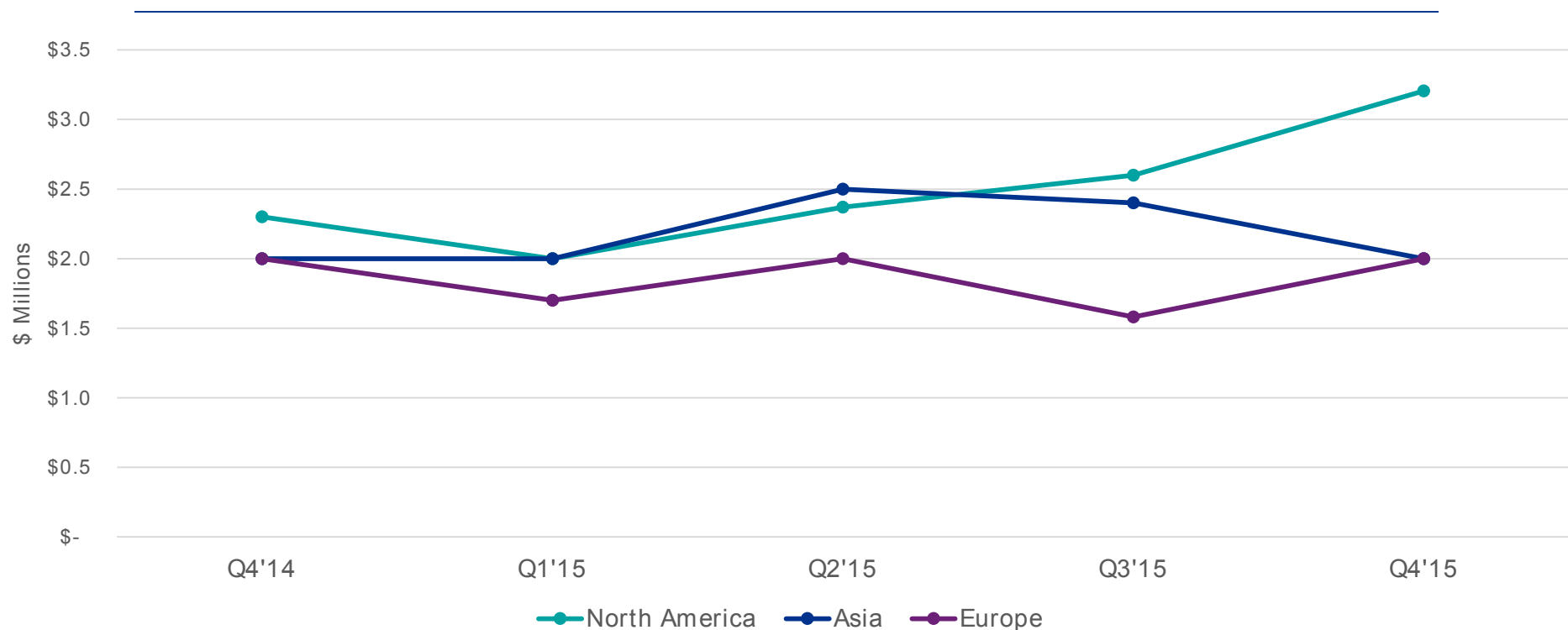
Conor Moore
*National Co-Lead Partner,
KPMG Venture Capital Practice
KPMG in the US*

EARLY-STAGE DEAL SIZE IN NORTH AMERICA WIDENS GAP VERSUS ASIA AND EUROPE

North American median early-stage deal size continued to increase, reaching \$3.2M in Q4'15, a 5 quarter high. Asia and Europe converged, with early-stage rounds reaching \$2M for each continent respectively.

Median Early-Stage Deal Size Continent Comparison

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC

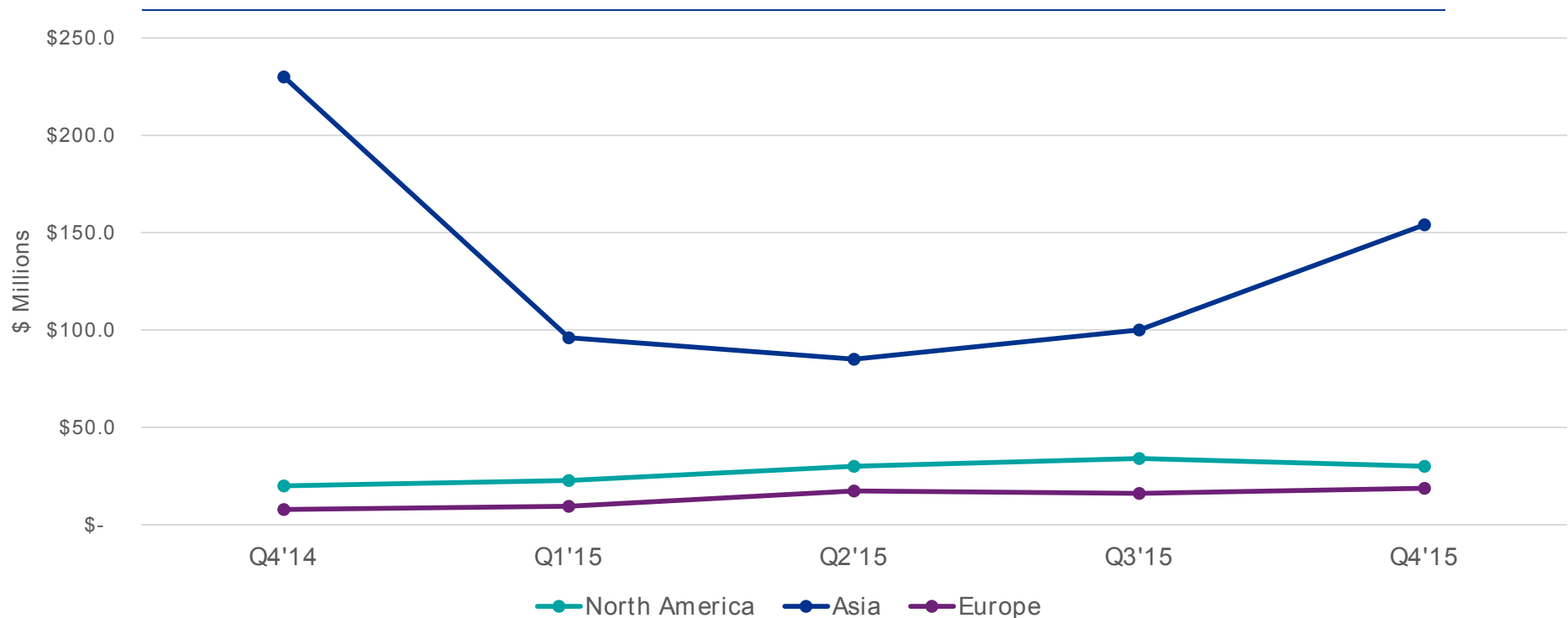


ASIA HAS THE LARGEST MEDIAN FOR LATE-STAGE DEALS

Median late-stage deals in Asia have been greater than both US and European medians for the last 5 quarters. After Q4'14 saw median late-stage deal size in Asia spike to \$230M behind big rounds including Xiaomi's \$1.1B financing, Asia deals once again increased to \$150M+ in Q4'15 behind \$1B+ financings to China Internet Plus Holdings (the merged entity of Dianping and Meituan) and Ele.me.

Median Late-Stage Deal Size Continent Comparison

Q4'14 – Q4'15



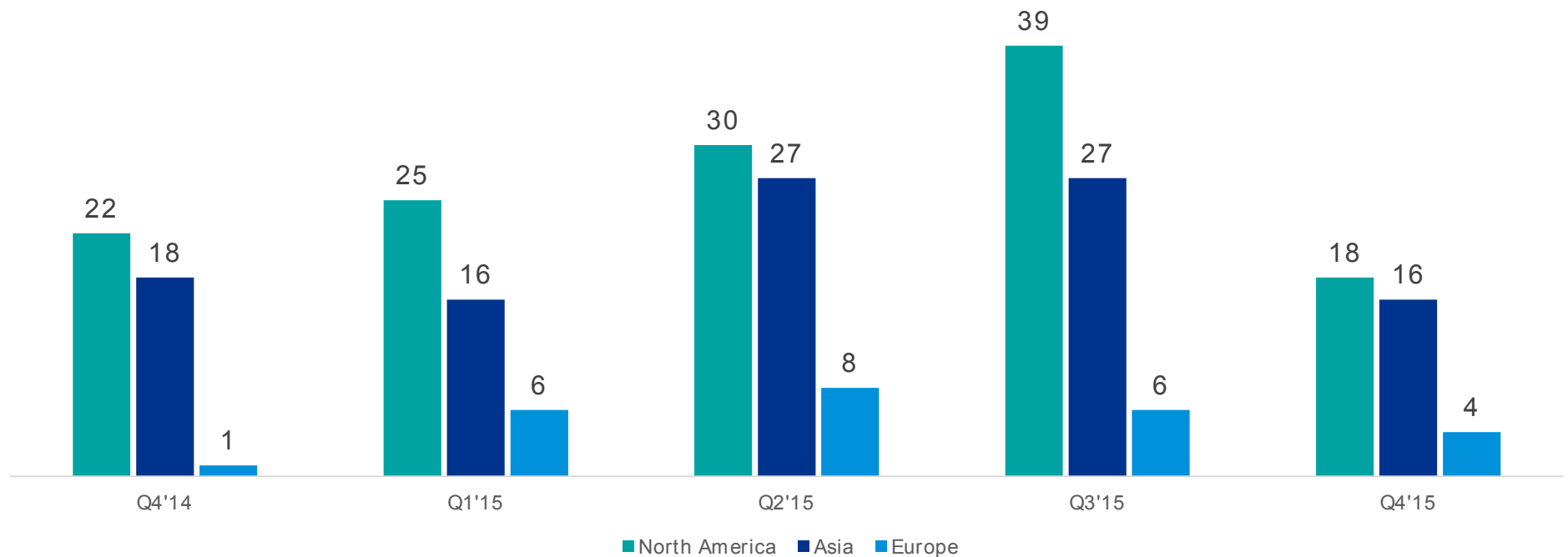
Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

ARE MEGA-ROUNDS OVER? \$100M+ ROUNDS TO VC-BACKED COMPANIES ALMOST CUT IN HALF IN Q4'15

After Q3'15 saw a combined 72 \$100M+ equity financings to VC-backed companies, the mega-round trend cooled in Q4, with just 38 such deals. Both North America and Asia saw a significant decrease in mega-rounds vs exuberant levels seen in Q3'15. The quarter saw mega-financings dip in number to levels last seen in Q3'14. Overall the mega-rounds in major markets in Q4'15 raised over \$11.4B vs \$20.3B in Q3'15.

\$100M+ Financings to VC-Backed Companies

North America vs. Asia vs. Europe, Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

Entering a new era of business transformation

When it comes to venture capital investment, 2015 was a record-setting year. Over \$128 billion of investment was made worldwide, an increase of over 44 percent compared to 2014. But this substantial increase reflects more than a greater availability of VC funds worldwide; it reflects an understanding among investors that the very foundation of how business is conducted is changing – and it's changing more rapidly than almost anyone could have imagined.

Banking. Healthcare. Retail. Education. Insurance. Travel. Every sector is ripe for transformation, ripe for new business models to supersede the models that have come before. As we entered what the World Economic Forum calls the Fourth Industrial Revolution in 2015, investors focused on mega-deals are looking to take advantage of the rising tide of opportunity. The peak of these investments promoted 72 VC-backed companies to achieve Unicorn status – a \$1 billion valuation - during the course of 2015. By comparison, 53 companies reached Unicorn status in the year previous.

A look at 2015 Unicorns highlights the breadth of innovation already changing the way we work and interact. These companies are:

Changing how people shop and access services

- **Jet.com** – a club-based online retailer offering retail goods using a real-time pricing algorithm
- **Thumbtack** – a company that connects people online with professionals who can provide specific services, whether personal training or house painting
- **Home24** – an online company in Germany focused on providing home furnishings

Changing how people communicate

- **BuzzFeed** – a social news and entertainment company with a focus on shareable content
- **Kik Interactive** – a Canadian company offering an innovative online messaging app for teens

Changing how people travel

- **Blablacar** – a long distance ride-sharing service based in France
- **Uber and Lyft** – companies providing online apps connecting people who need a ride with people who have a car

Changing how people obtain healthcare

- **ZocDoc** – an online scheduling company focused on scheduling doctors' appointments
- **Guahao** – a health-tech company providing an online platform for healthcare information and treatment

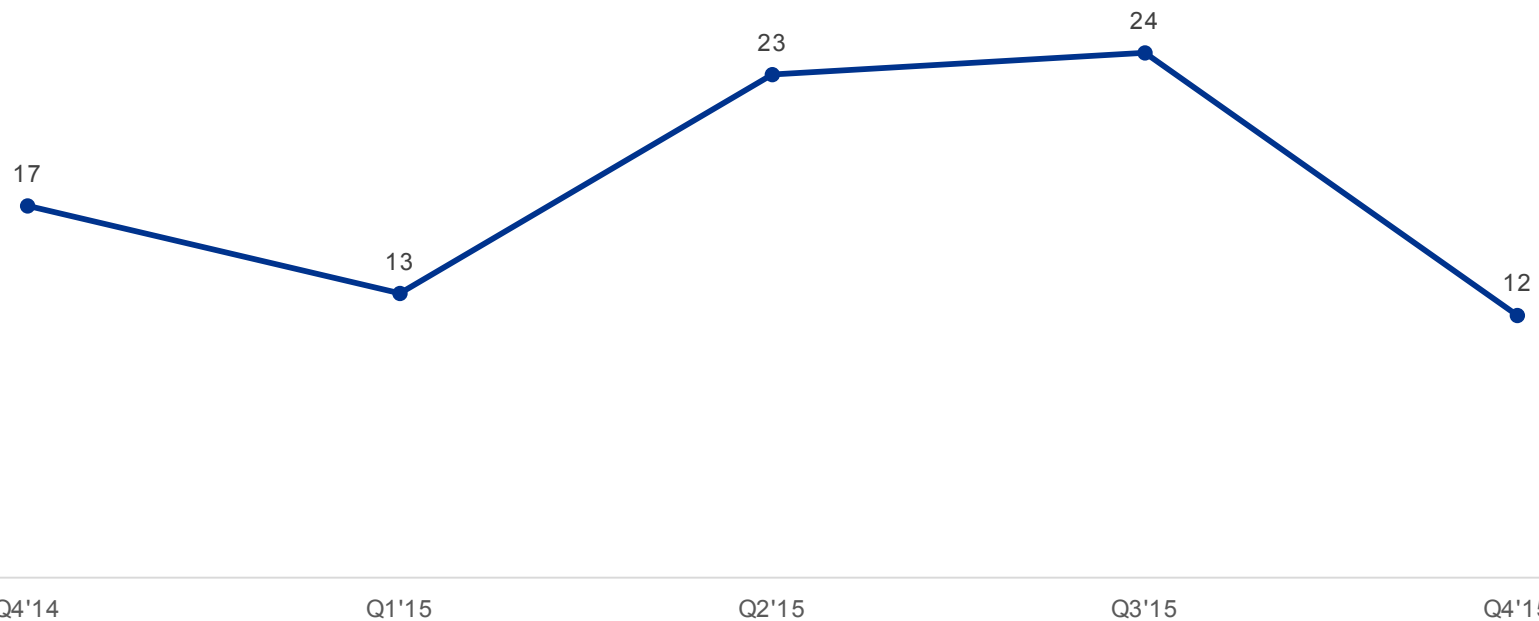
While Q4 reined in the optimism of VC investors and forced many to become more cautious with their funding, the reality is that system-wide innovations are becoming the norm. In today's era of change, innovative companies will likely continue to supplant traditional business models. But investment in these companies may become more discriminating heading into 2016. VC investors could be less willing to invest in innovative companies without a far stronger business case for how their new business models should create profit over the longer term.

WOUNDED UNICORNS PUSH # OF NEW UNICORNS TO 12 IN Q4'15

Mutual fund valuation write-downs, decreased mega-round activity, a public-private valuation disconnect and some public Unicorn company performance issues resulted in the number of new Unicorns dropping significantly in Q4'15. This level of new Unicorn births was last seen in Q2'14.

VC-Backed Companies Entering The Unicorn Club

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

“In 2016, companies seeking VC investment will need more than an innovative product or service. They’ll need a plan to monetize their offerings. That’s because if they don’t know how they’re going to make money, they’ll be hard-pressed to gain attention as the VC environment tightens around the world.”



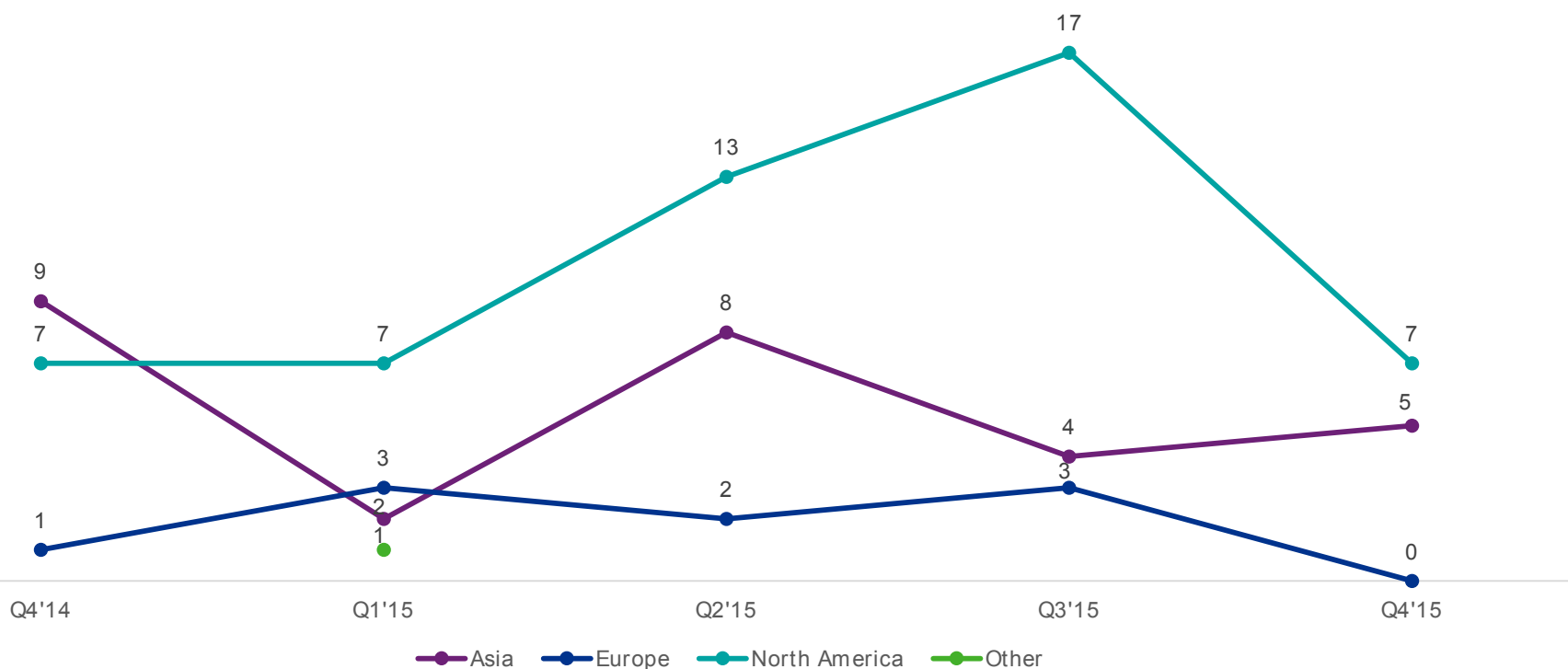
Arik Speier
*Co-Leader, KPMG Enterprise
Innovative Startups Network and
Head of Technology,
KPMG in Israel*

EUROPE SEES NO NEW UNICORNS IN Q4'15

The overall slow in deals and mega-rounds, in addition to valuation “bubble” concerns, led to fewer Unicorns across all major continents. Europe, specifically, saw no new Unicorns in Q4'15, while North America saw just seven, while Asia saw a slight increase with five, despite a continued economic slowdown in China.

VC-Backed New Unicorn Companies by Continent

North America vs. Europe vs. Asia vs. Other, Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative (“KPMG International”), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

NOTABLE 'REST OF WORLD' Q4'15 FINANCINGS

Company	Round	Country	Select Investors
Empreendimentos Pague Menos	\$150.6M (Growth Equity)	Brazil	General Atlantic
Signostics	\$35M (Private Equity)	Australia	Kohlberg Kravis Roberts & Co., Brandon Capital Partners, Playford Capital, Terra Rossa Capital
Off-Grid Electric	\$25M (Series C)	Tanzania	Omidyar Network, Vulcan Capital, DBL Investors, Serious Change Fund, SolarCity
Canva	\$15M (Series A-II)	Australia	Blackbird Ventures, 500 Startups, Matrix Partners, Founders Fund, Shasta Ventures
Invoice2go.com	\$15M (Series C)	Australia	Accel Partners, Ribbit Capital
Trocafone	\$12M (Seed VC)	Brazil	500 Startups, Lumia Capital, Quasar, Wayra
Geofusion	\$9.22M (Seed VC-II)	Brazil	DGF Investimentos, Intel Capital, SP Ventures
Dinda	\$4.91M (Series A)	Brazil	Monashees Capital
Cardiora	\$3.5M (Seed VC)	Australia	Brandon Capital Partners
Pin Payments	\$3.1M (Series A)	Australia	Vix Investments

SELECT VC-BACKED EXITS IN NORTH AMERICA

Company	Exit Type	Valuation	Select Investors
Square	IPO	\$4.7B	SV Angel, Khosla Ventures, Sequoia Capital, Visa, Kleiner Perkins Caufield & Byers
Pure Storage	IPO	\$3.1B	Sutter Hill Ventures, Greylock Partners, Redpoint Ventures, Samsung Ventures
Cardioxyl Pharmaceuticals	Acquisition (Bristol-Myers Squibb)	\$2.08B	Aurora Funds, New Enterprise Associates, OrbiMed Advisors, Osage Partners
Solidfire	Acquisition (NetApp)	\$870M	Novak Biddle Venture Partners, Valhalla Partners, New Enterprise Associates, Samsung Ventures
SteelBrick	Acquisition (Salesforce)	\$600M	Emergence Capital Partners, Salesforce Ventures, Shasta Ventures, Institutional VP



“We always knew this was going to be a marathon, not a sprint...The measurement we’re going to look at is going to be measured in years and decades.”

Dave Hatfield,
President, Pure Storage

Quote source: [Business Insider](#)
Image source: [Pure Storage](#)

SELECT VC-BACKED EXITS INTERNATIONALLY

Company	Exit Type	Valuation	Select Investors
Acerta Pharma	Corp Majority (AstraZeneca)	\$7.27B	BioGeneration Ventures, Brabant Development Agency
Avito	Corp Majority (Naspers)	\$2.35B	Kinnevik, Northzone Ventures, Accel Partners, Baring Vostok Capital Partners
Novocure	IPO	\$1.81B	Index Ventures, Pfizer Venture Investments, Johnson & Johnson Innovation
Yongche	Corp Majority (Letv.com)	\$1B	Morningside Group, Qualcomm Ventures, China Broadband Capital, DCM Ventures
ShowroomPrive.com	IPO	\$958M	Accel Partners



“By taking an equity stake in Acerta, we are completing the four main pillars of our oncology strategy: breast, ovarian, lung and hematology.”

Pascal Soriot
CEO, AstraZeneca

Quote source: [Bloomberg](#)

Image source: [PoandPo](#)

In Q4 2015

NORTH AMERICAN

VC-backed companies raised

\$14.1 billion

North America VC investment experiences sharp decline

During Q4'15, overall Venture Capital investment in North America declined significantly, following three quarters of consecutive growth, from \$20.8 billion in Q3 to \$14.1 billion in Q4. Over the same period, the number of deals fell from 1220 to 1026, marking the second consecutive quarter of decline with respect to deal volume. The decline in VC activity reflects changes and increasing investor concerns on a number of fronts. Several of these are highlighted below

Decreasing mega-rounds

A significant decrease in the number and value of mega-rounds in the region had a significant impact on Q4 results. Overall, the number of mega-rounds (\$100 million+) decreased from 39 in Q3 to just 18 in Q4, by far the lowest total over the past year. During Q3'15, several rounds went over \$1 billion (i.e., Uber and Social Finance), while Q4's largest rounds included Jet.com (\$500 million), Sunnova Energy Corp (\$300 million), and Tenable Network Security (\$250 million). While the reduction in mega-rounds and overall deal activity echoes the experience of Asia, there are rumours that Uber may be close to closing another \$1 billion+ round of funding. If true, this could have a positive impact on VC investment leading into the first quarter of 2016.

IPOs falling short of private valuations

A major concern during Q4'15 is the fact that a number of IPOs fell short of recent private valuations. These experiences have spooked a number of investors, prompting many to re-evaluate their investment portfolios. Some mutual fund investors have even moved to write down a number of their major VC investments in order to reflect fair market value.

This shift toward more realistic valuations during Q4 has showcased problems associated with potentially inflated valuations. As a result, investors that may have jumped on bigger deals earlier in 2015 are becoming more cautious. This caution is expected to continue into 2016.

Implications of potential interest rate increases

In the US, speculation over additional interest rate increases appears to be influencing the investment decisions of some investors. This expectation could be prompting some North American VC investors to re-evaluate options that could provide reasonable rates of return at lower risk should rates rise as expected.

Outlook for 2016

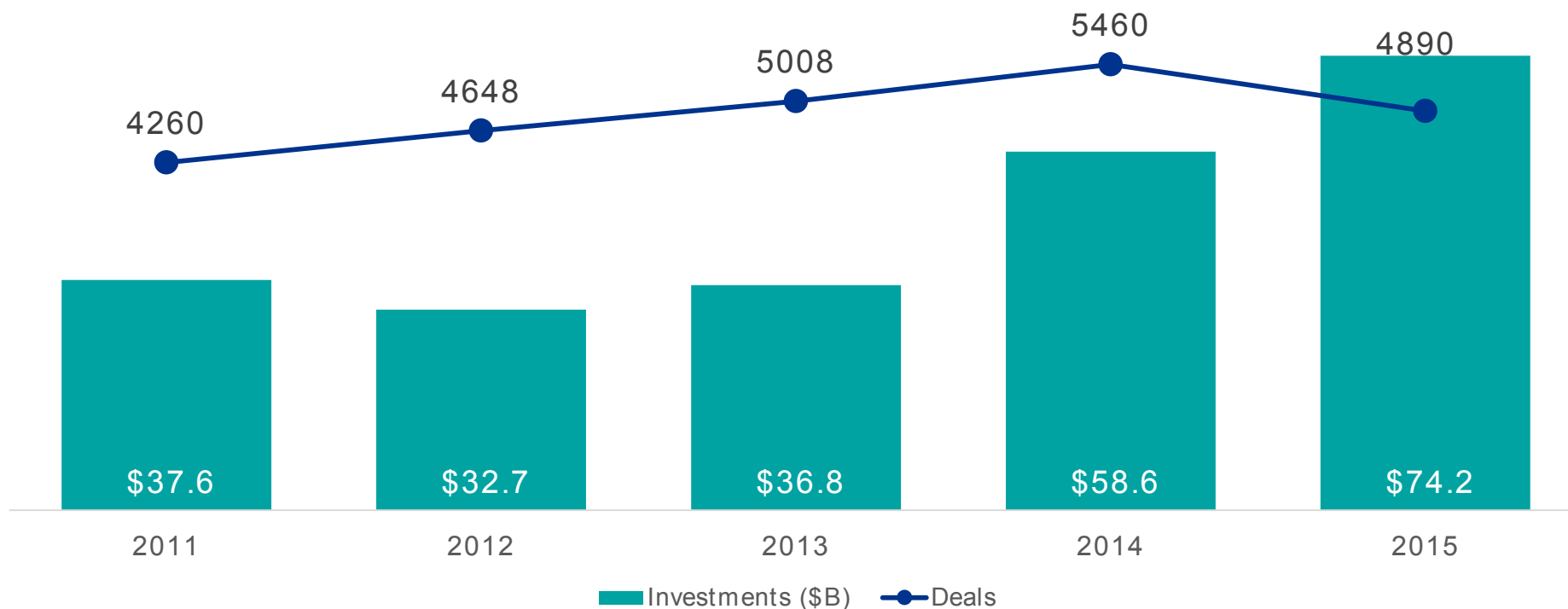
2015 was a quiet year for IPOs. In Q4'15, IPOs remained weak, with tech companies going public at the slowest rate since 2009. However, with a number of IPOs failing to live up to their private sector valuations, investors may start to question the model of keeping companies private over the longer term. In 2016, IPO and M&A activities may rebound as the large inventory of companies that can and should go public start to make their moves.

NORTH AMERICA: \$74.2B ACROSS 4890 DEALS IN 2015

In North America, 2015 reached a 5 year funding high, reaching \$74.2B across 4890 deals. Funding was up 26% while deals fell 10% versus the previous year. Overall deal activity reached its lowest point since 2012.

North American Annual Financing Trends to VC-Backed Companies

2011 – 2015



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

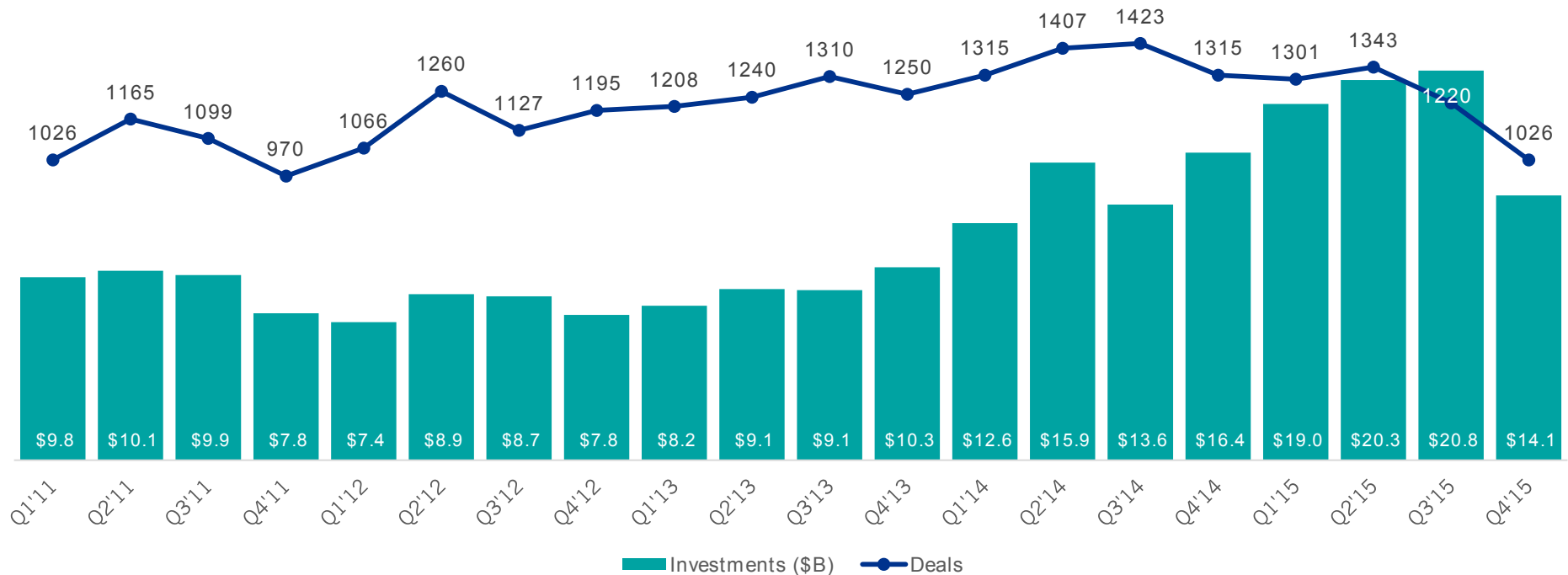
#Q4VC



OVERALL INVESTMENT TO VC-BACKED NORTH AMERICAN STARTUPS FALLS DRASTICALLY

Deal activity to VC-backed North American companies in Q4'15 fell for the second consecutive quarter to just 1026 deals, the lowest level since Q4'11. While funding had increased for 3 straight quarters in 2015, Q4'15 saw a steep drop-off, falling 32% versus Q3'15 to \$14.1B, the lowest quarterly total since Q3'14.

North American Quarterly Financing Trends to VC-Backed Companies Q1'11 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

“There’s a mentality of hunker down and hold onto the cash. There is an immediate expectation that, as interest rates go up, investors can find greater return on capital just by investing it in much lower risk portfolios.”

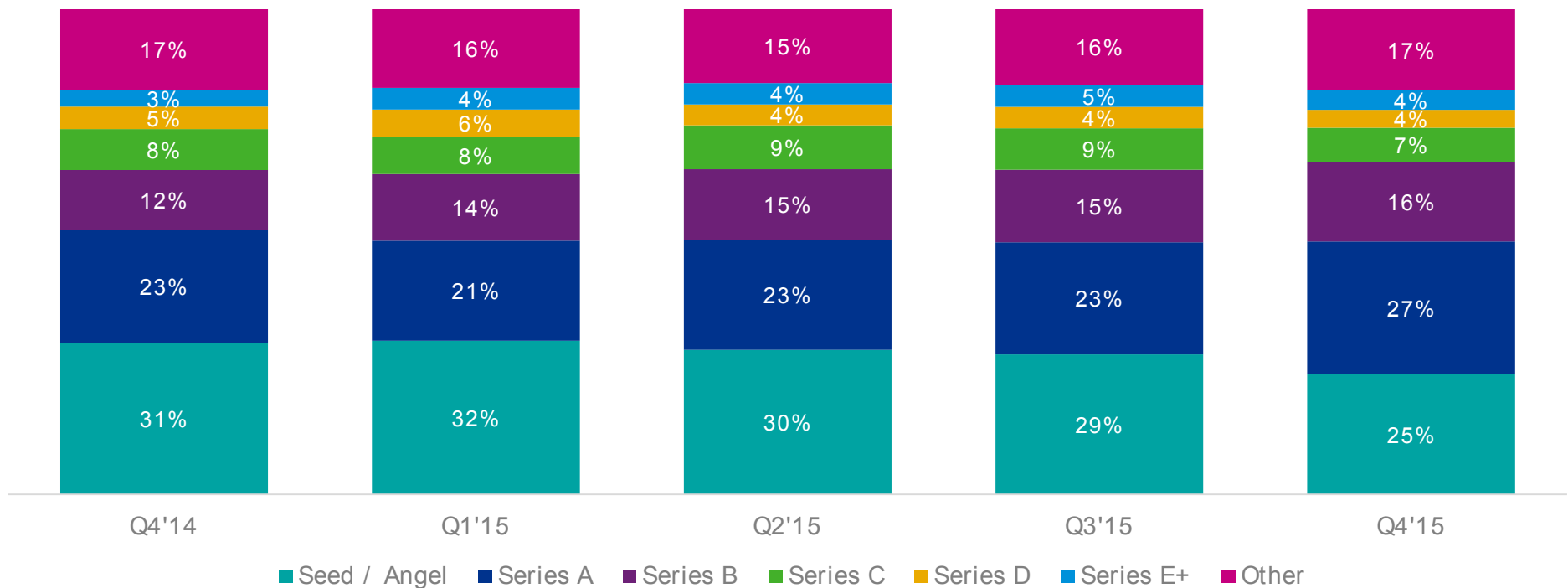


Francois Chadwick
*National Tax Leader,
KPMG Venture Capital Practice
KPMG in the US*

SERIES A DEAL SHARE RISES TO 5 QUARTER HIGH AS SEED DECREASES

Early-stage deals into VC-backed North American companies had a mixed trend in Q4'15. While seed-deal share fell to 25%, a 5 quarter low, Series A activity surpassed seed to take 27% of all deals.

North American Quarterly Deal Share by Stage Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

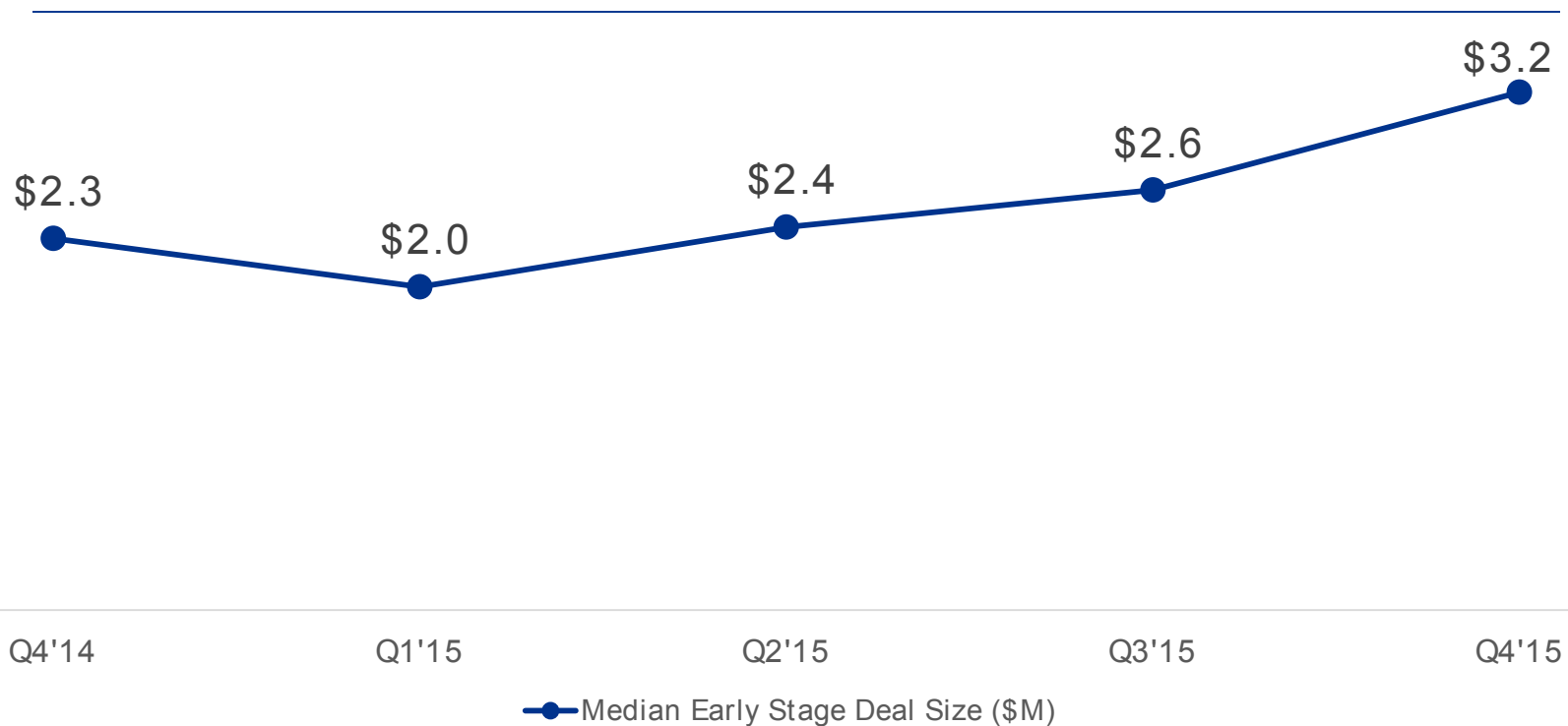
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

EARLY-STAGE DEAL SIZES INCREASE FOR THIRD STRAIGHT QUARTER IN NORTH AMERICA

Median early-stage deals were \$3.2M in Q4'15, a 5 quarter high and 39% higher than the same quarter a year prior.

North American Early-Stage Deal Size

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC

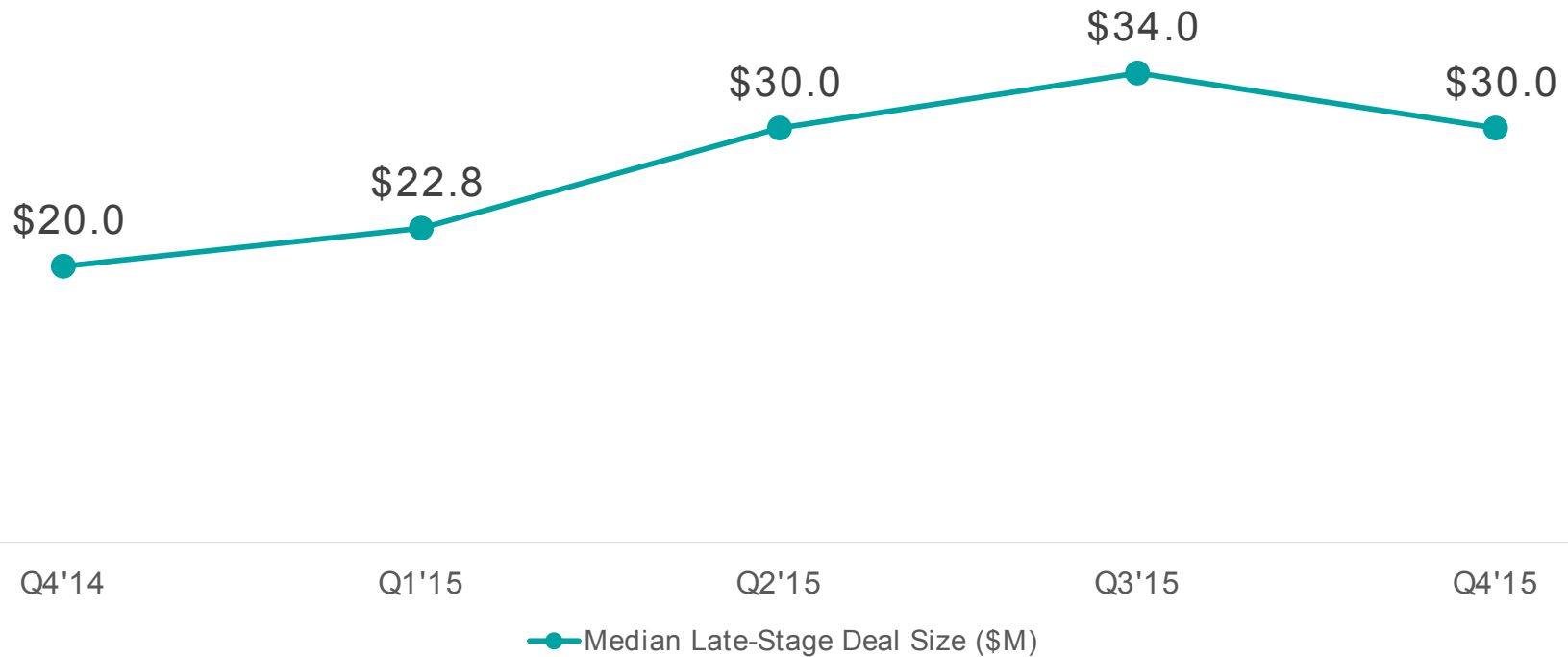


EARLY-STAGE DEAL SIZES INCREASE FOR THIRD STRAIGHT QUARTER IN NORTH AMERICA

Despite the steep fall in mega-rounds, median late-stage deal size reached \$30M for the third straight quarter, topping the same quarter last year by 50%.

North American Late-Stage Deal Size

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

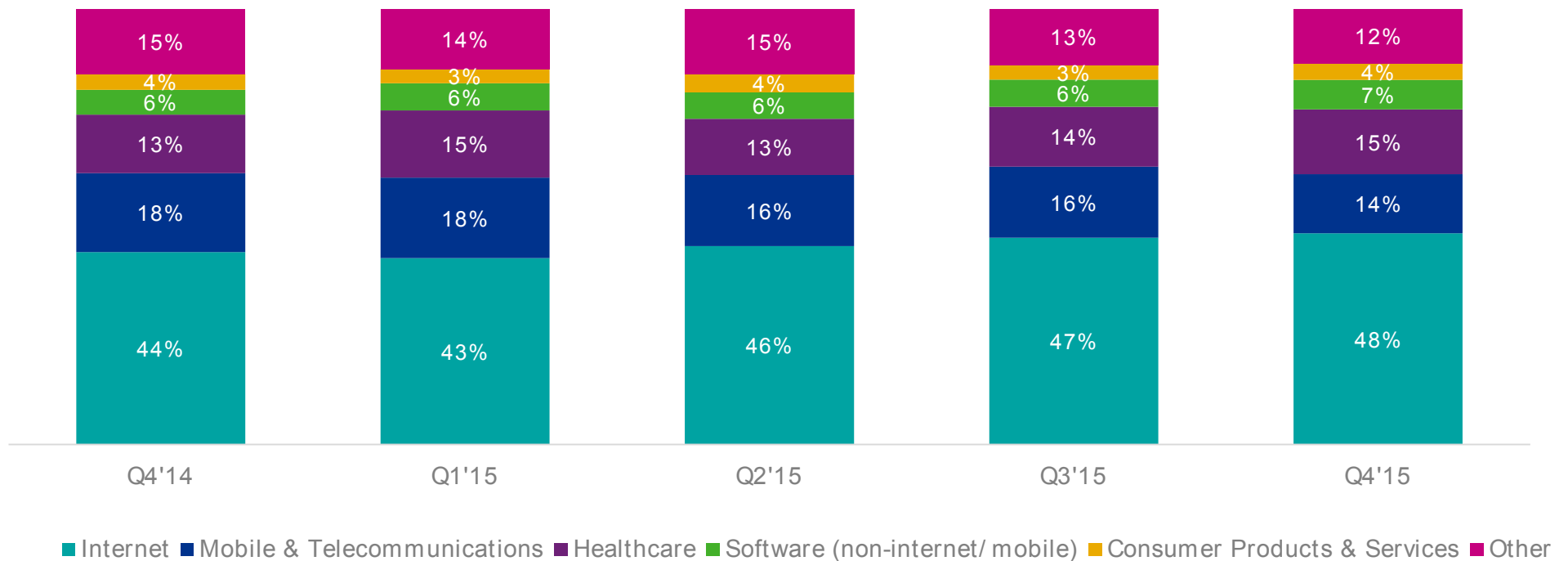
#Q4VC



VC-BACKED INTERNET COMPANIES CONTINUE TO GARNER THE BULK OF THE DEALS

Internet companies have consistently taken over 40% of all deals into VC-backed North American companies. All sectors remained relatively range-bound during the last 5 quarters.

North American Quarterly Deal Share by Sector Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC



THE 10 LARGEST ROUNDS OF Q4'15 TOTALED OVER \$2.7B, NEARLY 20% OF FUNDING IN NORTH AMERICA



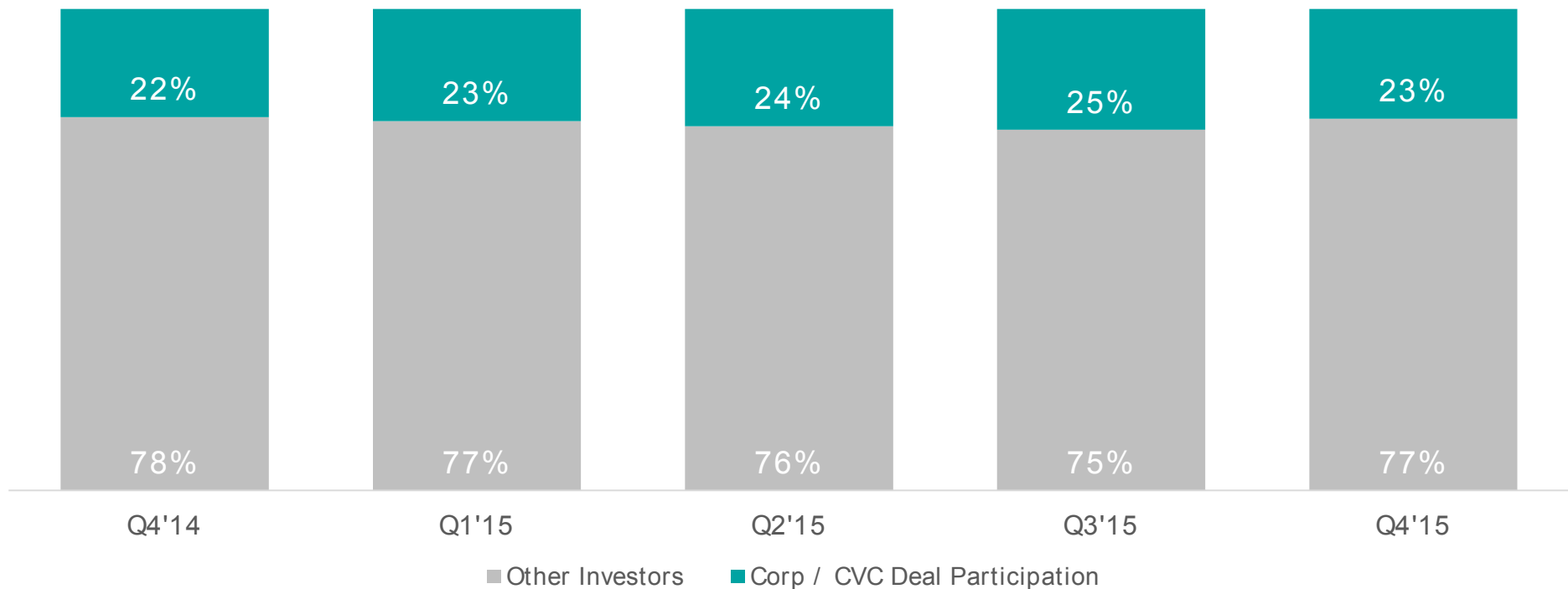
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

CORPORATE DEAL SHARE OF VC-BACKED NORTH AMERICAN COMPANIES FALLS OFF Q3'15 HIGHS

After a 5 quarter high of 25% in Q3'15, corporate investor participation fell slightly in Q4'15 to 23%. This is the fifth straight quarter CVC participation has topped 20% as more new corporate venture units continue to pop up.

CVC Participation in North American Deals to VC-Backed Companies

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC



NEA WAS THE MOST ACTIVE VC INVESTOR IN NORTH AMERICA IN Q4'15

New Enterprise Associates (NEA) was the most active investor in North America in Q4'15, topping the most active investors for the third straight quarter. General Catalyst Partners ranked second, while Andreessen Horowitz rounded out the top three.

Most Active VC Investors in North America Q4'15

Rank	Investor	Rank	Investor
1	New Enterprise Associates	9	Accel Partners
2	General Catalyst Partners	10	True Ventures
3	Andreessen Horowitz	10	Sequoia Capital
4	Kleiner Perkins Caufield & Byers	10	Correlation Ventures
4	Greycroft Partners	10	ff Venture Capital
6	Khosla Ventures	10	Founder Collective
6	Formation 8	10	Foundry Group
8	Google Ventures	10	Salesforce Ventures

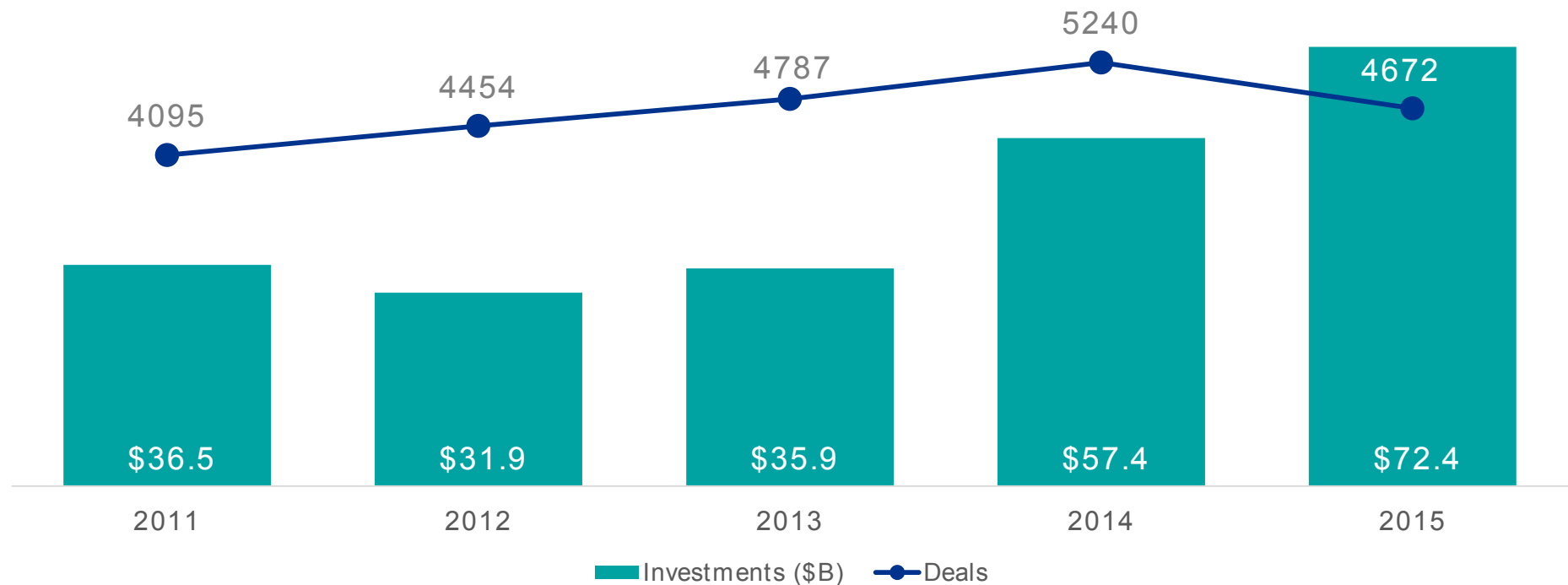
Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

US FUNDING TOPS \$70B IN 2015 DESPITE LOWER DEAL TOTAL

After a high of \$57.4B in 2014, US-based VC-backed companies raised \$72.4B in equity financing in 2015. While more dollars were deployed in the US, deal activity fell to 4672, an 11% decrease vs. 2014 and the lowest total since 2012.

USA Annual Financing Trends to VC-Backed Companies 2011 – 2015



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

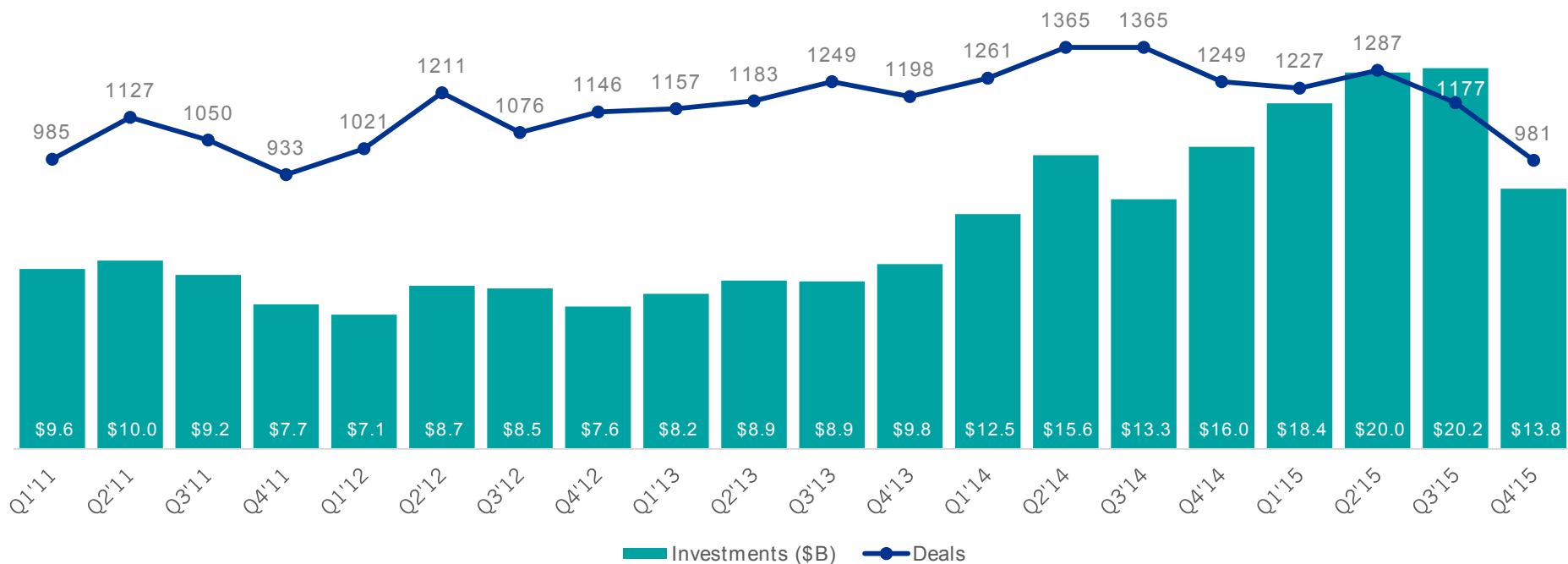
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

US DEAL ACTIVITY HAS WORST QUARTER SINCE Q4'11

US startups saw a \$6B+ decrease in funding with Q4'15 seeing just one deal of \$500M+, to Jet.com. While funding was low, deal activity was even lower, falling for the second straight quarter to 981 deals, its lowest total since Q4'11, and down 22% versus the same quarter a year prior.

USA Quarterly Financing Trends to VC-Backed Companies

Q1'11 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC

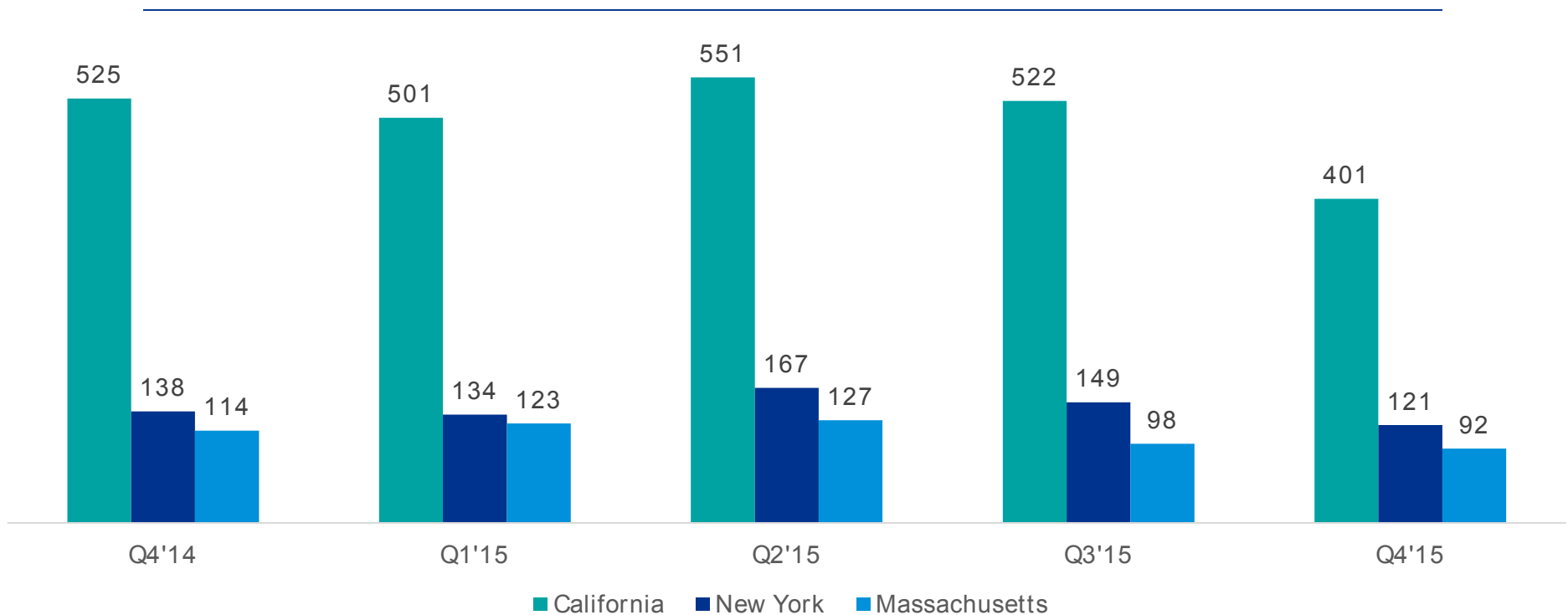


CALIFORNIA CONTINUES TO DOMINATE DEALS INTO VC-BACKED COMPANIES

While activity in California has slowed down for 2 quarters straight, deals continue to top 400 per quarter and account for more than Massachusetts and New York combined. New York has now outpaced Massachusetts in each of the last 5 quarters.

Quarterly Deal Activity to VC-Backed Companies

CA vs. NY vs. MA, Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC

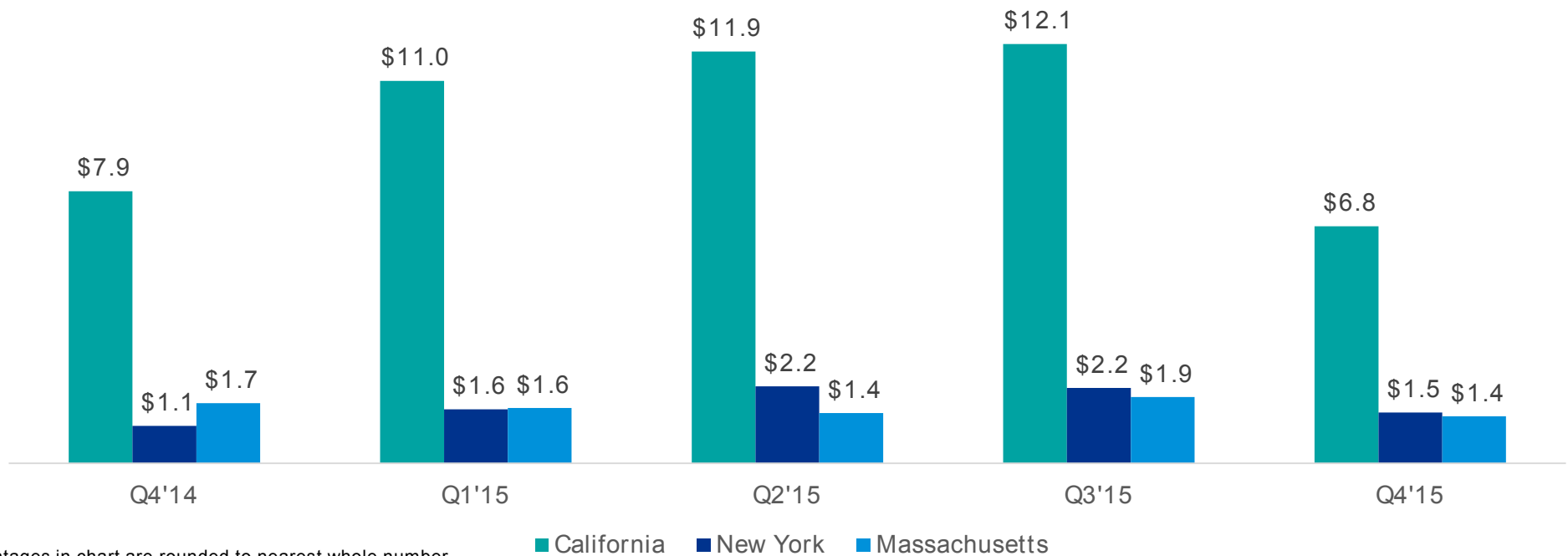


CALIFORNIA FUNDING FALLS 44% VERSUS Q3'15

After California saw \$12.1B invested in Q3'15 due to three \$1B+ financings, funding fell off a cliff, reaching just \$6.8B in Q4'15. NY funding fell to \$1.5B while MA funding fell to \$1.4B.

Quarterly Investment Activity to VC-Backed Companies

\$B, CA vs. NY vs. MA, Q4'14 – Q4'15



*percentages in chart are rounded to nearest whole number

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC

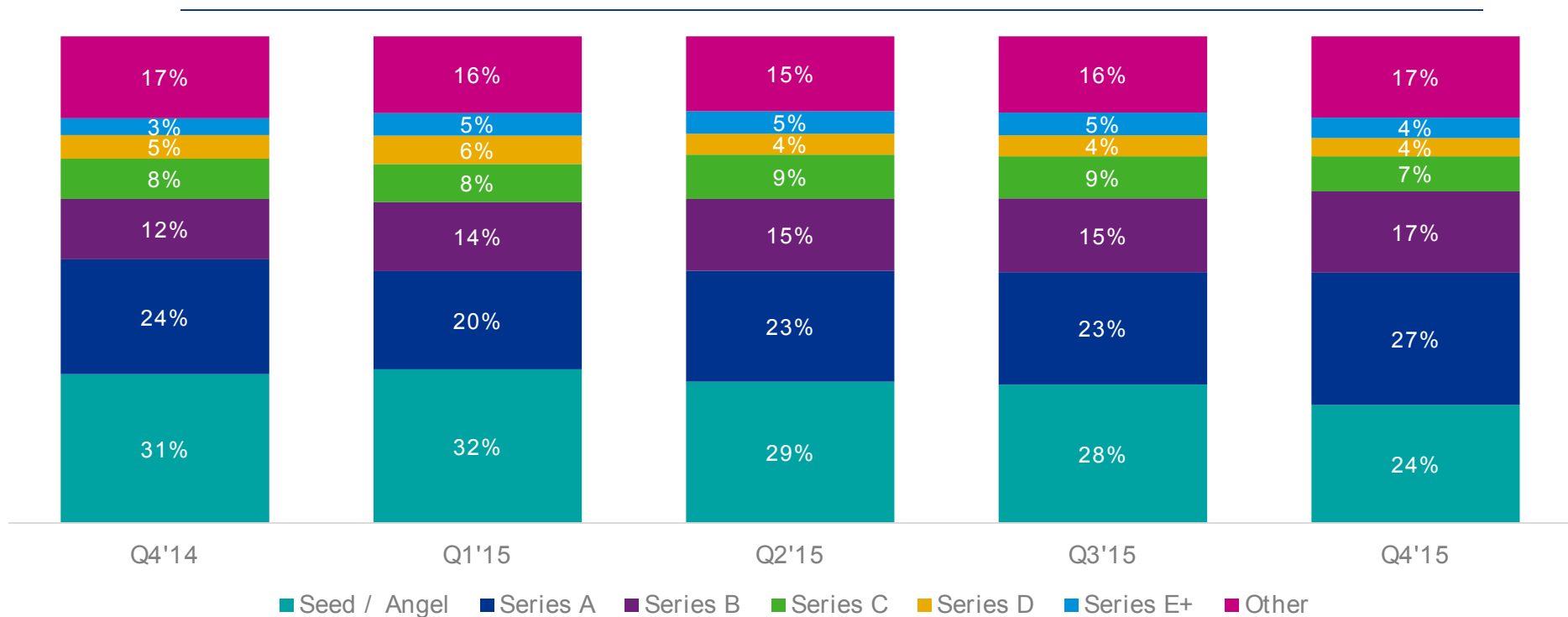


SEED DEAL SHARE HITS A 5-QUARTER LOW

Seed-stage investments took less than a fourth of all deals to VC-backed companies in the US in Q4'15, dropping to a 5 quarter low of 24%. Conversely, Series A deal share reached a 5 quarter high, accounting for 27% of all deals to US-based VC-backed companies.

Quarterly US Deal Share by Stage

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

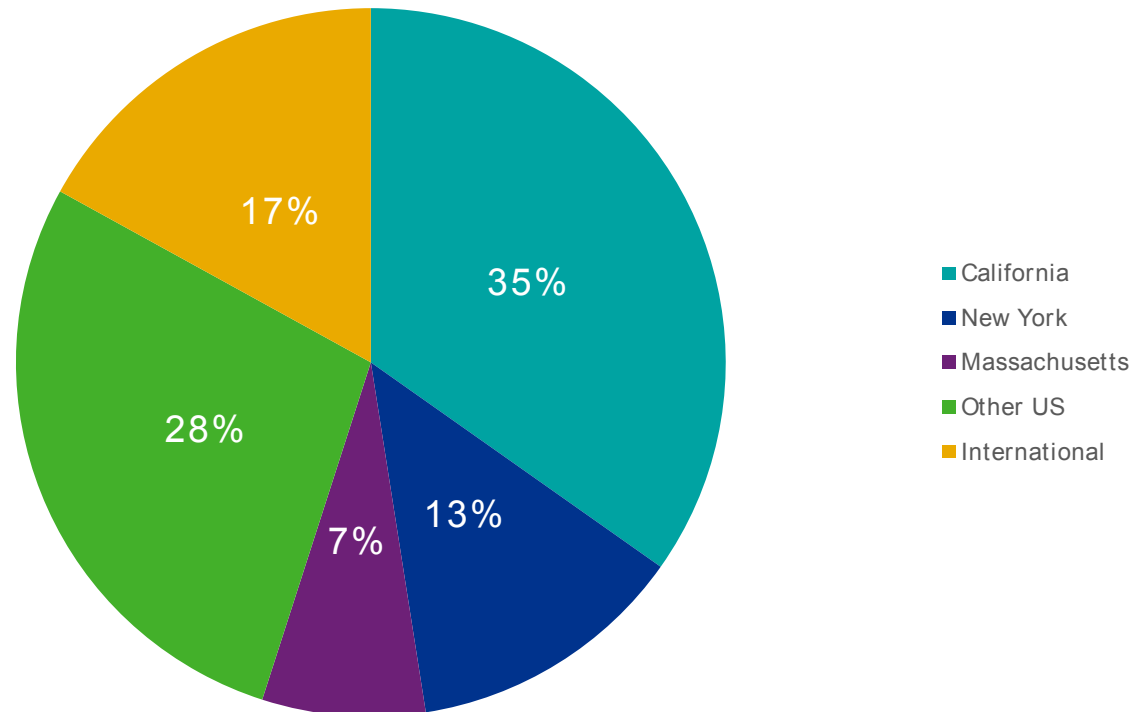
OVER HALF OF ALL VCS INVESTING IN THE US ARE BASED IN MAJOR MARKETS

Of all VCs that participated in a US investment in Q4'15, 55% were based in either California, New York or Massachusetts.

California led all states, with 35% of all active VCs calling the Golden State home, while Illinois, Pennsylvania and Colorado led the other VC states.

Investors from the UK, China and Canada were most prevalent among international VCs.

HQ of VCs Investing in US Companies As % of all VCs investing in US-based companies in Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

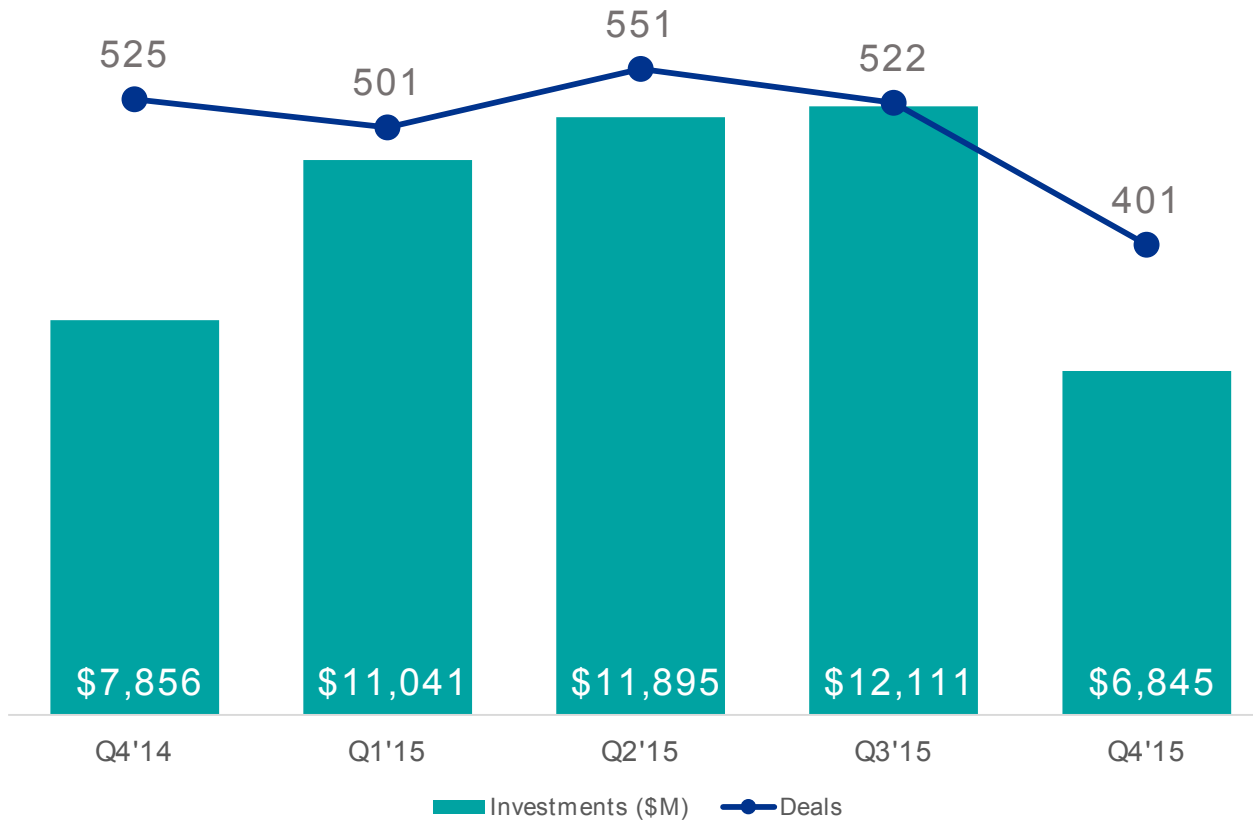
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

CALIFORNIA VENTURE-BACKED INVESTMENT ACTIVITY

Top Deals & Cities, Q4'15

California Investment Activity

VC-Backed Companies, Q4'14 – Q4'15



Top Deals

Palantir Technologies

\$429.83M // Series K-II

Lyft

\$247.7M // Series F

HotChalk

\$230M // Corp. Minority

Top Cities

San Francisco

135 Deals // \$2.39B

Palo Alto

24 Deals // \$694.3M

San Diego

21 Deals // \$503.5M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

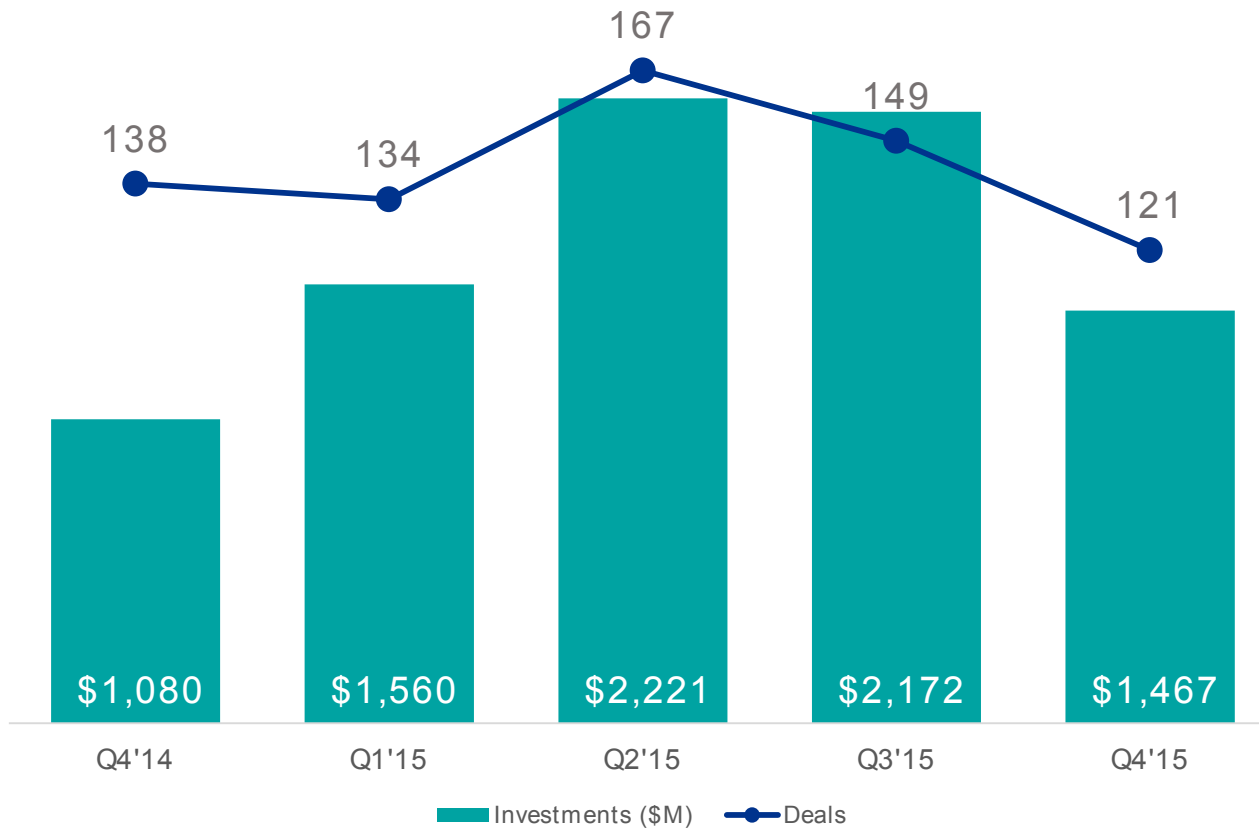
#Q4VC



NEW YORK VENTURE-BACKED INVESTMENT ACTIVITY

Top Deals & Cities, Q4'15

New York Investment Activity VC-Backed Companies, Q4'14 – Q4'15



Top Deals

Gerson Lehrman Group

\$212M // Private Equity

Vice Media

\$200M // Corp. Minority

Vroom

\$95M // Series C

Top Cities

New York

109 Deals // \$1.2B

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC

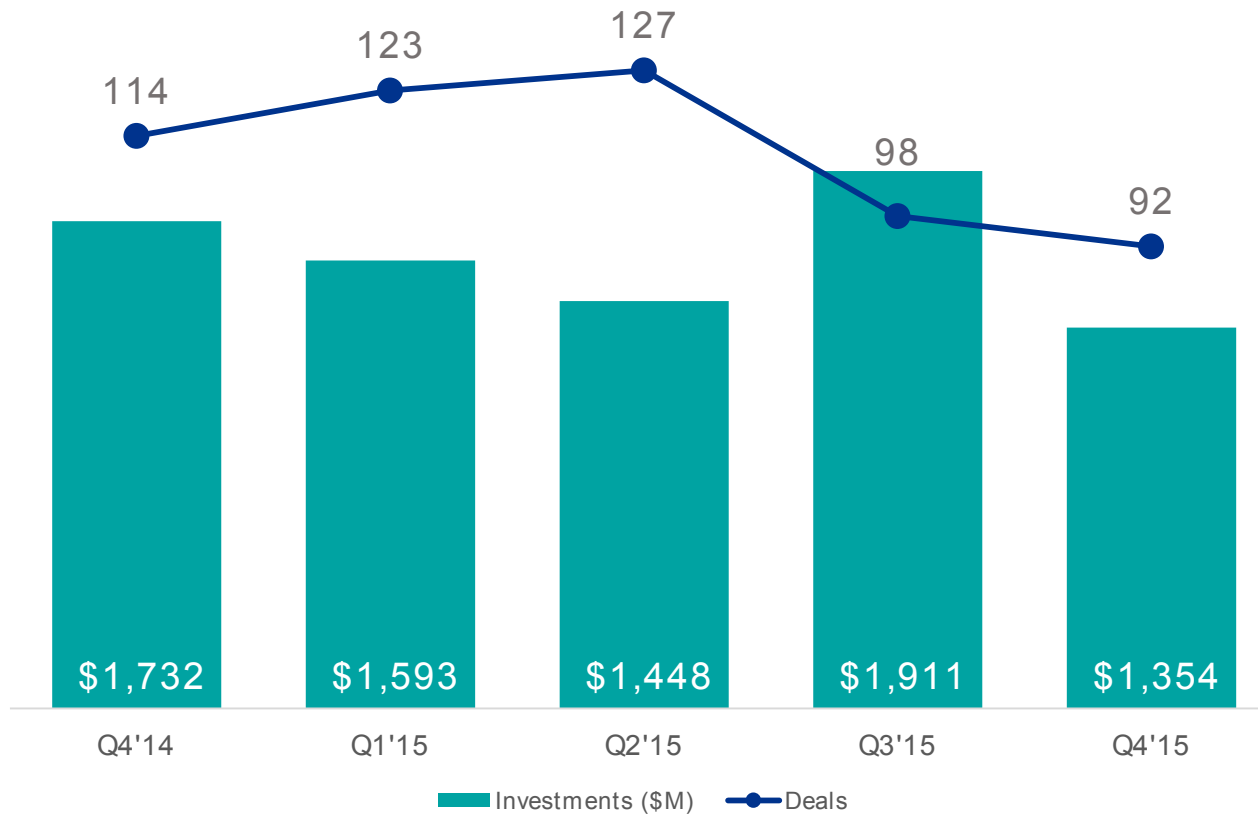


MASS VENTURE-BACKED INVESTMENT ACTIVITY

Top Deals & Cities, Q4'15

Massachusetts Investment Activity

VC-Backed Companies, Q4'14 – Q4'15



Top Deals

Codiak Biosciences

\$80M // Series A

Digital Guardian

\$66M // Series D

Cybereason

\$59M // Series C

Top Cities

Boston

31 Deals // \$281.5M

Cambridge

22 Deals // \$492.7M

Waltham

9 Deals // \$199M

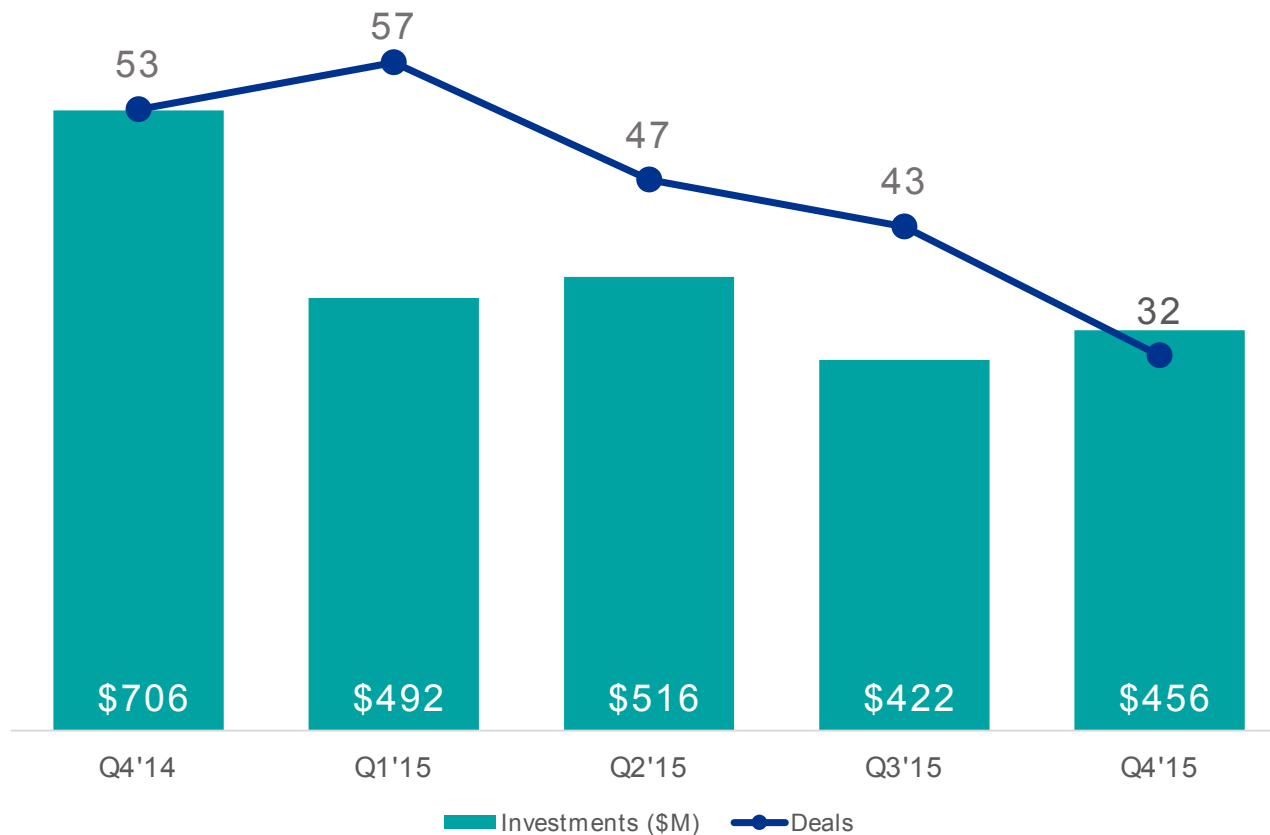
Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

TEXAS VENTURE-BACKED INVESTMENT ACTIVITY

Top Deals & Cities, Q4'15

Texas Investment Activity
VC-Backed Companies, Q4'14 – Q4'15



Top Deals

Sunnova Energy Corp.

\$300M // Private Equity

Umbel

\$20M // Series B

Phunware

\$19.34M // Series F

Top Cities

Austin

24 Deals // \$145M

Houston

4 Deals // \$306.6M

Dallas

2 Deals // \$2.5M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

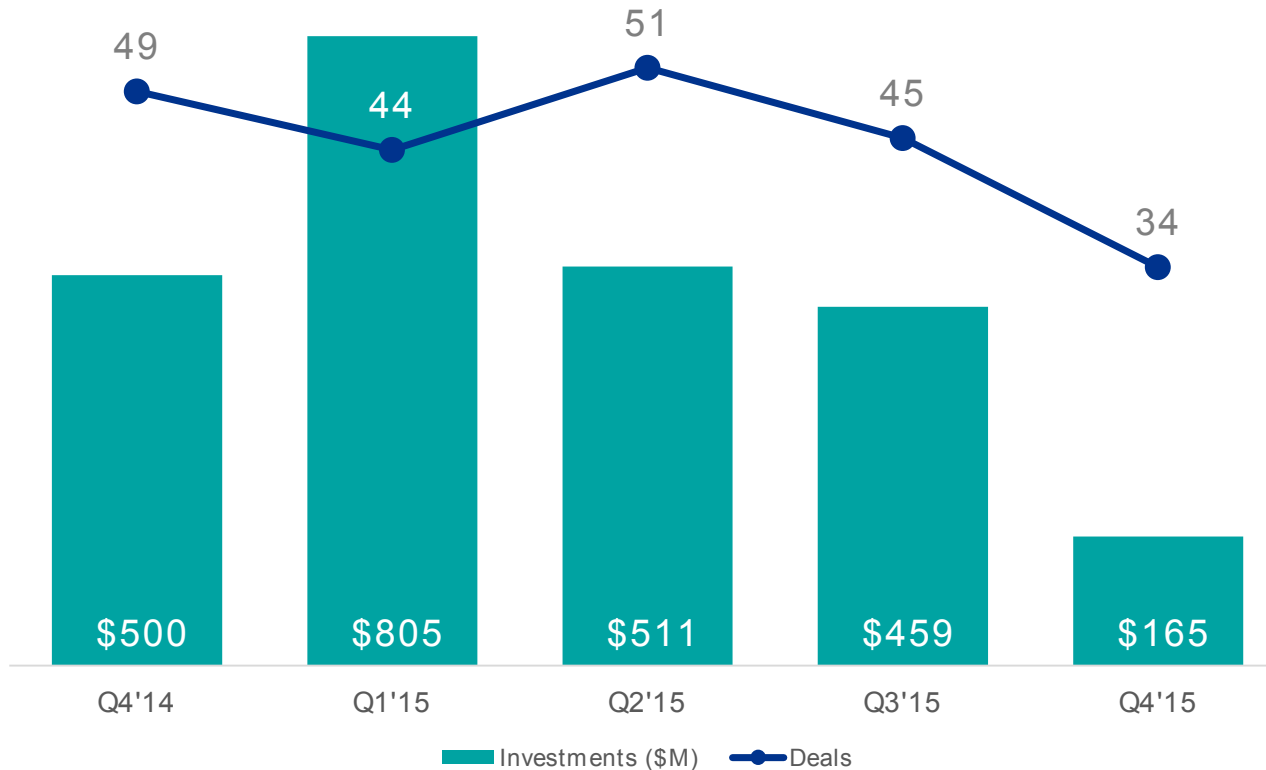
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

PACIFIC-NW VENTURE-BACKED INVESTMENT ACTIVITY

Top Deals & Cities, Q4'15

Pacific Northwest Investment Activity

VC-Backed Companies, Q4'14 – Q4'15



Top Deals

Janrain

\$27M // Series D

Pioneer Square Labs

\$12.5M // Series A

Planetary Resources

\$12.23M // Series A

Top Cities

Seattle

21 Deals // \$93.5M

Portland

4 Deals // \$39.3M

Bellevue

4 Deals // \$6.9M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

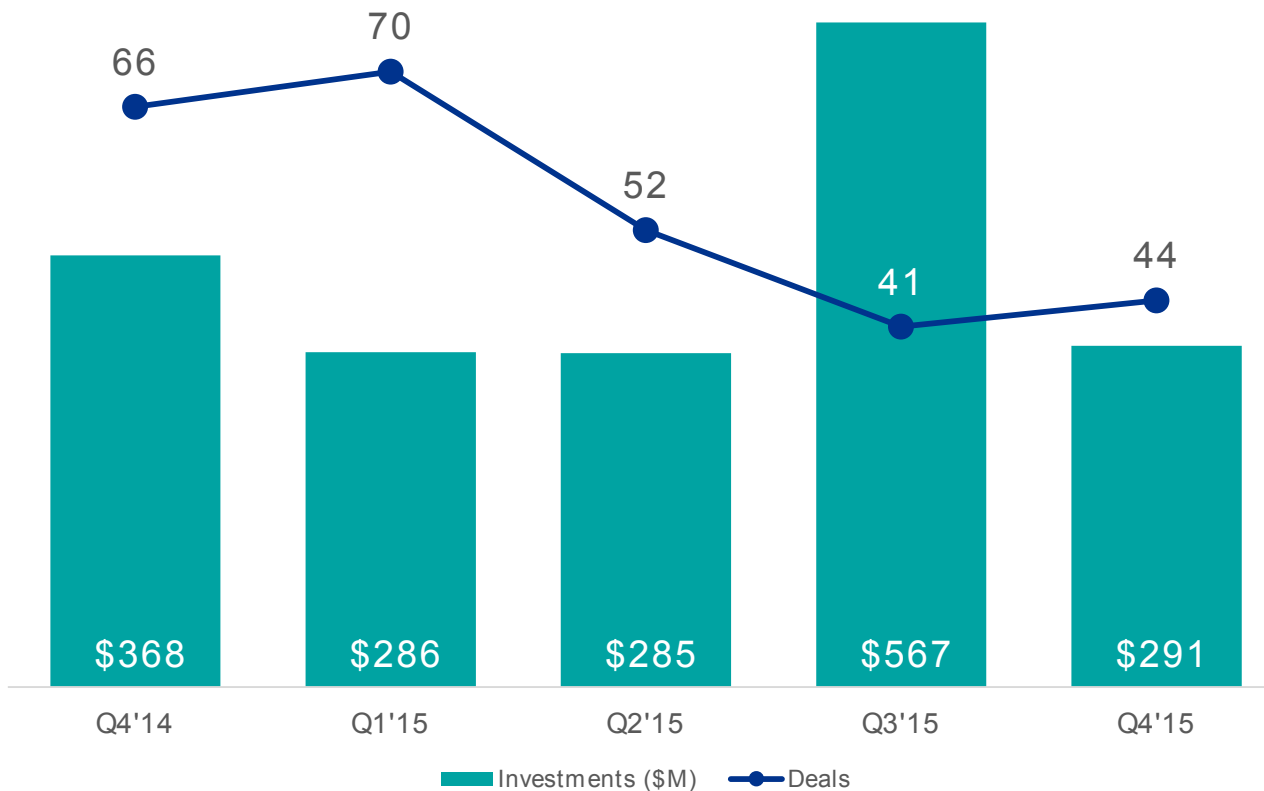
#Q4VC



CANADA VC-BACKED INVESTMENT ACTIVITY

Top Deals & Cities, Q4'15

Canada Investment Activity VC-Backed Companies, Q4'14 – Q4'15



Top Deals

Aeryon Labs

\$45.9M // Growth Equity

Coveo

\$35M // Series D

Cymax

\$25M // Series A

Top Cities

Toronto

13 Deals // \$60.41M

Vancouver

8 Deals // \$60M

Halifax

5 Deals // \$13.1M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

In Q4 2015

EUROPEAN

VC-backed companies raised

\$3 billion

European VC investment least affected by decline

Similar to other regions, Europe had a strong year with respect to total VC activity, topping \$13 billion in deal value for 2015, compared to \$8.4 billion in 2014. European VC investment dropped slightly during Q4 – from \$3.5 billion to \$3 billion.

Europe's decreasing VC activity was less pronounced than in Asia and North America. This may be attributed to VC investors in Europe having already shifted to a more conservative investment approach – a shift only now starting to be felt elsewhere.

Many European investors have already focused their attention on companies that can substantiate their business model and show progress toward value creation. At the same time, others are taking an even more conservative approach – holding back available investment dollars in order to see how new business models take hold. As a result, valuations in Europe remain substantially lower than in Asia and North America.

Looking ahead to 2016, these lower valuations, combined with a weak euro, relative to the dollar, will continue to provide a good environment for US dollar-based VC investors to make investments into European companies. Increased investment from outside of Europe could mitigate any changes among European investors. As a result, while there has been a considerable slowdown globally, there may be less pressure on investment values and volumes in 2016 as compared to Asia and North America. With interest rates in Europe projected to remain rock-bottom for the foreseeable future, it is likely that institutional investors will continue to seek out VC opportunities.

United Kingdom bucks downward VC investment trend

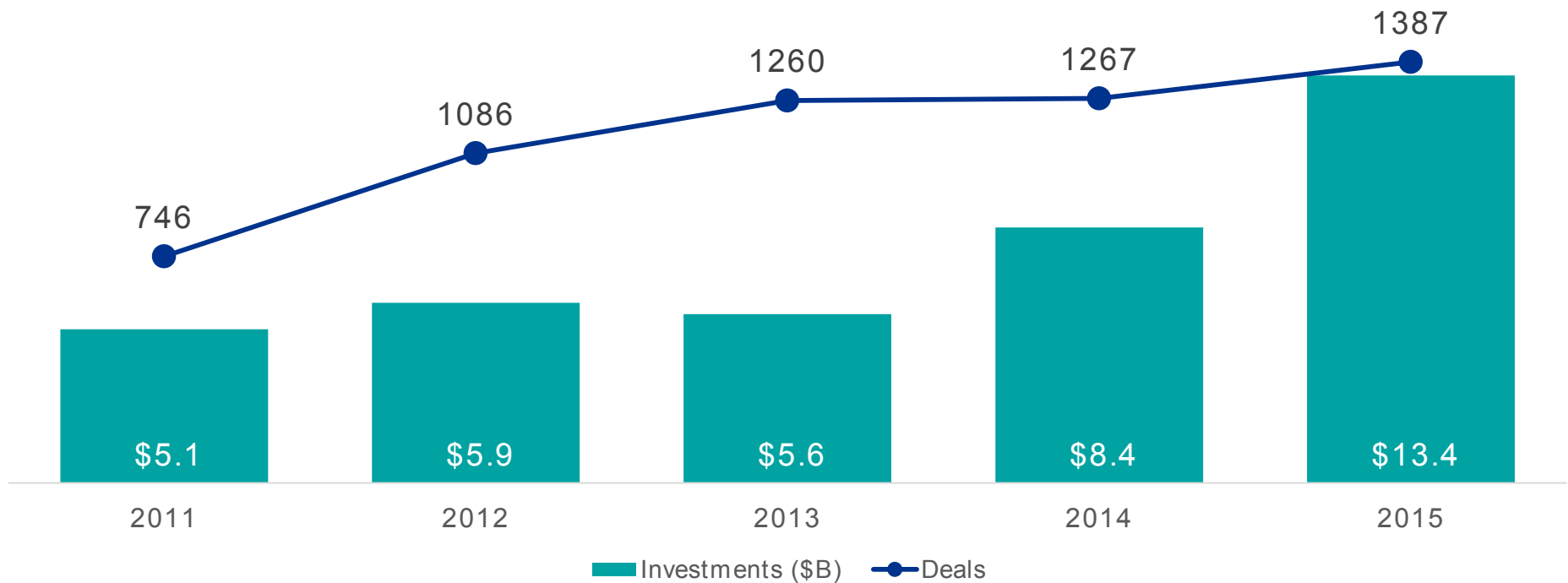
Within Europe, the United Kingdom bucked the downward VC investment trend during Q4 – achieving its fourth consecutive quarter of over \$1 billion in investment. The funding increase in Q4 was driven primarily by O3B Networks' Series H funding round, which attracted \$460 million. Other major funding rounds in Europe included EREN Groupe in France (\$227 million), CurVac in Germany (\$110 million), and Deliveroo in the UK (\$100 million).

The UK continues to have a favorable environment for entrepreneurship, supported by a number of government incentives – especially in the Fin Tech space, where the country wants to develop into a market leader. These incentives could also be having a positive impact on UK VC investment overall.

VC-BACKED EUROPEAN FUNDING REACHES ALL-TIME HIGH IN 2015

VC-backed companies in Europe raised \$13.4B in funding, an all-time high, across 1387 deals in 2015. \$500M+ rounds to Delivery Hero, Spotify and OneWeb helped buoy funding totals in addition to 21 other \$100M+ financings.

European Annual Financing Trends to VC-Backed Companies 2011 – 2015



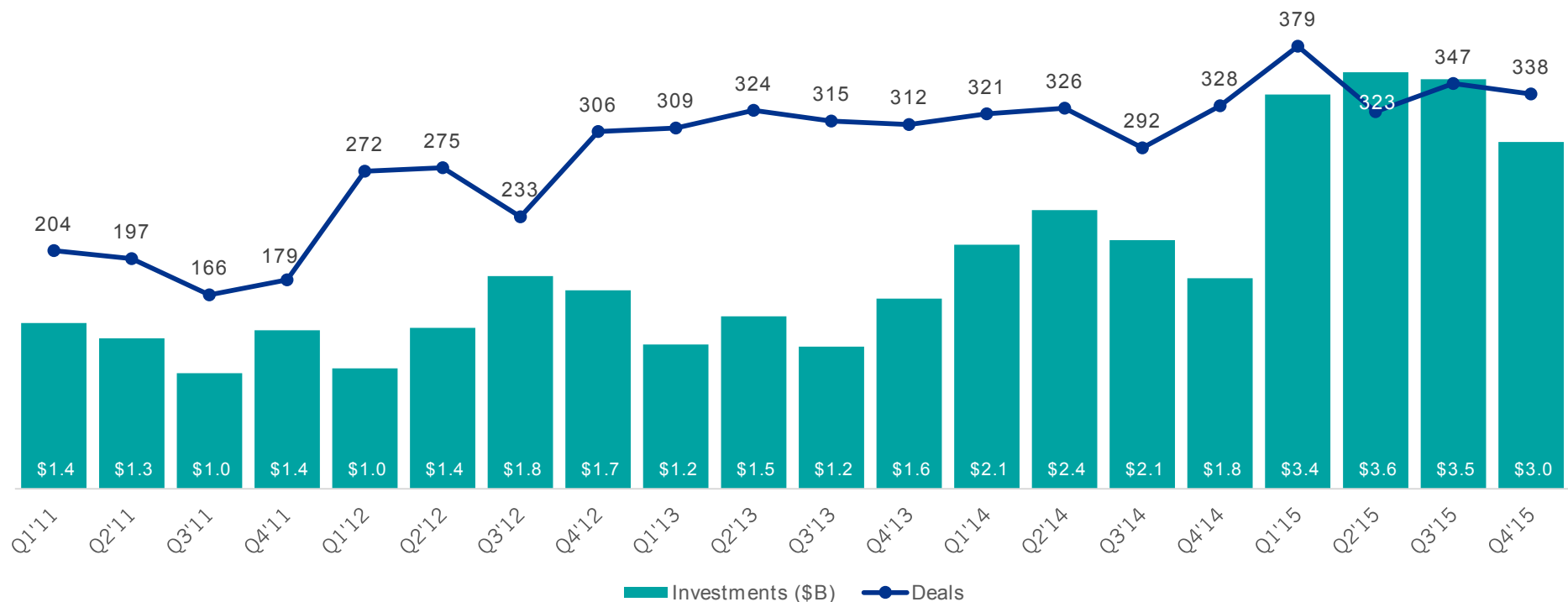
Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

FUNDING IN EUROPE TOPS \$2.9B IN EACH QUARTER OF 2015

Q4'15 saw just under \$3B invested into VC-backed companies in Europe, as funding totals fell slightly to \$2.97B on 338 deals. The funding decrease was partially due to fewer mega-rounds, with Europe seeing just three \$100M+ financings versus six a quarter prior. Deals have now topped 300 for 12 of the last 13 quarters.

European Quarterly Financing Trends to VC-Backed Companies Q1'11 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

“Valuations in Europe and in the UK are at historic highs, but these valuations don’t come close to the valuations of similar companies in the US. That is one reason why European investment hasn’t dropped as substantially as in other parts of the world. There is less concern that valuations have been overly ambitious.”

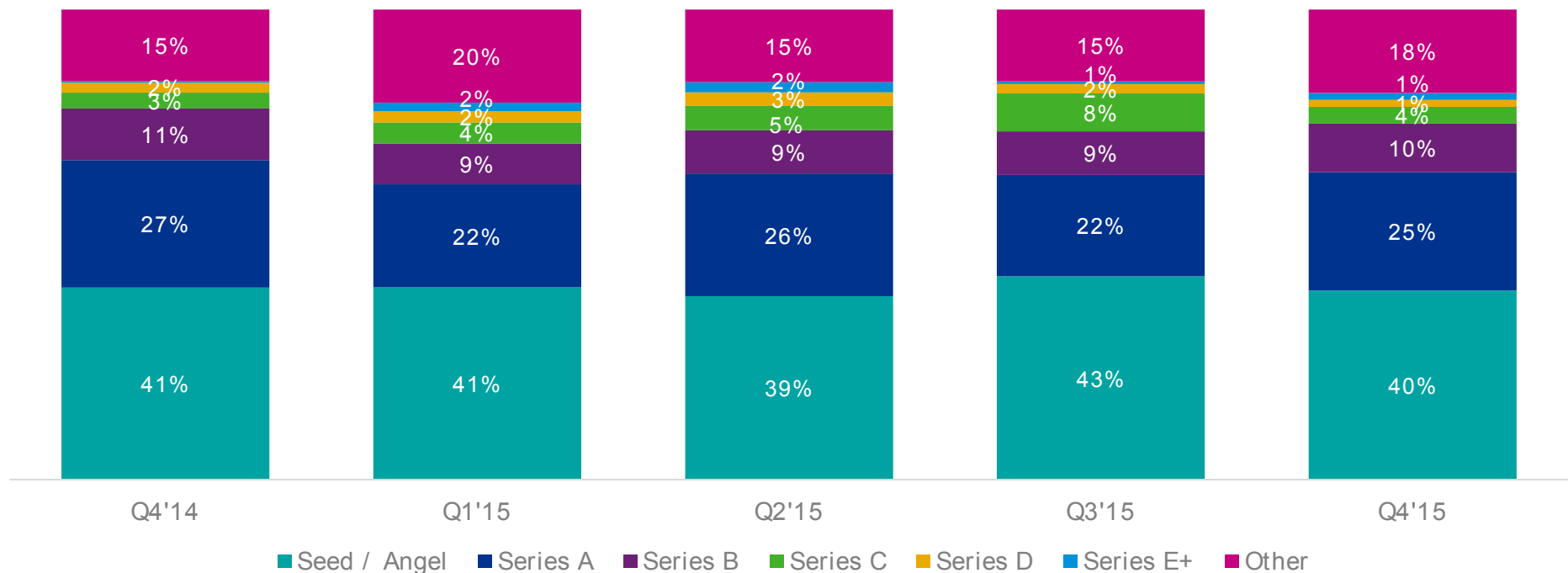


Patrick Imbach
*Head of High Growth
Technology Group,
KPMG in the UK*

EUROPEAN DEAL SHARE REMAINS RANGE-BOUND IN Q4'15

Seed deal share fell to 40% in Q4'15; however, the early-stage (Angel – Series A) continues to account for 60%+ of all deals to European VC-backed companies. Mid-stage (Series B – Series C) deals remained range-bound, accounting for 14% of all deals in Q4'15.

European Quarterly Deal Share by Stage Q4'14 – Q4'15



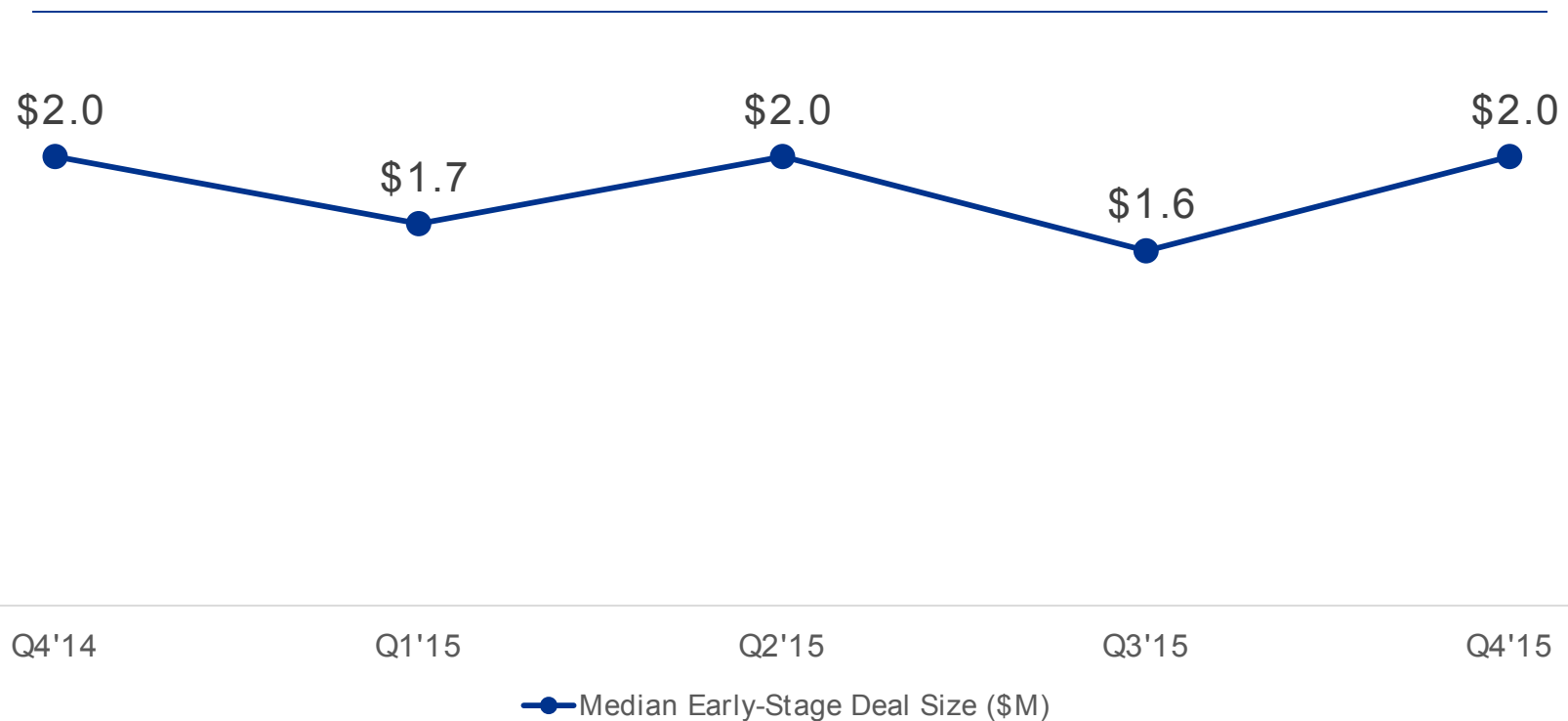
Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

EUROPEAN EARLY-STAGE DEAL SIZES CONTINUE SEESAW, REACHES \$2M IN Q4'15

Early-stage median deal size in Europe continued its ups and downs, reaching \$2M for the third time in 5 quarters in Q4'15. The median deal size at the early-stage increased, behind over 50 \$10M+ deals.

European Early-Stage Deal Size

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

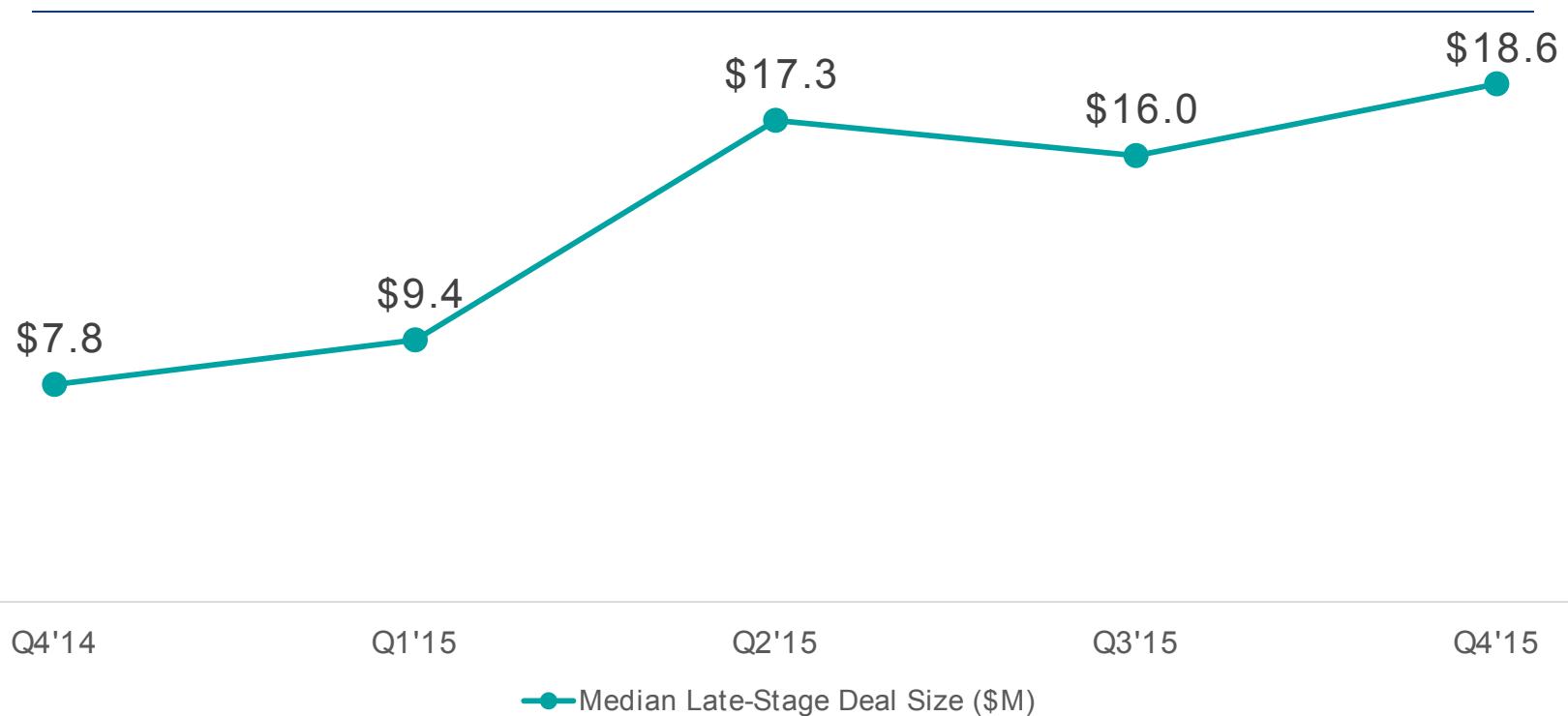
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

EUROPEAN LATE-STAGE DEALS REACH 5 QUARTER HIGH IN Q4'15

Late-stage deal sizes increased to a 5 quarter high of \$18.6M in Q4'15. Relative to Q4'14 and Q1'15's lower figures, the past 3 quarters have all topped \$15M as larger late-stage financings have become more prevalent.

European Late-Stage Deal Size

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

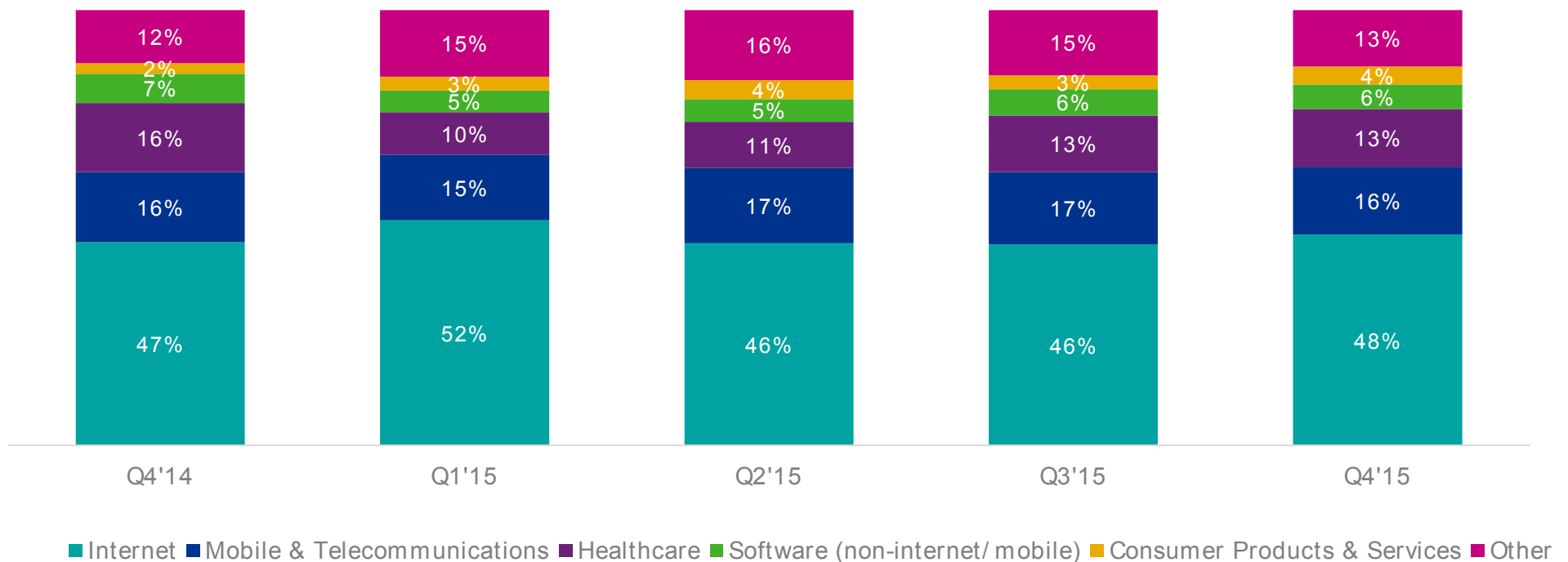
#Q4VC



INTERNET AND MOBILE TAKE 64% OF ALL EUROPEAN VC-BACKED FINANCINGS

Tech continues to dominate the European VC investment landscape in 2015, as internet and mobile deals took 64% of all deals to European VC-backed companies in Q4'15. Healthcare VC deal share in Europe was even, accounting for 13% of all deals for the second straight quarter.

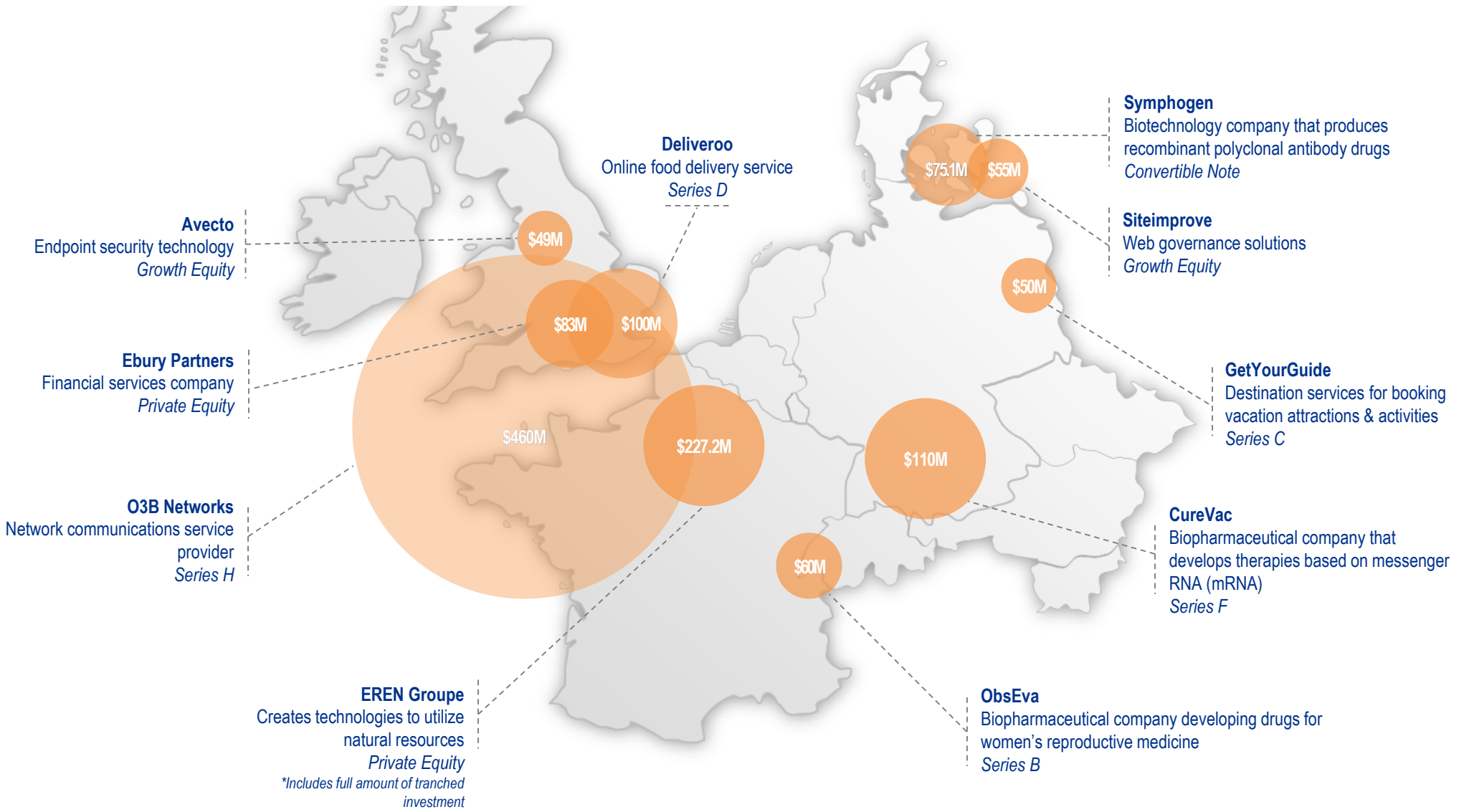
European Quarterly Deal Share by Sector Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

THE 10 LARGEST EUROPEAN ROUNDS OF Q4'15 REPRESENTED MORE THAN \$1.3B IN FUNDING

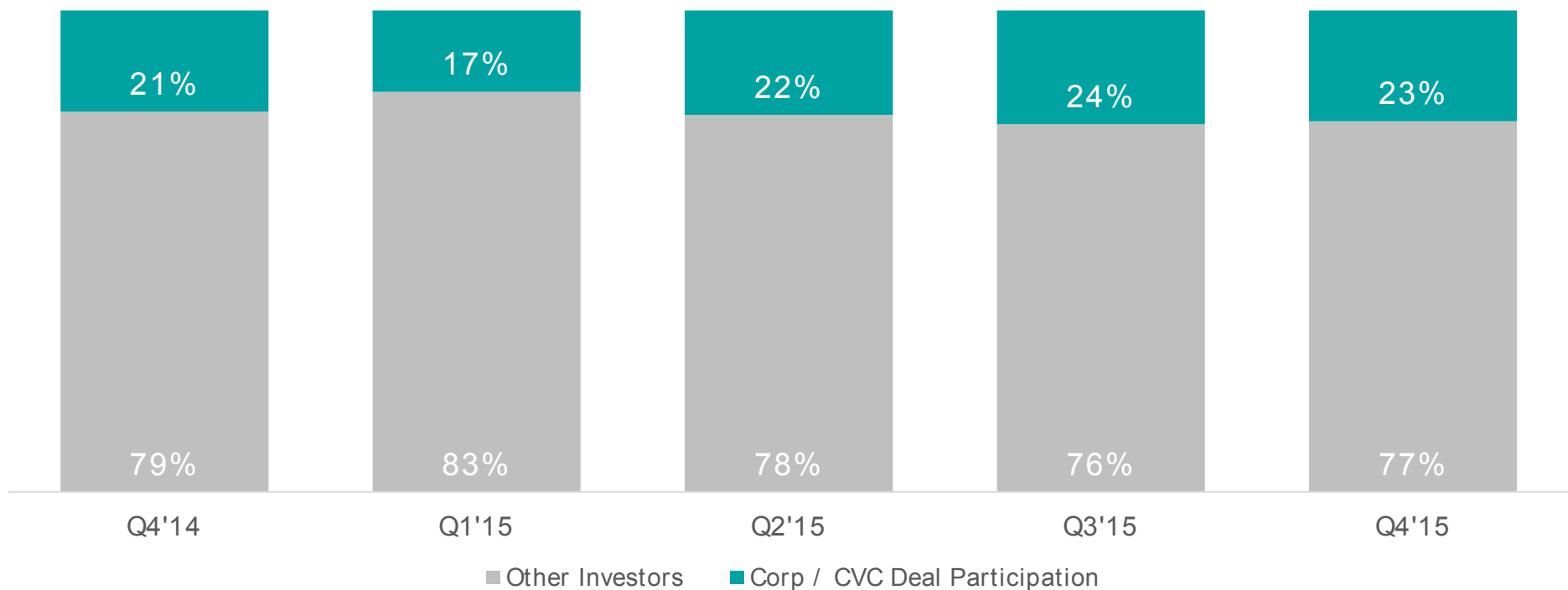


©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

CORPORATE PARTICIPATION TOPS 20% FOR 4 OF THE LAST 5 QUARTERS

Corporate investors participated in 23% of all deals to European VC-backed companies in Q4'15. Corporate participation has now topped 20% for 4 of the last 5 quarters, reaching its peak in Q3'15.

CVC Participation in European Deals to VC-Backed Companies Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC



HIGH-TECH GRUENDERFONDS IS MOST ACTIVE VC INVESTOR IN EUROPE IN Q4'15

No investor was more active in Europe in Q4'15 than High-Tech Gruenderfonds. The German-based VC led all VCs with multiple early-stage bets including Computomics, among others. Business Growth Fund, Holtzbrinck Ventures and London Co-Investment Fund rounded out the top four.

Most Active VC Investors in Europe Q4'15

Rank	Investor	Rank	Investor
1	High-Tech Gruenderfonds	9	Caixa Capital Risc
2	Business Growth Fund	9	DN Capital
2	Holtzbrinck Ventures	9	Elaia Partners
2	London Co-Investment Fund	9	Highland Capital Partners
5	Alven Capital	9	Inventure
5	Mercia Fund Management	9	ISAI
5	New Enterprise Associates	9	Octopus Ventures
5	Partech Ventures	9	Playfair Capital
9	500 Startups	9	SEED Capital

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

“The maturity of the European startup ecosystem is creating a strong draw for investors. Experienced management teams, highly educated employees and interesting business models – these are all attracting attention. And this attention is breeding investment.”

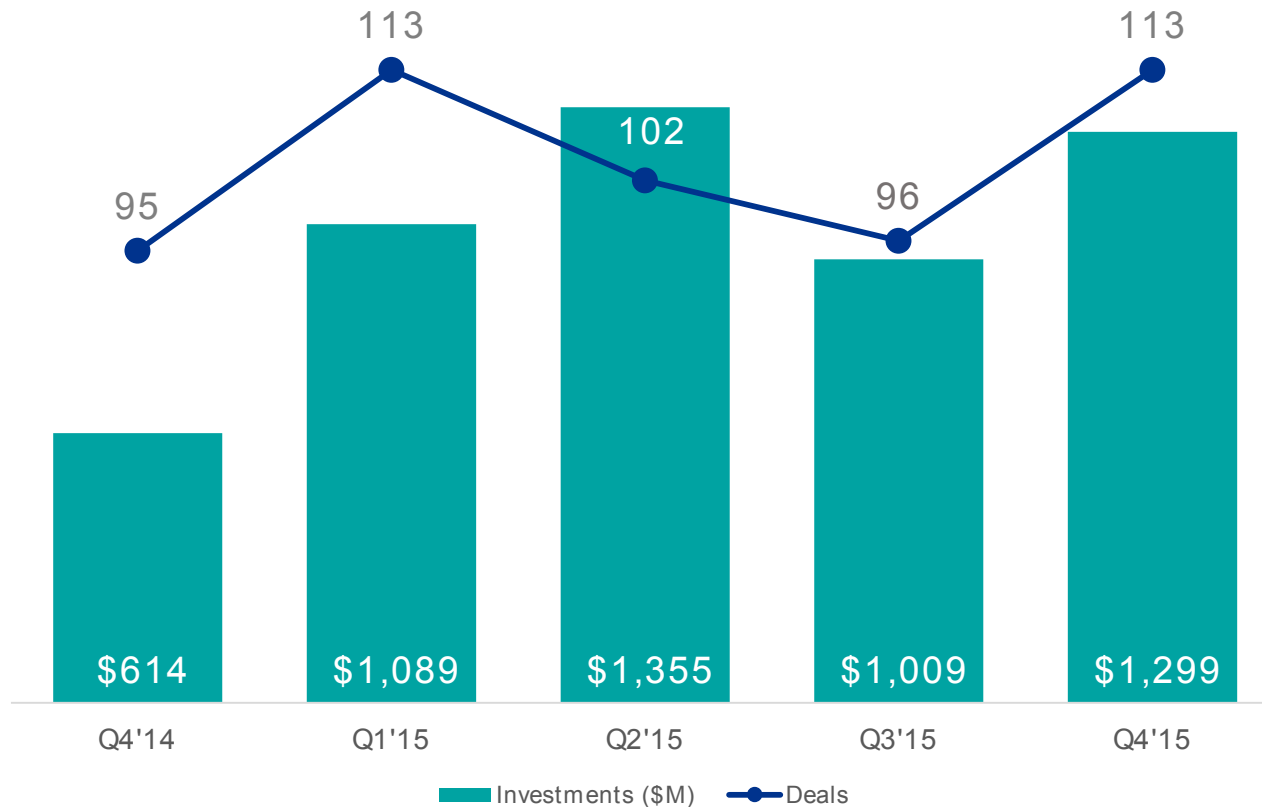


Tim Dümichen
Partner
KPMG in Germany

UK VC-BACKED INVESTMENT ACTIVITY

Top Deals & Cities, Q4'15

UK Investment Activity
VC-Backed Companies, Q4'14 – Q4'15



Top Deals

O3B Networks

\$460M // Series H

Deliveroo

\$100M // Series D

Ebury Partners

\$83M // Private Equity

Top Cities

London

72 Deals // \$582.4M

Cambridge

4 Deals // \$19.4M

Jersey

2 Deals // \$476M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC

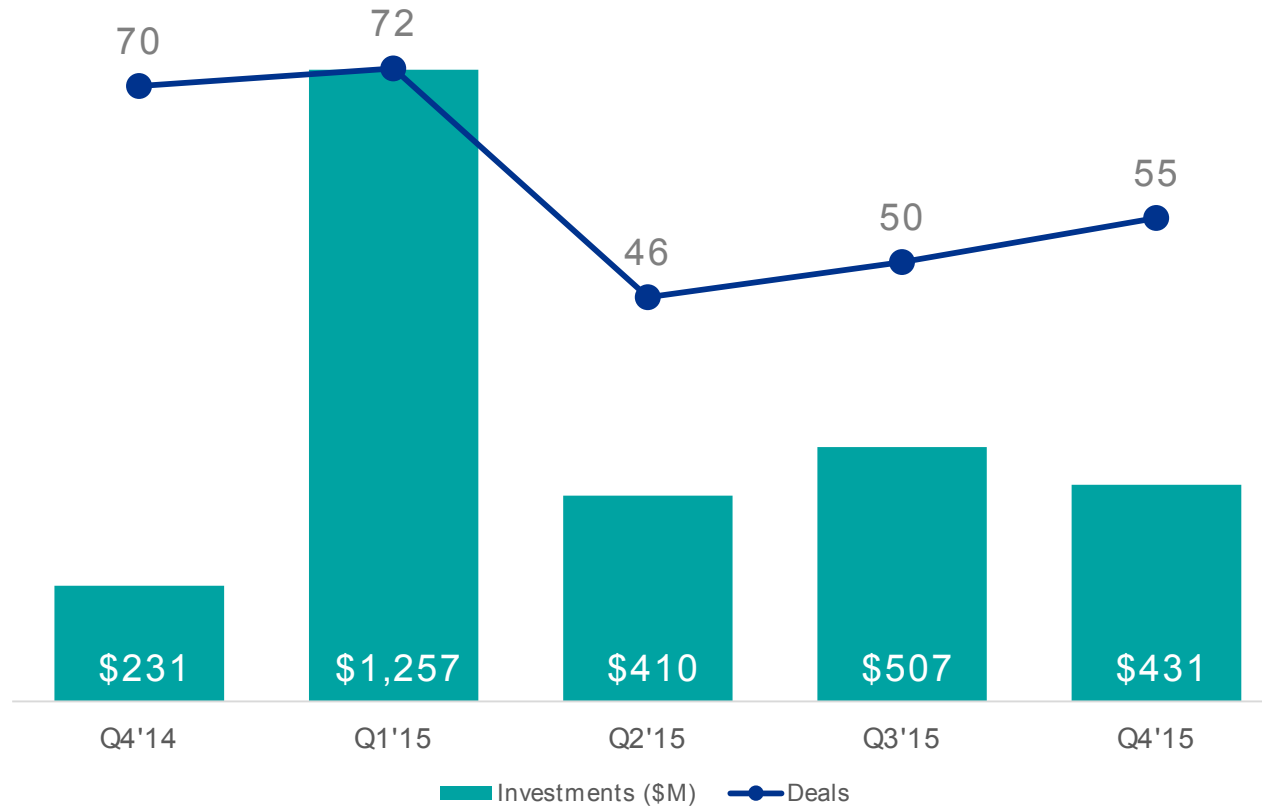


GERMANY VC-BACKED INVESTMENT ACTIVITY

Top Deals & Cities, Q4'15

Germany Investment Activity

VC-Backed Companies, Q4'14 – Q4'15



Top Deals

CureVac

\$110M // Series F

GetYourGuide

\$50M // Series C

GoEuro

\$45M // Series B

Top Cities

Berlin

21 Deals // \$204.7M

Munich

9 Deals // \$49.4M

Heidelberg

3 Deals // \$33.7M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC



“While there has been a considerable slowdown globally, we expect VC investment levels in Europe to remain pretty constant through 2016. Low interest rates, decent valuations and continued investment by institutional investors means we don’t expect to see significant fall-off next year.”



Anna Scally
*Partner, Head of Technology, Media
and Telecommunications,
KPMG in Ireland*

In Q4 2015

ASIAN

VC-backed companies raised

\$9.7 billion

Threat of a slowdown hinders VC activity in Asia

Overall, 2015 was a record-setting year for venture capital investment in Asia. Over the course of the year over \$39.7 billion total was invested – more than in the previous 4 years combined.

However, despite a banner year, VC activity in Asia declined during Q4'15. Total deal value dropped from \$14.2 billion during Q3'15 to \$9.7 billion in Q4. The lack of mega-rounds played a factor in the decrease from quarter to quarter. While Q3 included five mega-rounds over \$500 million (e.g., Didi Kuaidi, LY.com, Olacabs, Ele.me, Snapdeal), the largest funding rounds during Q4 were significantly smaller, including the likes of Pharmaron (\$280 million), Olacabs (\$275 million) and Weiyang Technology (\$235 million).

A number of factors may be affecting the decrease in Asia VC activity, including concerns about a slowdown in China's economy and a weakening retail sector. Traditional companies in particular are going through a transition, struggling to find ways to compete with newer, internet-based businesses. This thirst for innovation has increased corporate interest in new companies and driven the value of startups higher over the course of 2015 - a factor that may be causing some VC investors to hold back, expecting valuations to get reined in over the next few quarters.

While VC investment in startups has slowed, consolidation has been happening everywhere – especially in China. On the deals front, there has been significant M&A activity this quarter. For example, high-profile mergers have taken place between travel websites, dating websites and restaurant booking and reviewing apps.

Asian investors becoming more selective

VC investors across Asia are also becoming more selective about where to focus their investments. Investors seem to be shifting their focus to companies with proven track records and performance. Many VC investors are also shifting their focus to international investment to balance out their portfolios given the volatility in the Asian market. A number of Asian VC investors have been making investments in the US, Europe and Australia - where many believe the investment environment is more stable.

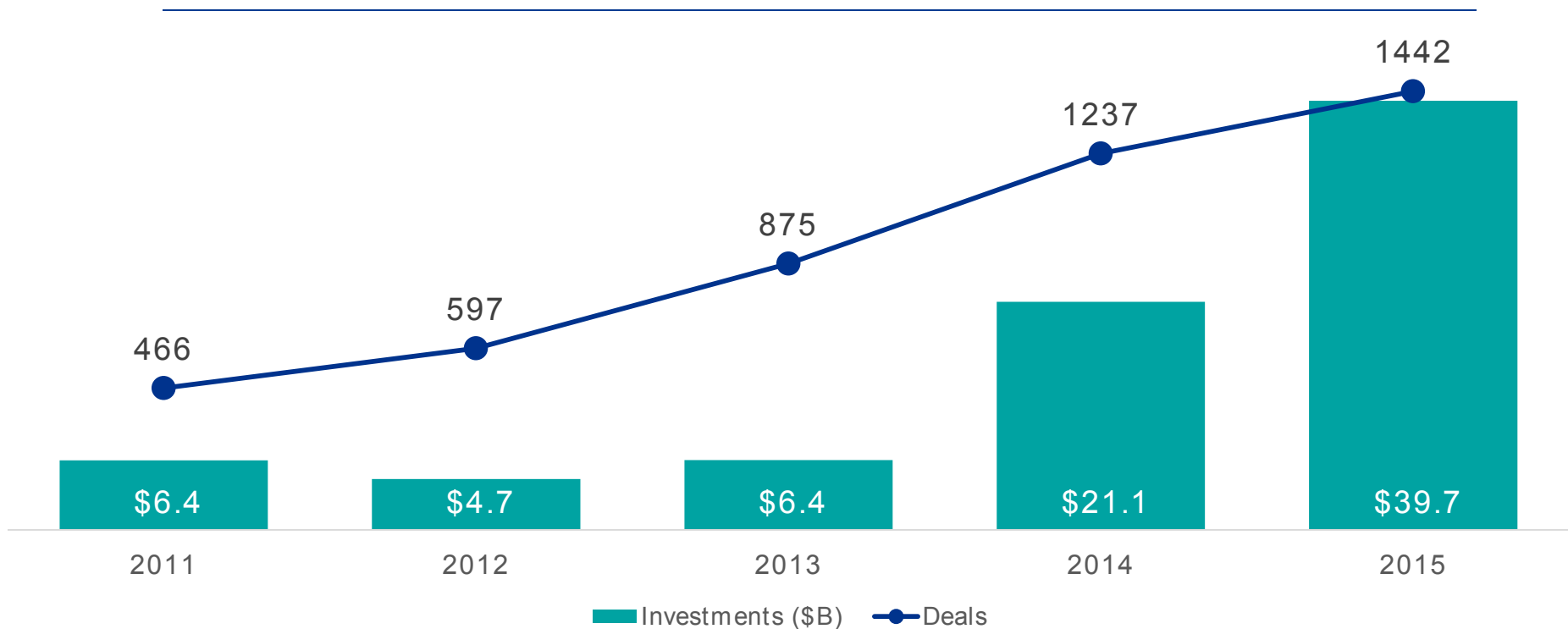
New business models coming under scrutiny in China

In China, companies using innovative business models seem to be coming under more regulatory scrutiny, especially in the Fin Tech space. Recently, the Chinese government has been focused on getting micro-finance companies to clean up their business practices. This focus may be drawing attention and concern from investors.

ASIA: 2015 FUNDING TOPS PREVIOUS 4 YEARS COMBINED

A mix of traditional VC money and hedge funds, private equity investors, and corporates drove a massive amount of funding to Asian VC-backed companies in 2015. Specifically, in 2015 there were over 85 equity financings of \$100M+ as funding reached \$39.7B in 2015, more than in the previous 4 years combined. Deals also increased 17% year over year to 1442.

Asian Annual Financing Trends to VC-Backed Companies 2011 – 2015



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

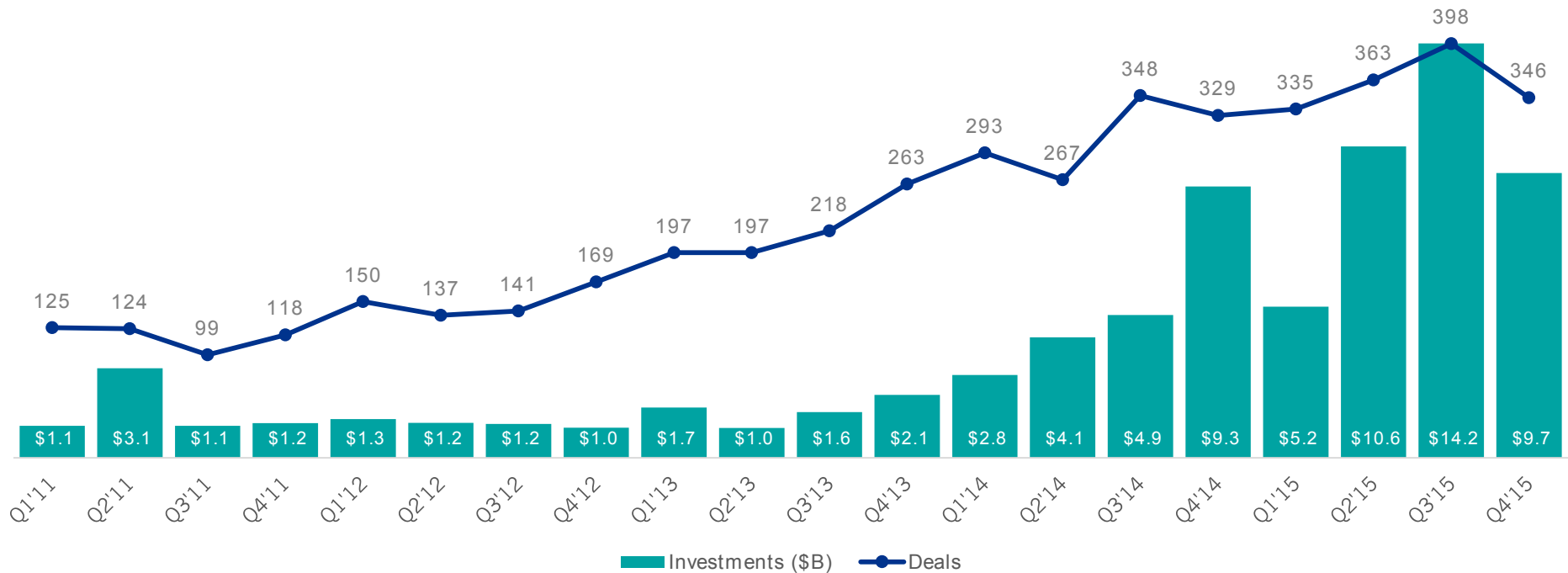
#Q4VC



ASIAN INVESTMENT TO VC-BACKED COMPANIES SLOWS IN Q4'15

Mega-rounds to companies like Didi Kuaidi, which raised \$3B in Q3'15, were sorely missed in Q4'15 as funding to Asian VC-backed companies fell 32% to \$9.7B on 346 deals. Despite the pullback, Q4'15's funding and deal totals were up 4% and 5% respectively versus the same quarter a year prior.

Asian Quarterly Financing Trends to VC-Backed Companies Q1'11 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

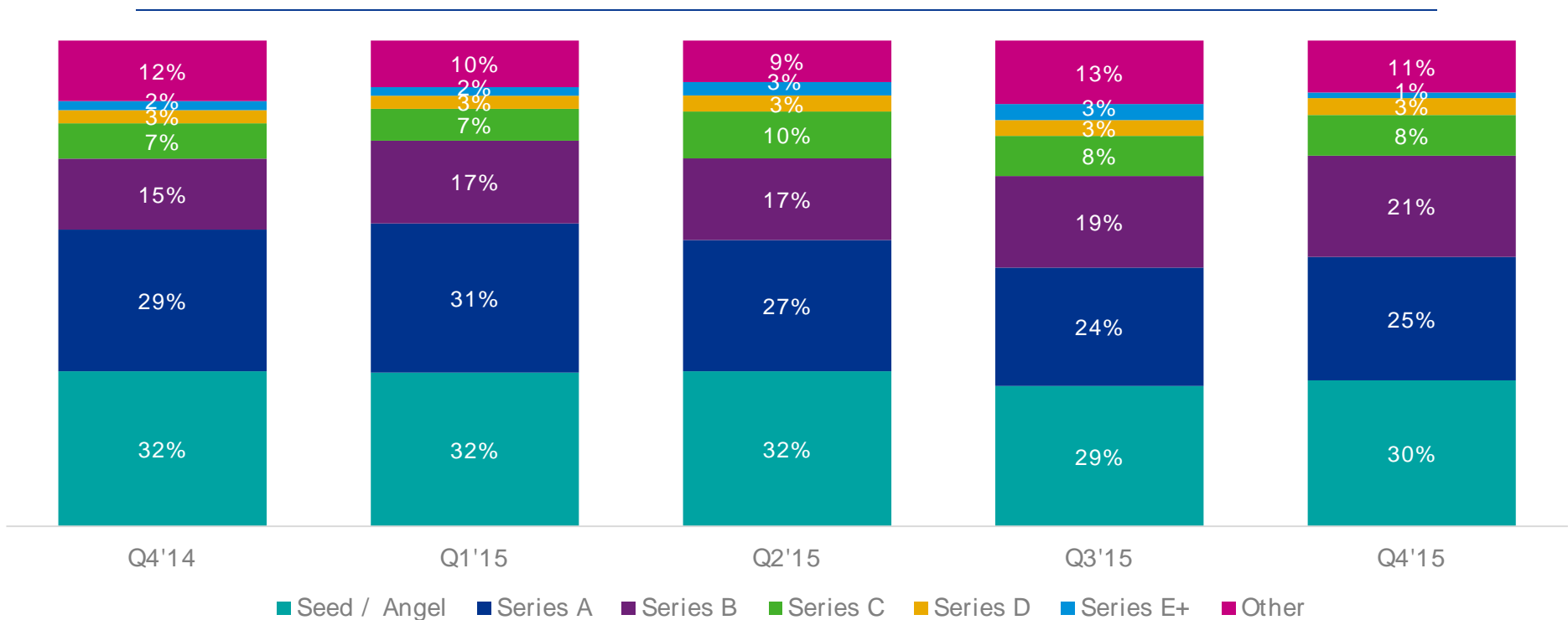
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

ASIAN MID-STAGE DEAL SHARE CLIMBS TO 5 QUARTER HIGH

With an overall pullback in late-stage mega-rounds, mid-stage (Series B – Series C) deal share reached a 5 quarter high of 29%. Early-stage (Seed – Series A) deal share rebounded from a 5 quarter low in Q3'15, accounting for 55% of all deals to VC-backed companies in Asia.

Asian Quarterly Deal Share by Stage

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

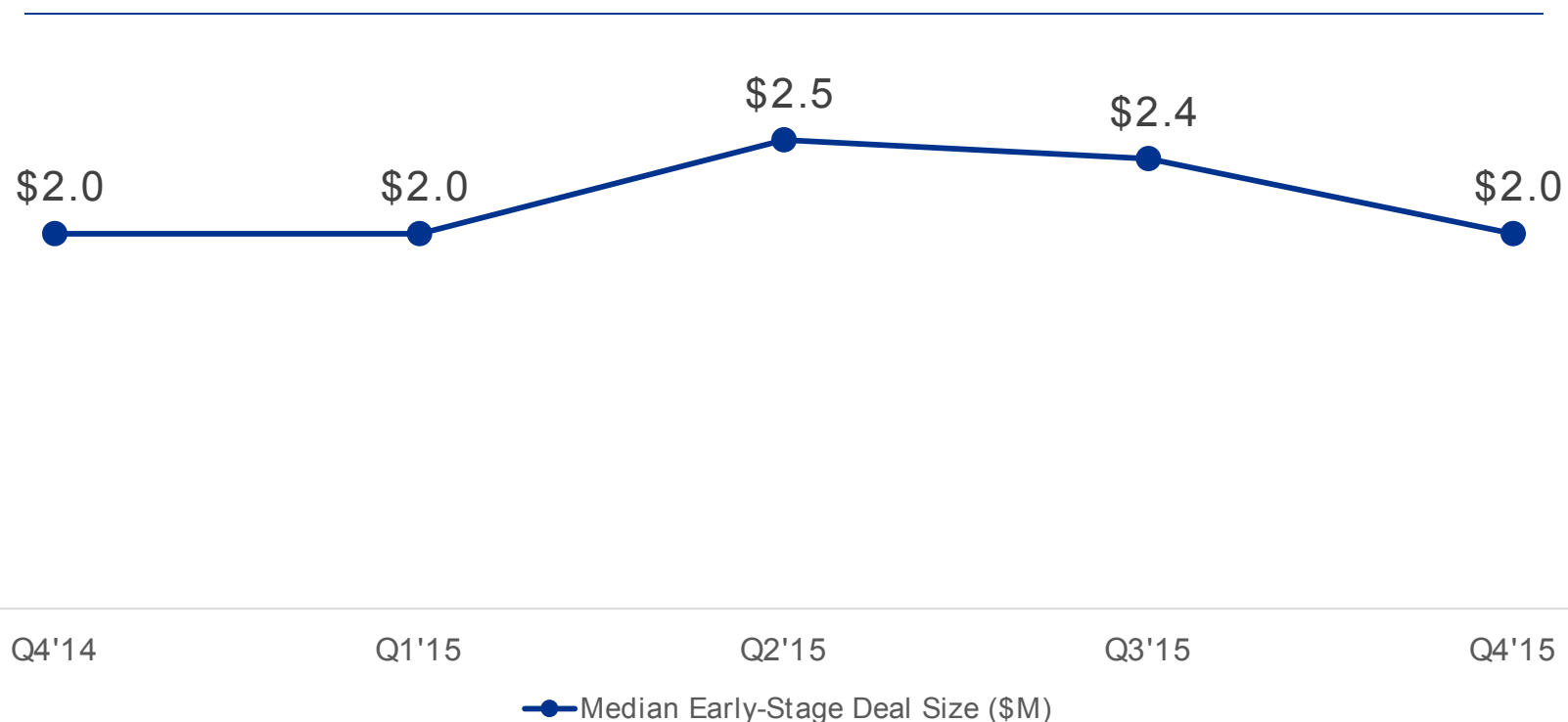
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

EARLY-STAGE DEALS FALL FOR SECOND STRAIGHT QUARTER TO \$2M

The median early-stage deal size in Asia fell for the second straight quarter to \$2M in Q4'15 amid a decrease in early-stage deals on an absolute numbers basis. Overall, early-stage deals have been at or above \$2M for the past 5 quarters.

Asian Early-Stage Deal Size

Q4'14 – Q4'15



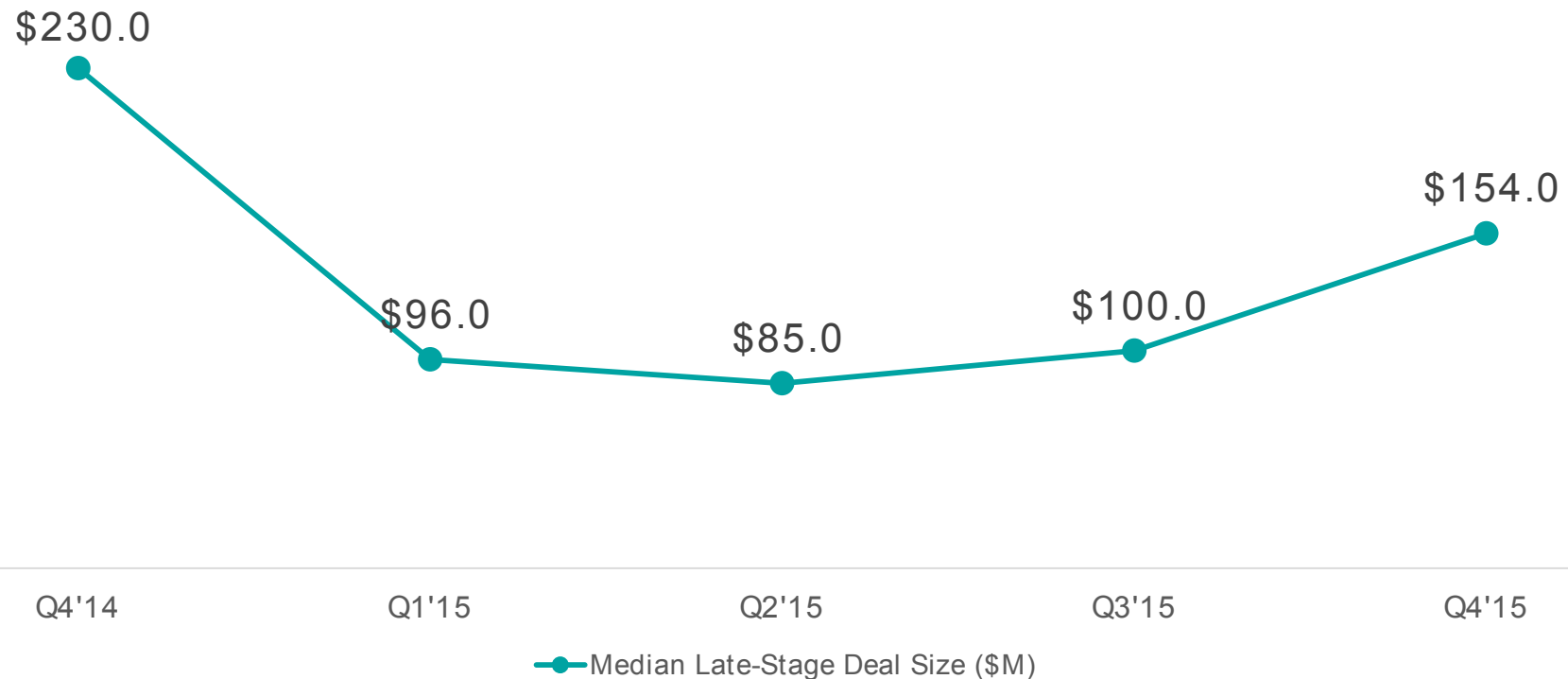
Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

MEDIAN LATE-STAGE DEAL SIZE IN ASIA REACHES \$100M FOR SECOND STRAIGHT QUARTER

The median late-stage deal size in Q4'15 reached \$154M as fewer than 30 late-stage deals weren't enough to outweigh the decrease in mega-rounds. This was the third time in the past 5 quarters that late-stage deal sizes have reached \$100M, the others being Q4'14 and Q3'15.

Asian Late-Stage Deal Size Q4'14 – Q4'15



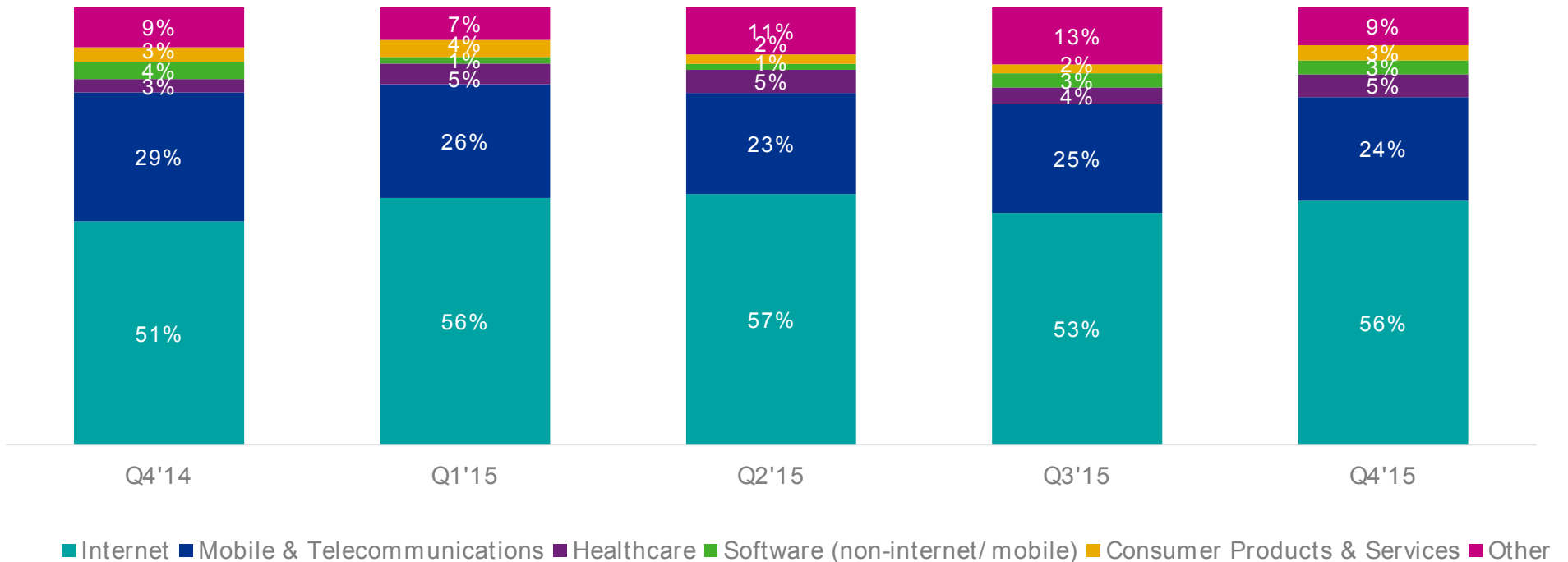
Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

INTERNET AND MOBILE DEAL SHARE REACHES 80% FOR 4 OF THE LAST 5 QUARTERS

Internet and mobile companies have now attracted 80%+ of all deals in Asia in 4 of the last 5 quarters. All other sectors remained range-bound with healthcare accounting for 5% deal share.

Asian Quarterly Deal Share by Sector Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

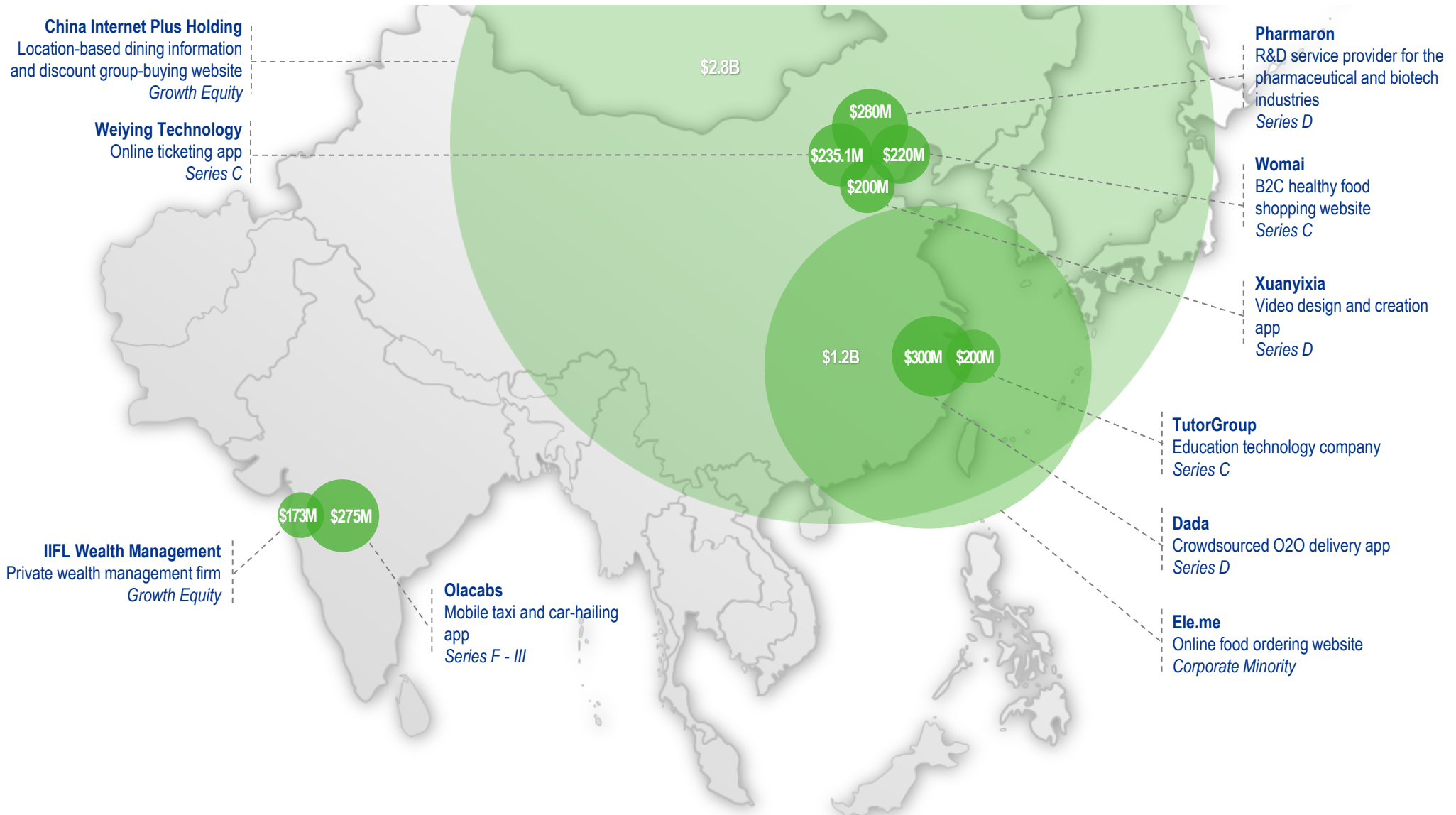
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

“The Asian market is fluid and volatile compared to more mature markets ... we are seeing Chinese VC investors and VC-backed companies shifting their focus to invest in the international market, where things are a bit more stable, to acquire complementary technologies to strengthen their ecosystem. We are seeing more investment in the US, Europe and Australia – across all sectors.”



Lyndon Fung
US Capital Markets Group
KPMG in China

THE 10 LARGEST ASIAN ROUNDS OF Q4'15 REPRESENT MORE THAN \$5.9B IN TOTAL FUNDING



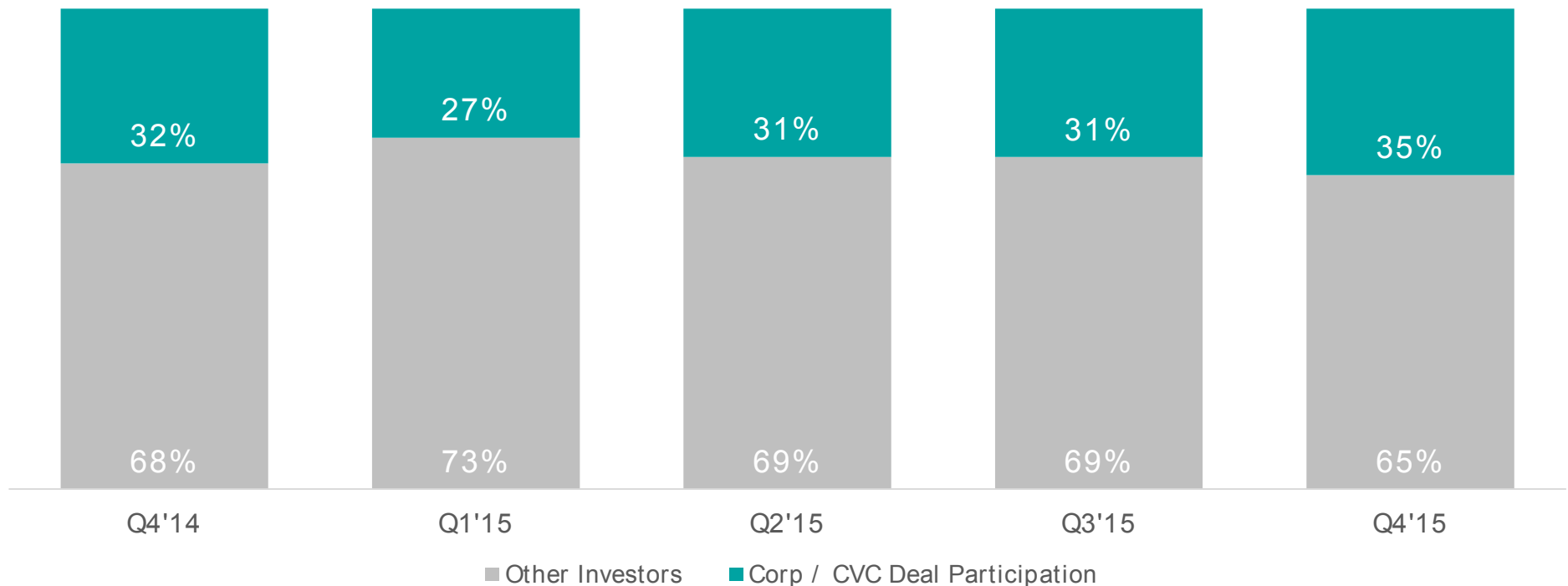
©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

ASIAN CORPORATES REMAIN ACTIVE, ACCOUNT FOR OVER ONE-THIRD OF ALL DEALS

With the presence of Alibaba, Tencent, Baidu, Rakuten and others, corporates reached 35% of all financing deals to Asian VC-backed companies in Q4'15. Corporates have participated in 30%+ of all quarterly Asian financings in 4 of the last 5 quarters.

CVC Participation in Asian Deals to VC-Backed Companies

Q4'14 – Q4'15



Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC



500 STARTUPS WAS THE MOST ACTIVE VC IN ASIA IN Q4'15

500 Startups was the most active VC in Asia in Q4'15, participating in a slew of early-stage rounds to Southeast Asian startups including Ematic Solutions and iprice group, among others. Matrix Partners China, Accel Partners and Sequoia Capital India rounded out the top four.

Most Active VC Investors in Asia Q4'15

Rank	Investor	Rank	Investor
1	500 Startups	9	Axiata Digital Innovation Fund
2	Matrix Partners China	9	IDG Ventures India
3	Accel Partners	9	Kalaari Capital
3	Sequoia Capital India	9	Shunwei Capital Partners
5	Golden Gate Ventures	9	Venturra Capital
5	Sequoia Capital China	14	Bessemer Venture Partners
7	East Ventures	14	Gobi Partners

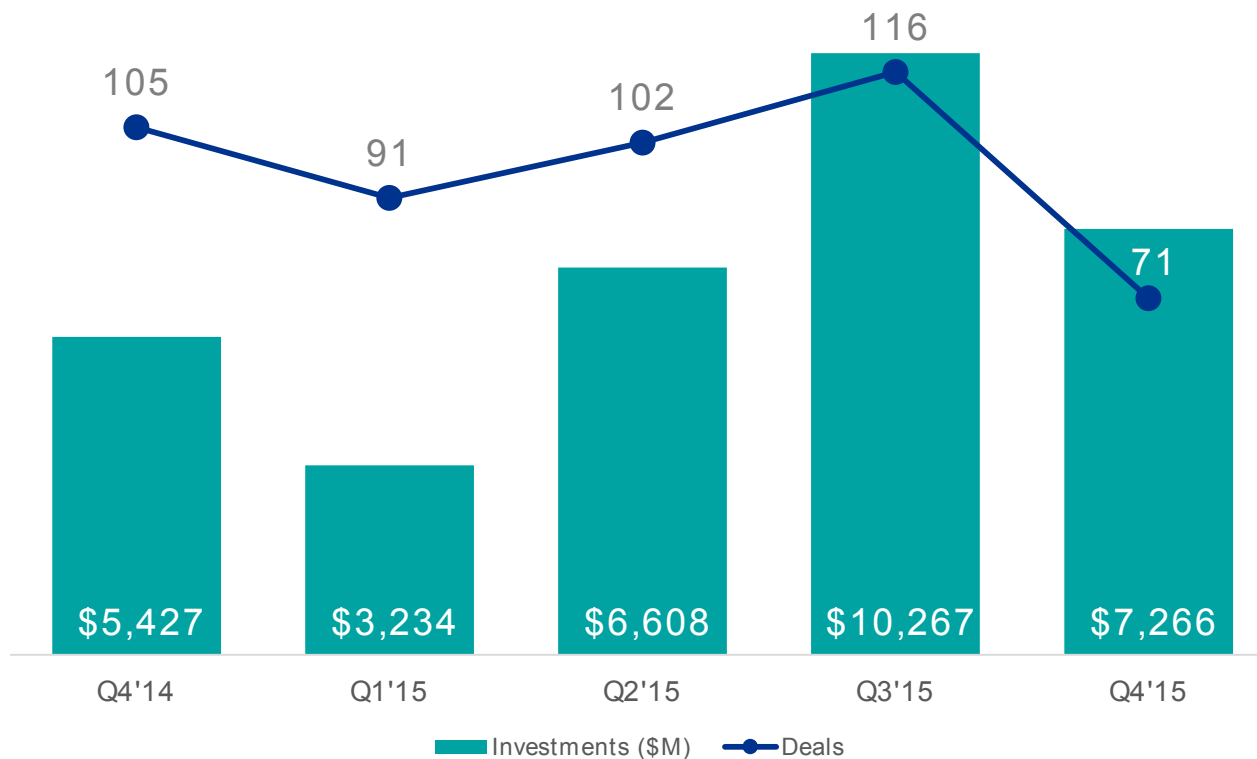
Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

CHINA VC-BACKED INVESTMENT ACTIVITY

Top Deals & Cities, Q4'15

China Investment Activity VC-Backed Companies, Q4'14 – Q4'15



Top Deals

China Internet Plus Holdings

\$2.8B // Growth Equity

Ele.me

\$1.25B // Corp. Minority

Dada

\$300M // Series D

Top Cities

Beijing

28 Deals // \$1.7B

Shanghai

23 Deals // \$5.3B

Shenzhen

2 Deals // \$77M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

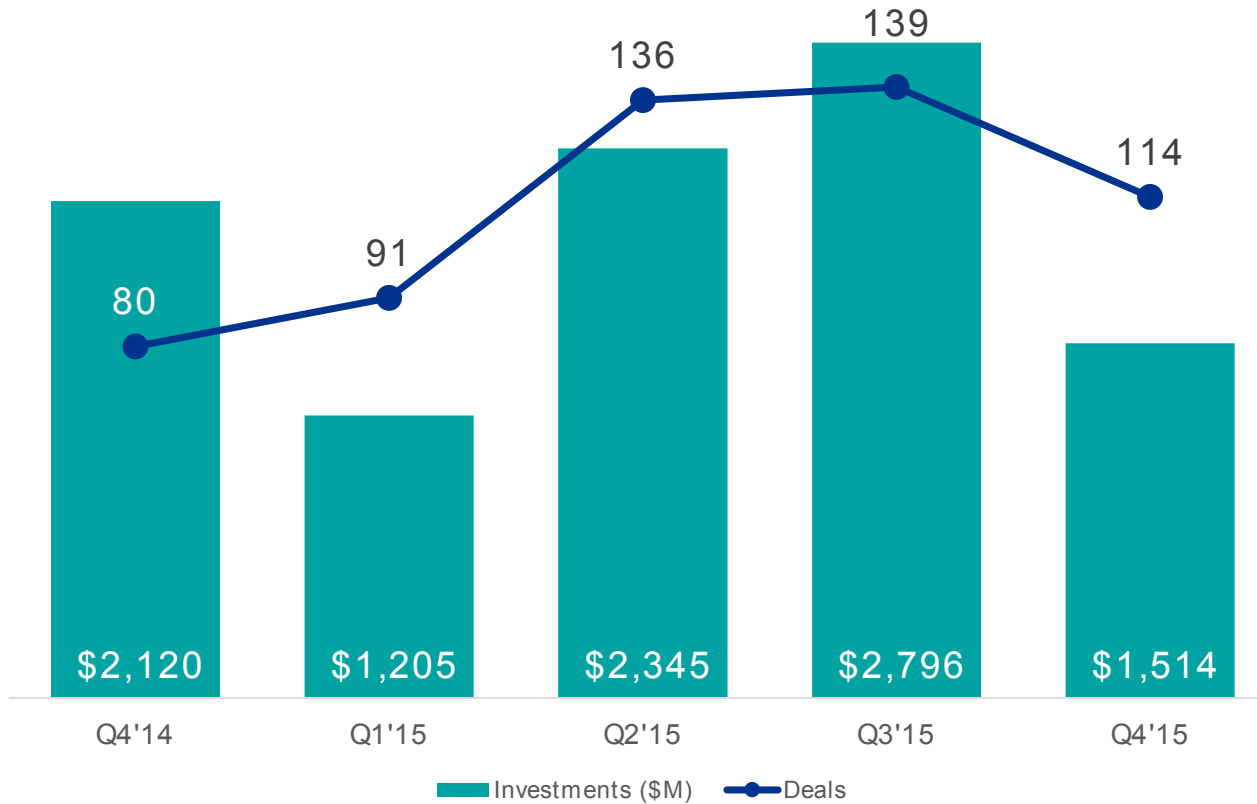
#Q4VC



INDIA VC-BACKED INVESTMENT ACTIVITY

Top Deals & Cities, Q4'15

India Investment Activity VC-Backed Companies, Q4'14 – Q4'15



Top Deals

Olacabs

\$275M // Series F-III

IIFL Wealth Management

\$173M // Growth Equity

IBS Software Services

\$170M // Private Equity

Top Cities

Mumbai

24 Deals // \$631M

Bangalore

20 Deals // \$356.5M

Gurgaon

15 Deals // \$184.8M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC

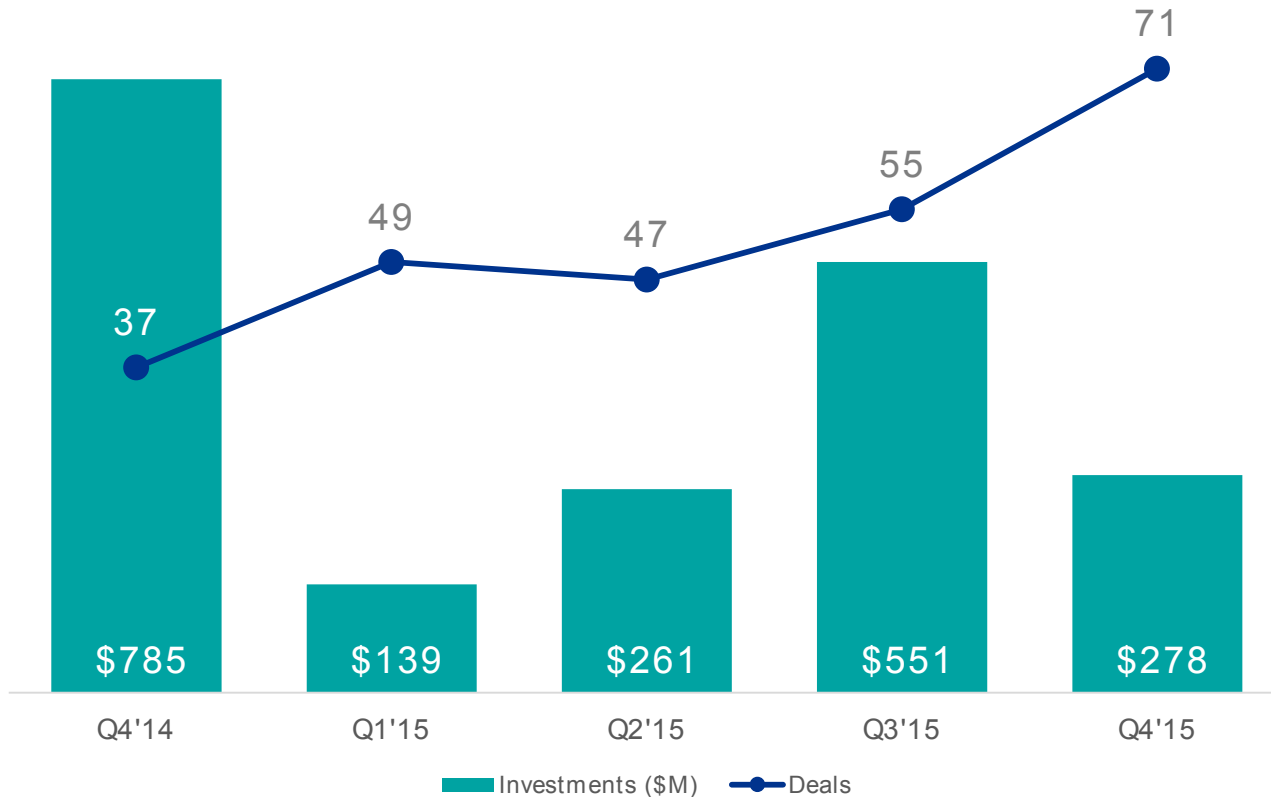


SOUTHEAST ASIA VC-BACKED INVESTMENT ACTIVITY

Top Deals & Countries, Q4'15

Southeast Asia Investment Activity

VC-Backed Companies, Q4'14 – Q4'15



Top Deals

Gogoro

\$130M // Series B

ASLAN

Pharmaceuticals

\$34M // Series C

Appier

\$23M // Series B

Top Countries

Singapore

22 Deals // \$89.4M

Malaysia

19 Deals // \$9.1M

Indonesia

13 Deals // \$9.4M

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

©2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

#Q4VC



METHODOLOGY – WHAT’S INCLUDED? WHAT’S NOT?

CB Insights and KPMG International encourage you to review the methodology and definitions employed to better understand the numbers presented in this report. If you have any questions about the definitions or methodological principles used, we encourage you to reach out to CB Insights directly. Additionally, if you feel your firm has been underrepresented please send an email to info@cbinsights.com and we can work together to ensure your firm’s investment data is up-to-date.

What is included:

- Equity financings into emerging companies. Fundings must come from VC-backed companies, which are defined as companies who have received funding at any point from either: venture capital firms, corporate venture group or super angel investors.
- Fundings of only private companies. Funding rounds raised by public companies of any kind on any exchange (including Pink Sheets) are excluded from our numbers even if they received investment by a venture firm(s).
- Only includes the investment made in the quarter for tranching investments. If a company does a second closing of its Series B round for \$5M and previously had closed \$2M in a prior quarter, only the \$5M is reflected in our results.
- Round numbers reflect what has closed – not what is intended. If a company indicates the closing of \$5M out of a desired raise of \$15M, our numbers reflect only the amount which has closed.
- Only verifiable fundings are included. Fundings are verified via (1) various federal and state regulatory filings; (2) direct confirmation with firm or investor; or (3) press release.
- Previous quarterly VC reports issued by CBI have exclusively included VC-backed rounds. In this report any rounds raised by VC-backed companies are included, with the exceptions listed.

What is excluded:

- No contingent funding. If a company receives a commitment for \$20M subject to hitting certain milestones but first gets \$8M, only the \$8M is included in our data.
- No business development / R&D arrangements whether transferable into equity now, later or never. If a company signs a \$300M R&D partnership with a larger corporation, this is not equity financing nor is it from venture capital firms. As a result, it is not included.
- No buyouts, consolidations and recapitalizations. All three of these transaction types are commonly employed by private equity firms and are tracked by CB Insights. However, they are excluded for the purposes of this report.
- No private placements. These investments, also known as PIPEs (Private Investment in Public Equities), even if made by a venture capital firm(s).
- No debt / loans of any kind (except convertible notes). Venture debt or any kind of debt / loan issued to emerging, startup companies, even if included as an additional part of an equity financing is not included. If a company receives \$3M with \$2M from venture investors and \$1M in debt, only the \$2M is included in these statistics.
- No government funding. Grants, loan or equity financings by the federal government, state agencies or public-private partnerships to emerging, startup companies are not included.

KPMG ENTERPRISE INNOVATIVE STARTUP NETWORK. FROM SEED TO SPEED WE'RE HERE THROUGHOUT YOUR JOURNEY



Contact us:

Brian Hughes

Co-Leader, KPMG Enterprise
Innovative Startups Network

E: bfhughes@kpmg.com

Arik Speier

Co-Leader, KPMG Enterprise
Innovative Startups Network

E: aspeier@kpmg.com

About KPMG Enterprise

About KPMG Enterprise

You know KPMG, you might not know KPMG Enterprise.

KPMG Enterprise advisers in member firms around the world are dedicated to working with businesses like yours. Whether you're an entrepreneur looking to get started, an innovative, fast growing company, or an established company looking to an exit, KPMG Enterprise advisers understand what is important to you and can help you navigate your challenges – no matter the size or stage of your business. You gain access to KPMG's global resources through a single point of contact – a trusted adviser to your company. It's a local touch with a global reach.

The KPMG Enterprise global network for innovative startups has extensive knowledge and experience working with the startup ecosystem. Whether you are looking to establish your operations, raise capital, expand abroad, or simply comply with regulatory requirements - we can help. From seed to speed, we're here throughout your journey.

We acknowledge the contribution of the following individuals who assisted in the development of this publication:

Dennis Fortnum, Global Head of KPMG Enterprise, KPMG International

Brian Hughes, Co-Leader, KPMG Enterprise Innovative Startups Network, and National Co-Lead Partner, KPMG Venture Capital Practice, KPMG in the US

Arik Speier, Co-Leader, KPMG Enterprise Innovative Startups Network, and Head of Technology, KPMG in Israel

Anna Scally, Partner, Head of Technology, Media and Telecommunications, KPMG in Ireland

Conor Moore, National Co-Lead Partner, KPMG Venture Capital Practice, KPMG in the US

Daniël Horn, Manager KPMG Innovative Startups, KPMG in the Netherlands

Francois Chadwick, National Tax Leader, KPMG Venture Capital Practice, KPMG in the US

Irene Chu, Partner, Head of High Growth Technology & Innovation Group, KPMG in Hong Kong

Jonathan Lavender, Principal, Head of Markets, KPMG in Israel

Lyndon Fung, US Capital Markets Group, KPMG in China

Patrick Imbach, Head of High Growth Technology Group, KPMG in the UK

Tim Dümichen, Partner, KPMG in Germany

Sanjay Aggarwal, Partner-in-Charge, KPMG Enterprise, KPMG in India

Warren Mead, Global Co-Lead Partner, Fintech, and Head of Challenger Banks, KPMG in the UK

**FOR ALL DATA INQUIRIES EMAIL CB INSIGHTS AT
INFO@CBINSIGHTS.COM**

**TO CONNECT WITH A KPMG ADVISER IN YOUR
REGION EMAIL ENTERPRISE@KPMG.COM**

kpmg.com/venturepulse [website]
[@kpmg](https://twitter.com/kpmg) [Twitter]

www.cbinsights.com [website]
[@cbinsights](https://twitter.com/cbinsights) [Twitter]

© 2016 KPMG International Cooperative (“KPMG International”), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

#Q4VC

