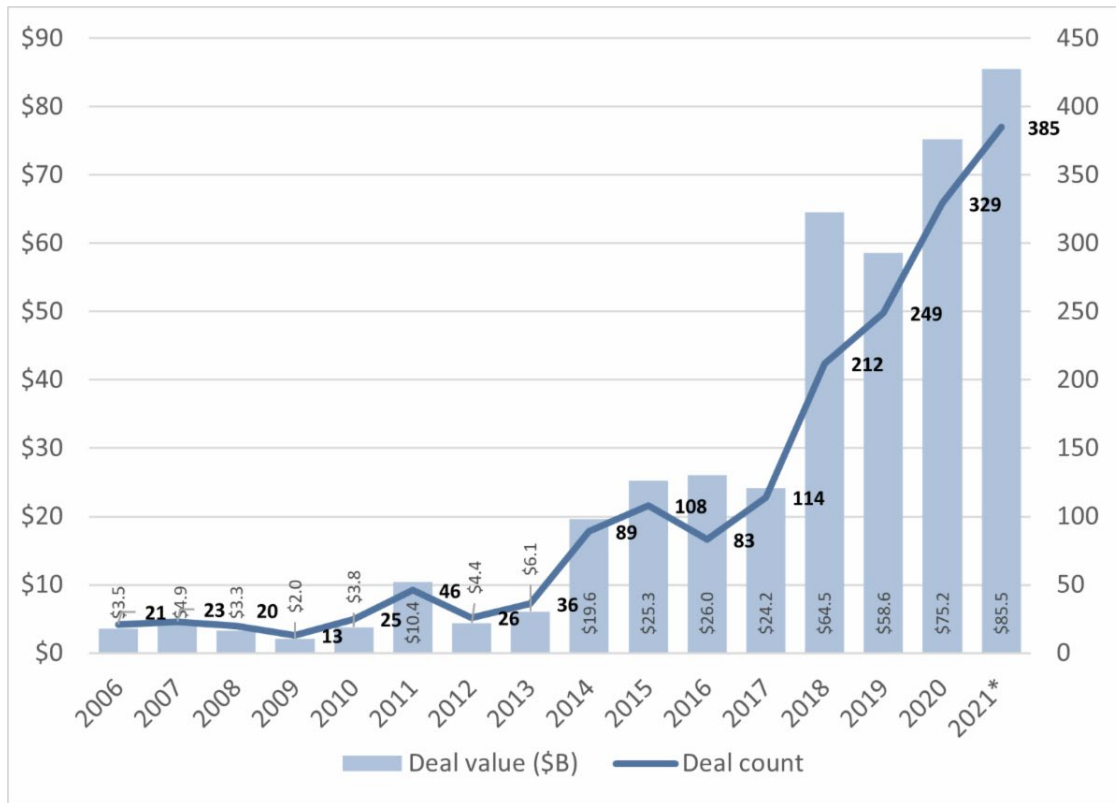


MARKET COMMENTARY

FIG. 1: US Venture Capital Mega-Deal Activity (2006-2021*)



Sources: Q2 2021 Pitchbook NVCA Venture Monitor, Mill Creek

Private capital markets observers can't help but notice the amount of all-time records set across the industry. Whether it is early-stage capital formation in the venture space or mega-cap buyout investments, private financial markets are testing boundaries in growth and scale. The venture market has been particularly eye-popping with mega-deals shattering previous records. According to Pitchbook¹, there were 198 venture capital deals at or exceeding \$100 million closed in the second quarter, which brings this year's total to \$85.5 billion of capital investment across 385 deals. These statistics have already surpassed last year's record and should easily set a new annual record on both count and value.

While these trends make investors with legacy commitments look heroic, it does make us question how much of this momentum is driven by speculative activities associated with nascent technology platforms and emerging consumer trends from the pandemic. It also makes us look at how challenging consistent evaluations are for underlying business fundamentals.

Skeptics, including those who remember the dot-com bubble, know it is easy to conclude that this won't end well. Not only are there considerable differences in the current market environment, but



it's hard to ignore the total addressable market that many of these companies face. When you consider segments such as [online learning](#) or decentralized finance, it is easy to be optimistic about long-term opportunities. To use a baseball analogy, are these trends an episodic spike akin to steroids or sticky stuff or a major structural shift such as the end of the stolen base and the sacrifice bunt?

[1] Q2 2021 Pitchbook NVCA Venture Monitor

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