CAPLIGHT

Pre-IPO Secondary Market Update 2023YTD

July 2023

CAPLIGHT

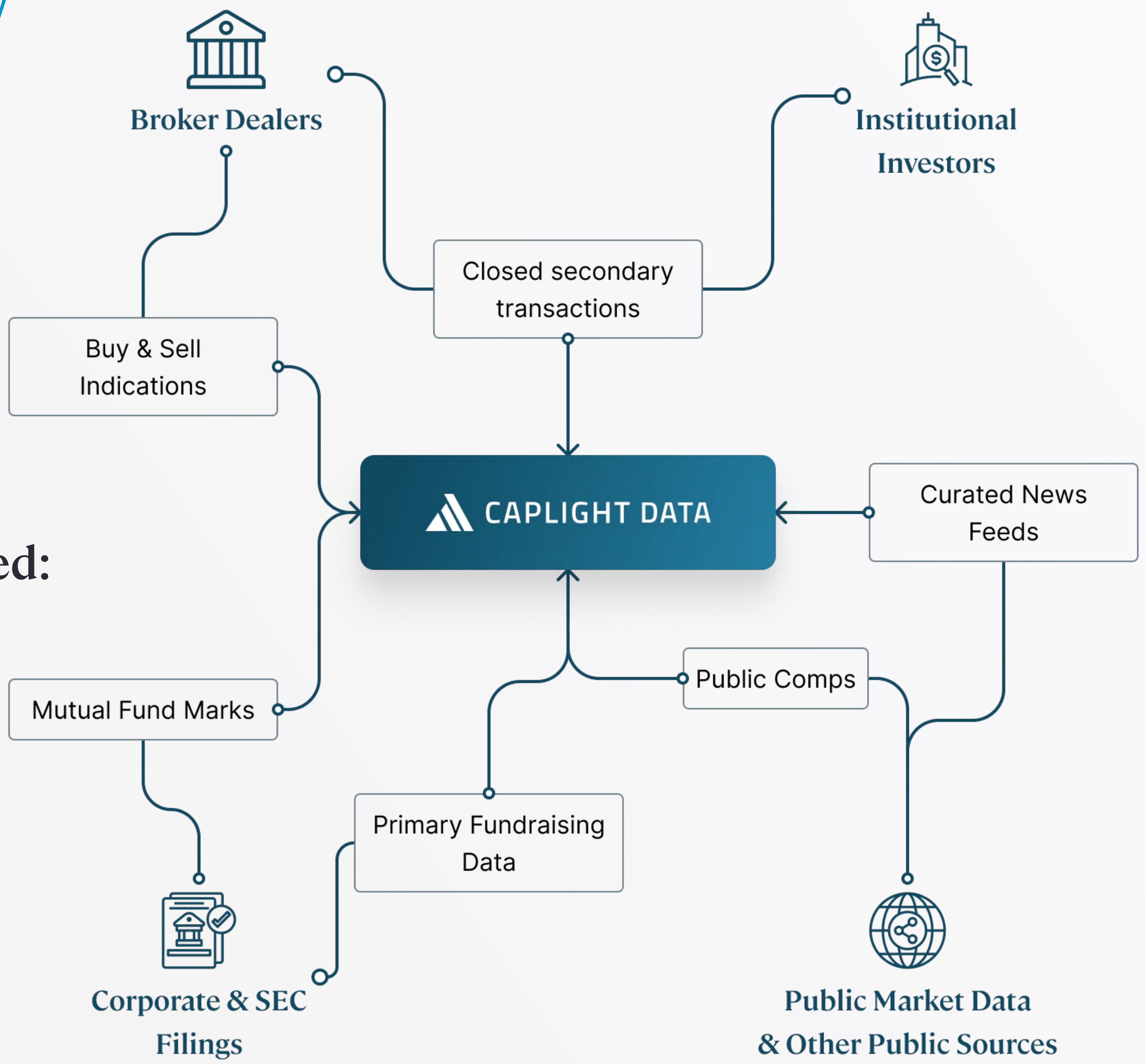
Caplight Data - Overview

Centralized pricing data for the private markets

Caplight currently partners with over 60 of the most active broker-dealers and institutional investors in the private markets to build a robust and transparent dataset of private market pricing information

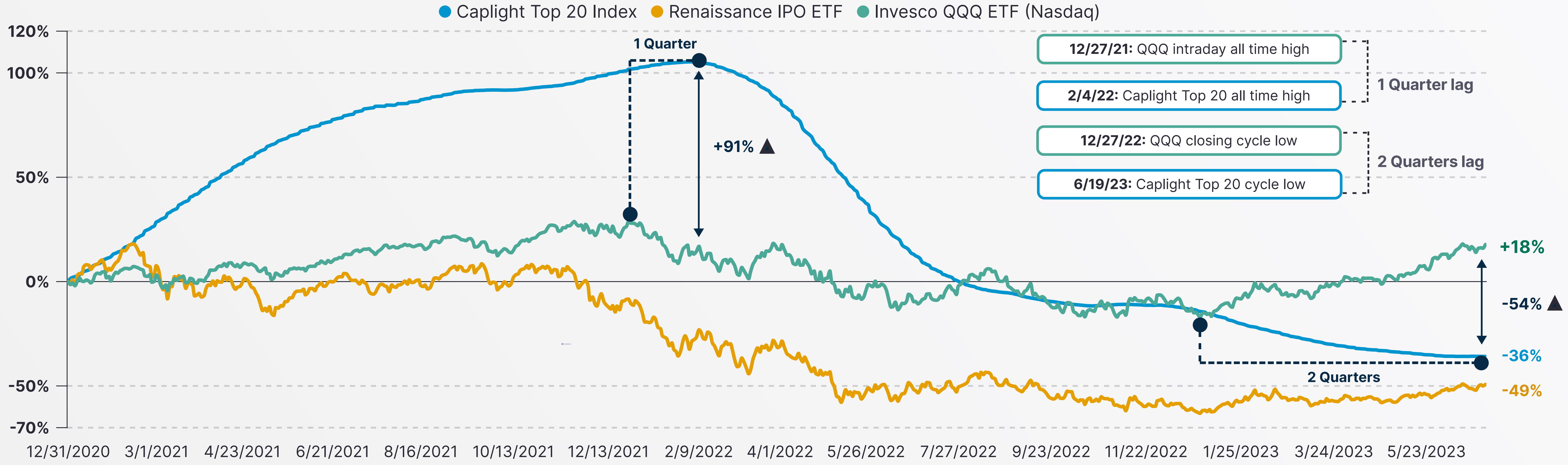
Since launching in June 2022, Caplight has captured:

- $300B+ closed secondary & indicative order data
- 15,000+ secondary transaction & order data points
- 20,000+ public fund marks
- 450+ private companies covered



Private Secondary Market Valuations

The Pre-IPO Asset Class: Quick to Correct, Longer to Recover



The **Caplight Top 20 Index** has declined **(68.76%)** from its February 2022 peak to its current valuation. Historically, private secondary market valuations lag the public markets by 1 - 2 quarters depending on market cycle, and we expect that private market valuations bottomed towards the end of Q2 2023. The private secondary market historically has outperformed public market comps (QQQ ETF) in bull markets, and underperformed in bear markets.

Note: Sourced from Caplight Data. The Caplight Top 20 Index is a financial index tracking the performance of the largest late-stage, venture capital-backed, private companies with active secondary markets. Please contact us to learn more about the index construction and methodology.

Pre-IPO Secondary Trade Volume

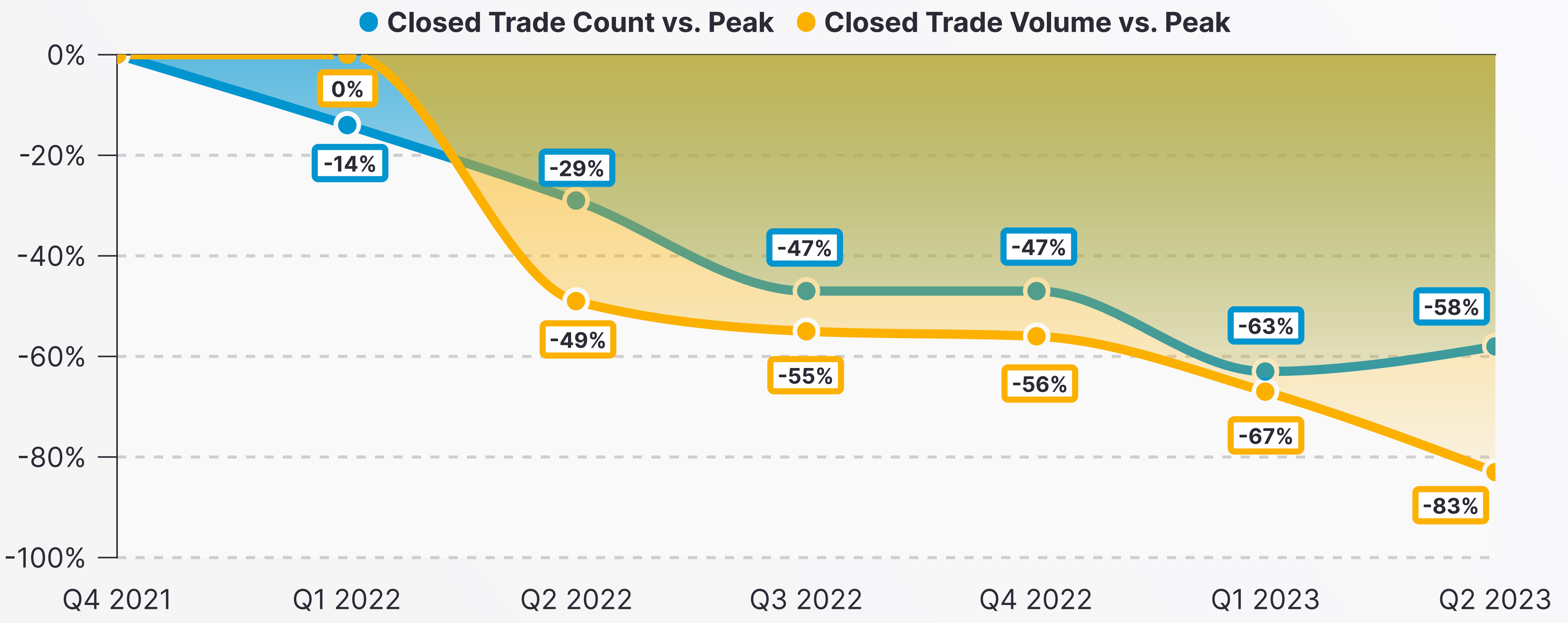
2023 quarterly **closed Pre-IPO secondary volume** has declined vs. the Q4 2021 peak, however, quarterly **closed trade count** rose in Q2 2023 for the first time in five quarters:

- **Qtrly Volume**: -83% vs. peak / -47% QoQ
- **Qtrly Trade Count:** -58% vs. peak / +14% QoQ

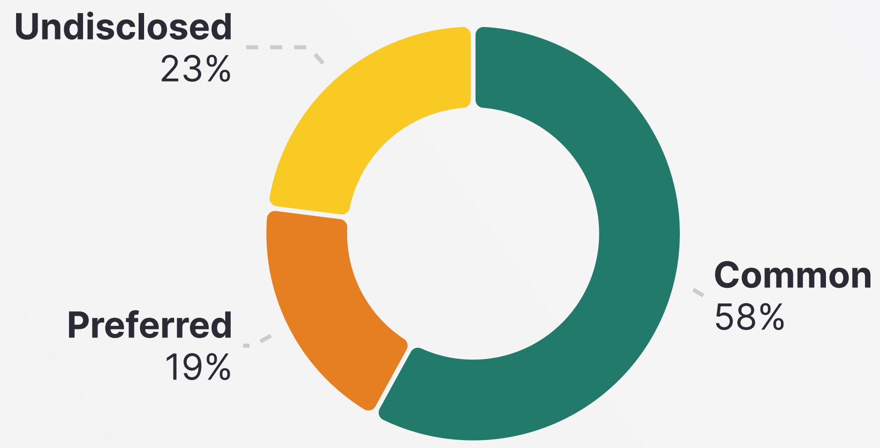
What explains this divergence? **Retail sellers have capitulated**, indicated by:

- **Closed trades are primarily blocks of common stock** (58% of submitted Q2 2023 trades contained common shares vs. 19% preferred shares)
- **Average deal size** has declined to a new low ($1.17M in Q2 2023)

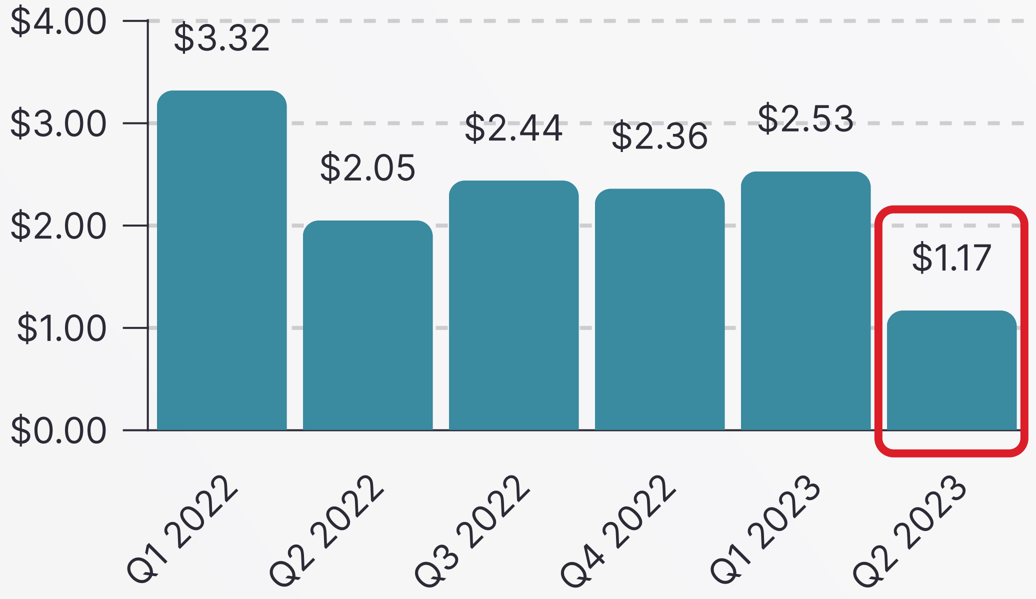
Closed Trade *Count* & Closed Trade *Volume* vs. Q4 2021 Peak



Closed Trade Share Class Breakdown in Q2 2023



Average Closed Trade Deal Size by Quarter ($M)

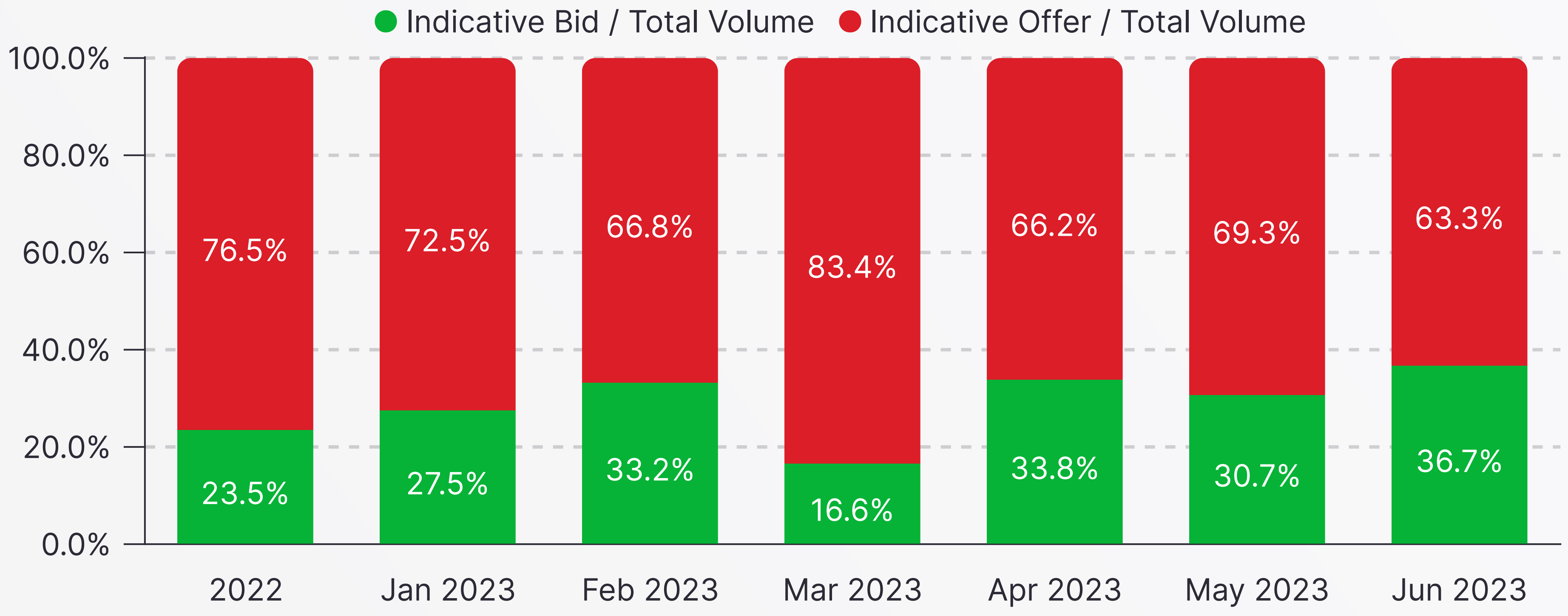


Note: Sourced from Caplight Data. Undisclosed share class includes contributors who cannot provide for confidentiality reasons.

Indicative Order Volume in 2023

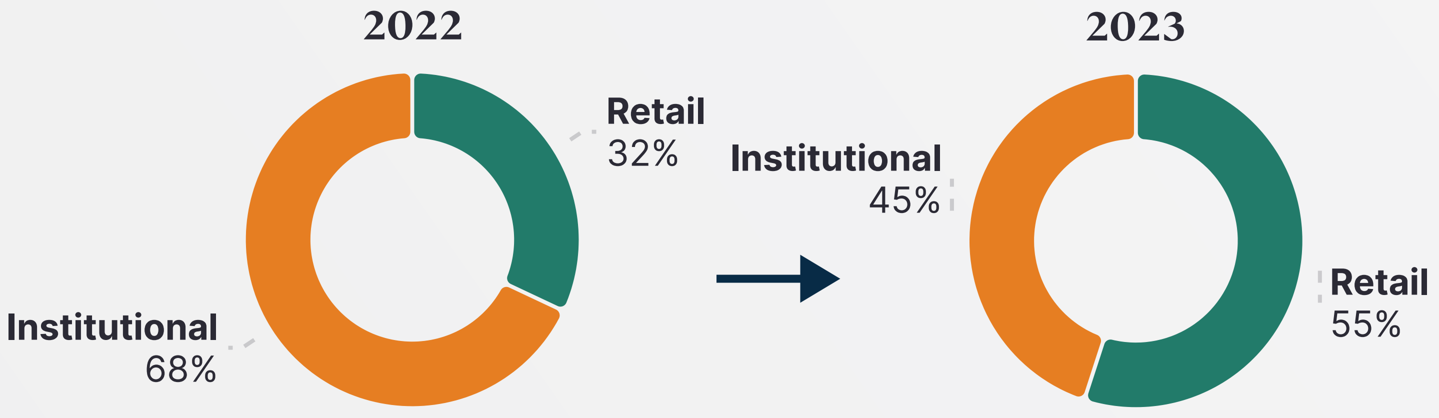
June 2023 saw the **highest indicative bid / total volume ratio** since 2021 as buyers looked to pick up shares at discounts. While the indicative bid / ask ratio has increased, **average indicative bid size and average indicative offer size has fallen dramatically**. Investors and shareholders entering the market are attempting to buy and sell smaller sized blocks (<$2.0M) instead of going after institutional-sized opportunities.

Indicative Bid / Total Volume Ratio has Increased since 2022 & the US Banking Crisis



Note: Below 50% indicates mostly sell orders.

Indicative Order Volume (Bid & Offer) has Shifted to Mostly Retail - Sized Blocks (< $2.0M)



Average Indicative Bid and Offer Size has Decreased Significantly in 2023

	2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023
Avg. Bid Size	$12.19M	$12.37M	$13.86M	$7.86M	$8.23M	$3.93M	$3.04M
Avg. Offer Size	$11.88M	$8.12M	$8.45M	$10.25M	$8.90M	$3.99M	$2.96M

Note: Sourced from Caplight Data. Institutional sized blocks are classified as indicative bids or offers greater than $2.0M. Indicative order data includes user submitted orders only.

Investors Flock to Three Themes

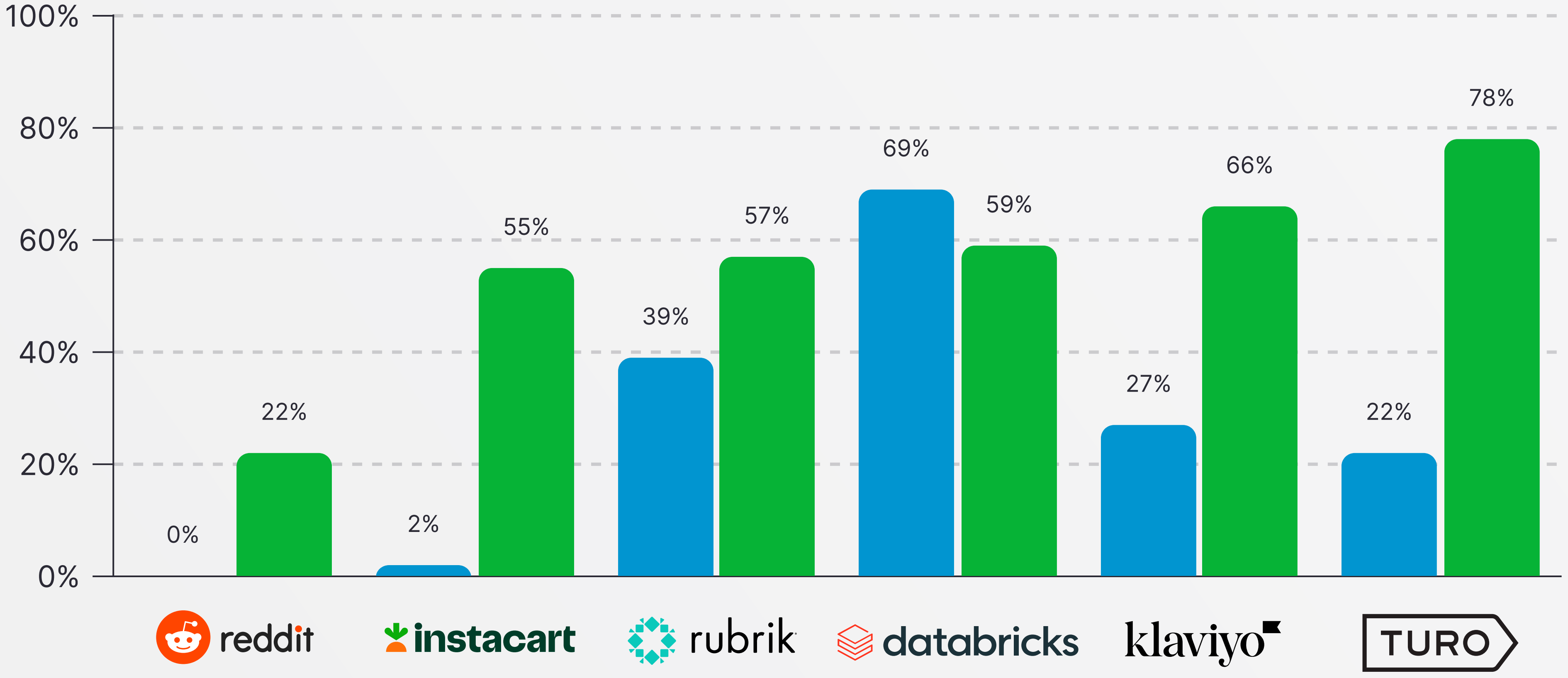
What is Getting Bid?

1. The next expected class of Tech IPOs
2. Artificial Intelligence & Data companies
3. Companies that raised primary rounds in the 'new normal'

② AI & Data Companies' Bid / Total Volume Ratio is Significantly Above Market

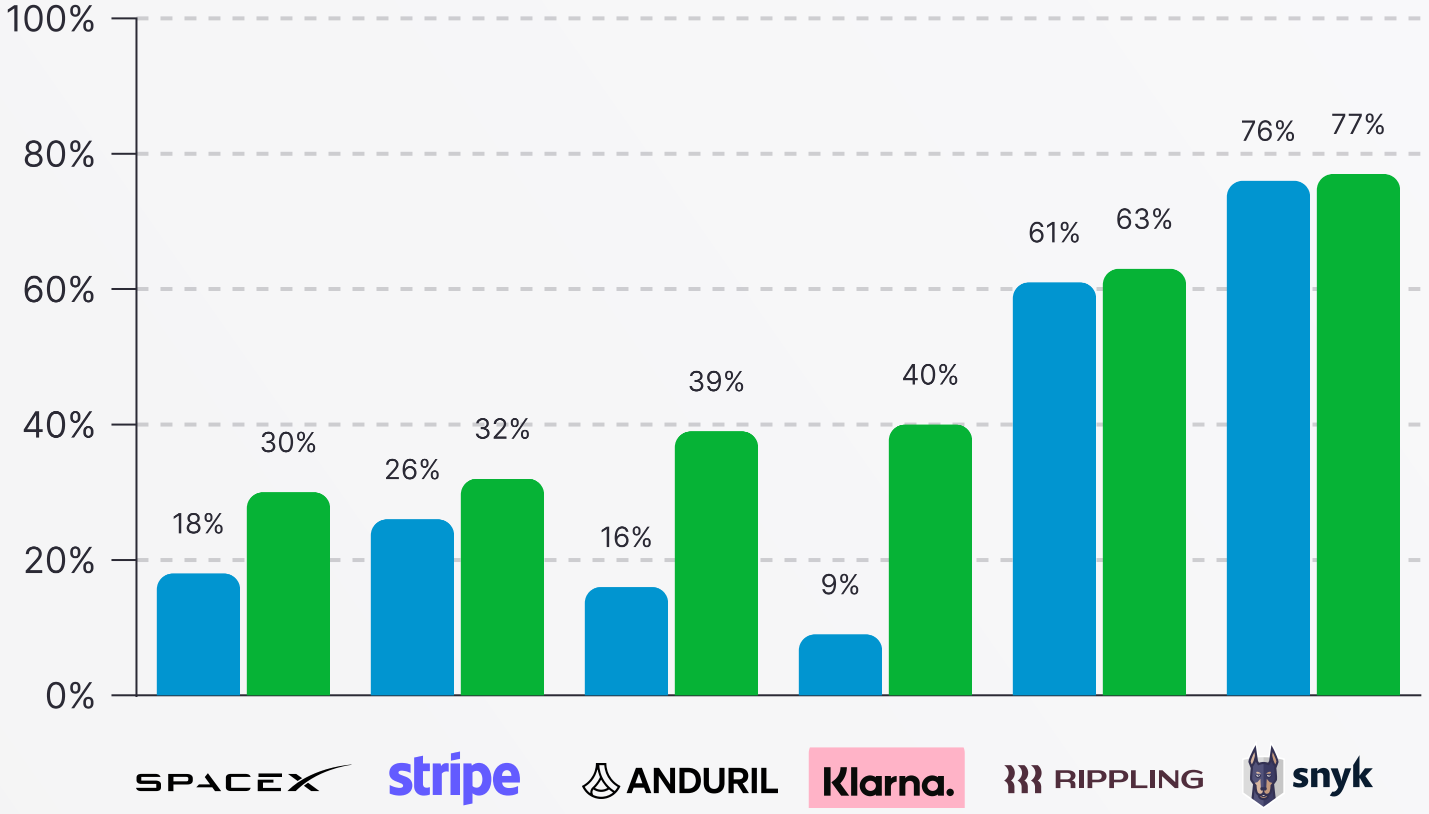
ANTHROPIC	69%
OpenAI	67%
databricks	59%
Dataminr	56%
scale	51%

① Companies Expected to IPO in the Near Future have Garnered Buyside Interest Following IPO News Coverage



3/4/2023 - Turo just dropped its 2022 financials as its IPO hunt continues	**4/4/2023** - Klaviyo Hires Bankers, Plans for late 2023 IPO	**4/14/2023** - Reddit, Instacart, Rubrik, reportedly eyeing IPOs	**6/12/2023** - Databricks IPO: What to know about Databricks

③ Primary Rounds are Catalyzing Private Secondary Market Demand



Closed trade volume in 5 months following primary round vs. 5 months preceding primary round

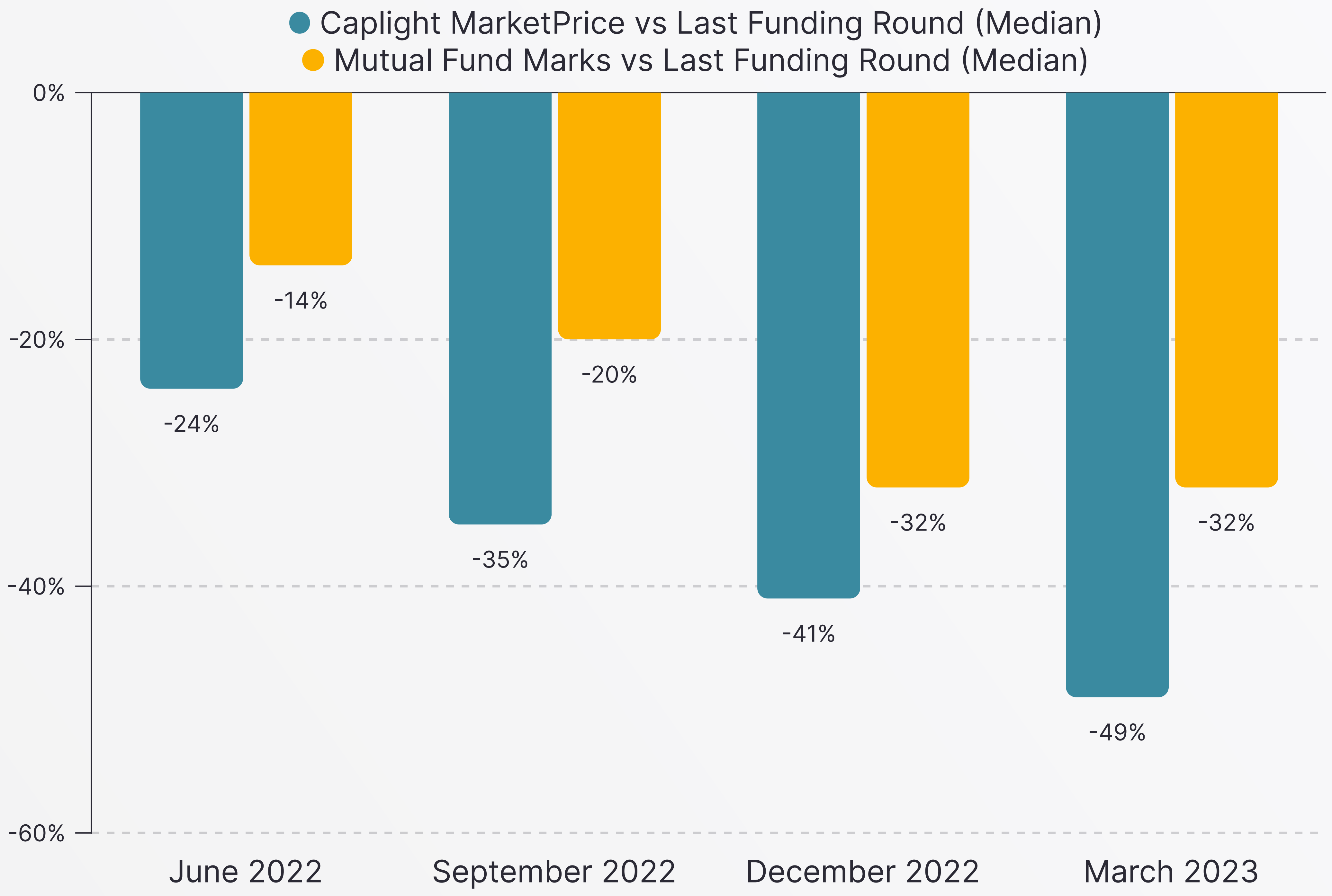
Aug 2022	Mar 2023	Dec 2022	Jul 2022	Mar 2023	Dec 2022
+44%	*+80%*	*+96%*	*+1,141%*	*+1,120%*	*Flat*

Note: Indications of interest sourced from Caplight Data. IPO news articles sourced from Tech Crunch, The Information, Wall Street Journal, & Forex. Indicative order data includes user submitted orders only.

Mutual Fund Mark Valuations

As of Q1 2023, public mutual funds have put a "floor" in the valuation of their privately held shares. For the first time since the start of the bear market, **the median mutual fund mark price vs. last financing round price held steady QoQ.** As Q2 2023 filings approach, it remains to be seen if mutual fund mark share prices will rise once again.

Secondary Market Prices vs. Mutual Fund Marks at Quarter End



Select Mutual Funds Included on Caplight Data

ALGER
AB
BARON FUNDS
BLACKROCK
COLUMBIA THREADNEEDLE INVESTMENTS
CAPITAL GROUP
Fidelity INVESTMENTS
FRANKLIN TEMPLETON
NEUBERGER BERMAN
T.RowePrice

Note: Sourced from Caplight Data and public filings. This analysis includes the most active private secondary market companies with disclosed last primary round valuations and held by mutual funds (n = 47). Price performance based on Caplight MarketPrice. Q2 2023 mutual fund marks are not currently available.

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