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Family Offices Investing in Venture Capital

July 2022

Venture investing in market volatility

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FOREWORD

2021 was a record-breaking year for global venture investment and family office (FO) participation in venture deals. In the first half of 2022, venture investment slowed (compared to 2021).

The increased volatility in public markets, geopolitical uncertainty, and higher inflation and interest rate environment are factors that are also contributing to corrections across the venture ecosystem.

However, the innovation sector continues to grow. Investors are holding a record amount of dry power and valuation corrections are creating buying opportunities.

We are delighted to share the July 2022 issue of the SVB Capital and Campden Wealth *Family Offices Investing in Venture Capital* report. This details how family offices are responding to the current market volatility. Chapter 1 of the report provides direct insights and tips from FOs based on interviews conducted in June 2022. Chapter 2 shares SVB's perspectives on the current state of venture capital based on conversations with startup founders and venture fund managers in May and June 2022, and analysis of funding rounds. Finally, Chapter 3 takes a deep dive into the expected composition of FO venture portfolios, based on data collected from 139 FOs across 30 countries in a survey conducted between June and September 2021.

The current macro environment is causing FOs to slow their venture investments. However, FOs expect to opportunistically grow their venture portfolios in 2022 given lower valuations. The primary piece of advice FOs offered is to stay the course and ensure you have a diversified and balanced portfolio. FOs understand the importance of investing regularly and with consistency even through fluctuating market cycles. FOs continue to construct venture portfolios that are well diversified across direct and fund investments, and different stages, sectors and geographies.

There's been rapid growth in venture investments related to Environmental, Social and Corporate Governance (ESG) and Impact. So far this year, 83% of participating FOs expect to be engaged in these investments — up from 79% in 2021 and 47% in 2020. The average global FO expects to allocate 29% of the venture portfolio to ESG or Impact — up from 20% in 2021. Climate change has climbed the priority list for FOs and is now the top target area.

We appreciate and thank the family offices and executives who participated in the initial survey and recent interviews contributing to this report. We hope you enjoy reading this special edition of the July 2022 *Family Offices Investing in Venture Capital* report.

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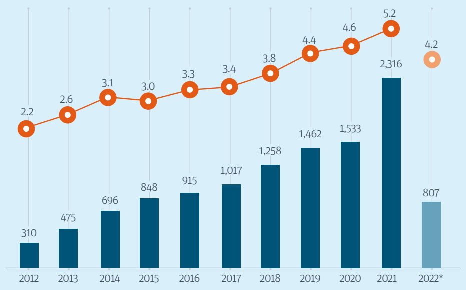
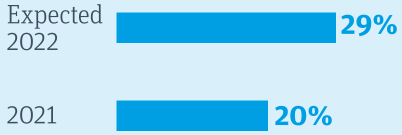
KEY TAKEAWAYS

Despite macro concerns, family offices expect to continue to invest in venture capital in 2022

Family office participation in venture continues to grow

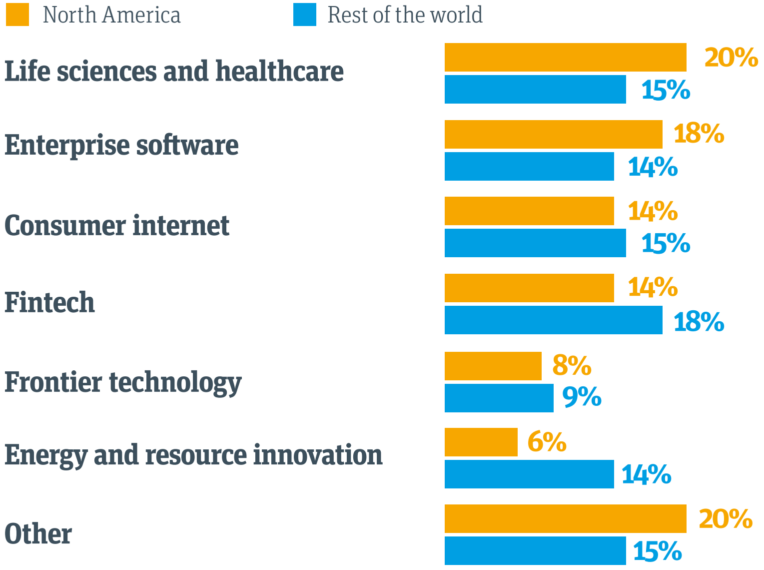


Average expected ESG / Impact Investing allocation is 29% of venture portfolio

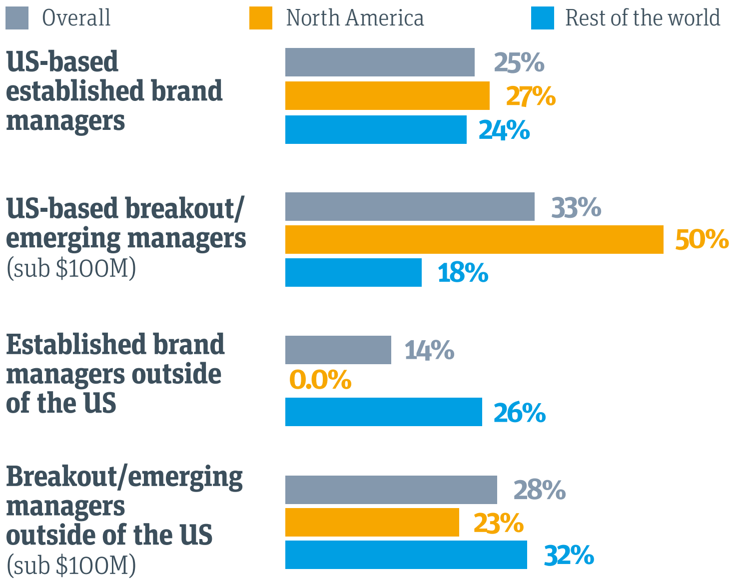


18 new investments between mid-2021 and mid-2023

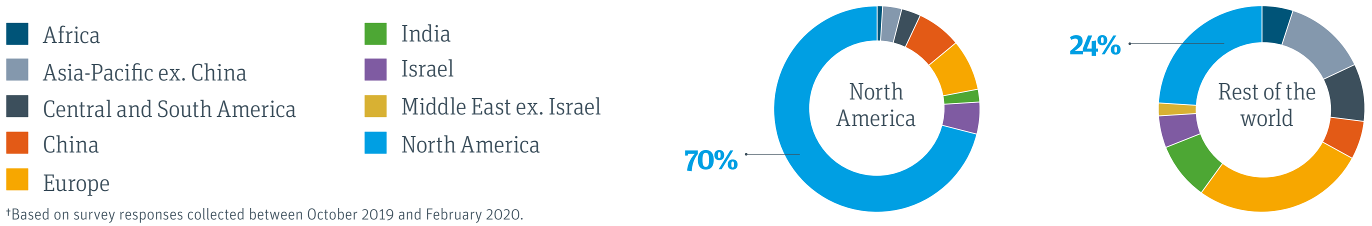
Families expect to allocate to life sciences, enterprise software, and other sectors



Stronger returns expected from US-based emerging managers†



North American FOs are allocated more to North America vs. Rest of the world is more balanced



†Based on survey responses collected between October 2019 and February 2020.

Methodology

The survey for the Campden Wealth and SVB *Family Offices Investing in Venture Capital 2021—2022* report was conducted between June and September 2021. Through an extensive online questionnaire, data was procured from 139 ultra-high net worth families / family offices with experience in venture capital (VC) investing. In addition, in-depth follow-on interviews were conducted with 10 family office representatives. In June 2022, eight additional interviews were conducted on the impact of the slowdown in the VC industry.

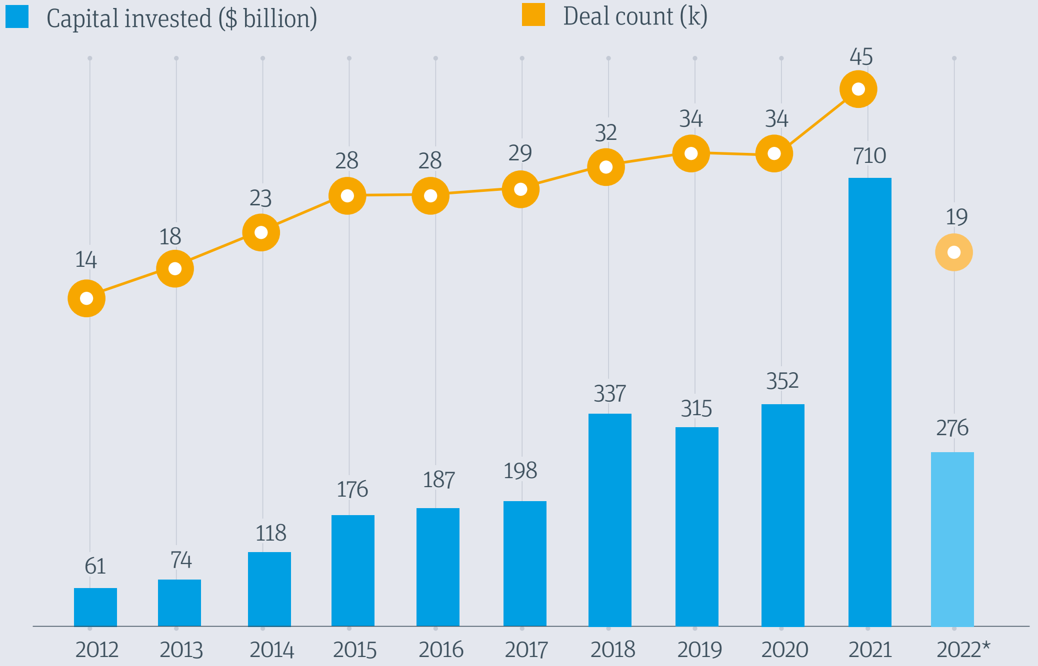
CHAPTER 1

Family offices' venture investing strategy in market volatility

Despite slower VC activity (from 2021 highs), FOs expect to continue to invest in venture in 2022

As of end of Q2 2022, $276B was invested in venture capital deals globally, slower than the pace in 2021, but still exceeding previous years.

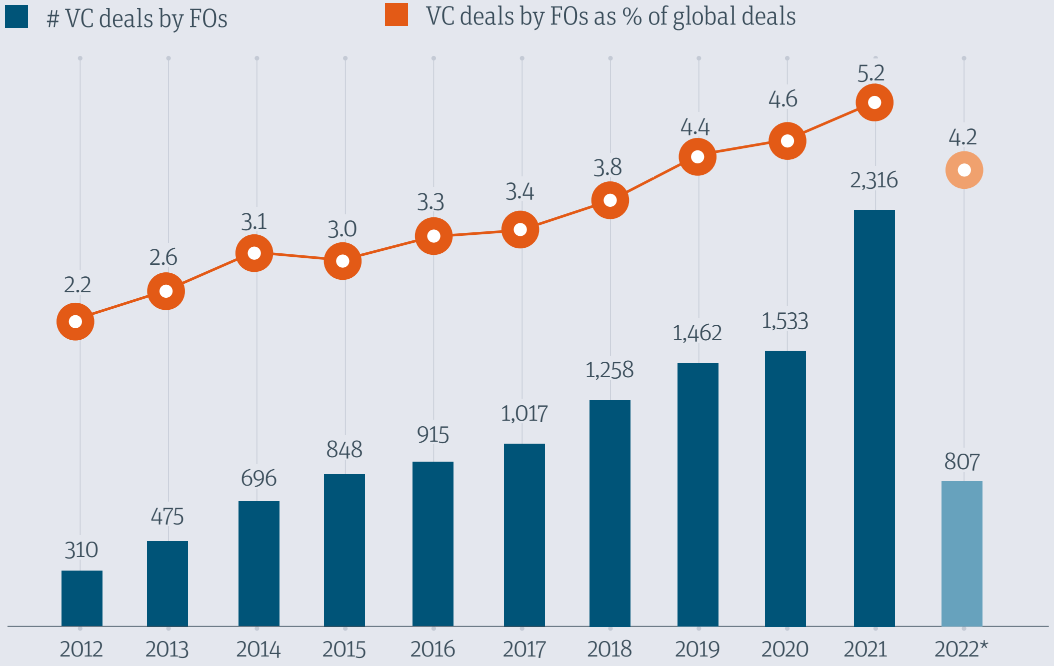
Figure 1: **Total number of venture deals + capital invested, globally**



Source: PitchBook and SVB analysis. *Note: 2022 data current as of 7/1/2022.

Family office participation in venture has been steadily increasing. In 2021, FOs were in 5% of global venture deals.

Figure 2: **Total number of venture deals with FO participation, globally**



Source: Pitchbook and SVB analysis. *Note: 2022 data current as of 7/1/2022. Deal count captures investors that self-identify as family offices. Many FOs with established single LP funds (a venture-focused team managing capital for a single family) do not self-identify as family offices with Pitchbook, so the numbers presented will underestimate actual FO investment activity. Excludes all investments made into funds as LPs.

Chapter 1: Family offices' venture investing strategy in market volatility (contd...)

Insights from a Malaysia-based single family office (June 2022)

What is your venture investment strategy over the next 12 months?

- I am planning to increase our allocation into venture funds over the next 12 months. **Given the correction in valuations, this vintage could be the best one yet!**

What advice do you have for FOs re: their venture portfolio?

- Spend the time to **develop relationships in the venture ecosystem.** Although the technology ecosystem is extremely large, it is at the same time also a very small community where everyone is somehow connected to and knows everyone else. It is worth building and deepening these relationships over time.
- Be as consistent as possible with your allocation into venture i.e. if you start a venture investing program, **make sure you are consistently investing every year for at least 5 years so you get exposure to fund vintages across the economic cycle.** It is always tempting to reduce or cut the allocation when markets take a turn for the worse.

What is your venture investment strategy over the next 12 months?

- I am almost **exclusively focused on the US** and in particular the San Francisco Bay Area.
- I am tilting our venture portfolio towards earlier stage funds and I am also **starting to look at secondaries funds.**

What are your key concerns? What makes you optimistic?

- I am most **optimistic about the pace and scale of innovation in technology.** The entrepreneurs who survive and emerge from this cycle will be the best yet as they will not only know how to build and grow companies but also **how to be brutally capital efficient.**
- I have been mostly **concerned by the extraordinary valuations over the past few years and the "tourist" capital** that has flooded into the technology ecosystem looking for quick and easy returns. It takes time, patience, hard work and resilience to build and grow successful companies. The returns will then follow - nothing worthwhile ever comes easy!

Chapter 1: Family offices’ venture investing strategy in market volatility (contd...)

Insights from a US-based single family office (June 2022)

What is your venture investment strategy over the next 12 months?

- We are **re-upping with our existing managers.** We are doing new investments in specific sectors such as cyber and drones. We think **the last vintage will be good if it was not called and deployed but the upcoming vintage will be very good.** Some GPs are raising sooner than expected because they are afraid that there will be less capital to raise in the future. Funds that would normally be 80% deployed before raising are raising at 50% and leaving more for follow-ons.

What advice do you have for FOs re: their venture portfolio?

- **Don’t panic.** We don’t think there is a need to rush investments... many great companies raised a lot of money last year and don’t need to raise for a period of time. They are all cutting their burn rate knowing funding will be more difficult going forward. Many will use venture debt to increase their duration before the next funding round. Once this period ends, there will be a **great opportunity to do secondaries** as sellers and buyers agree to lower prices.

Given current market dynamics, what areas of opportunities are you exploring (stage / sector / geography)?

- **Early stage is still better** than equity growth which is more overvalued.
- **China may be cheap, but given a higher risk premium,** still not sure if the risk return is more attractive. **LATAM and Brazil is more interesting.**
- Sectors such as AI/ML [artificial intelligence/machine learning] will continue to change the world as more and more data is collected and analyzed.

What are your key concerns? What makes you optimistic?

- We are most concerned about the political and geopolitical landscape.
- [We are most optimistic about] tech and innovation increasing productivity. **AI/ML** [artificial intelligence/machine learning] will impact all industries creating more efficiencies. **Drones** will change the future of warfare. **AR/VR** [augmented reality/virtual reality] is early but will create an immersive world that will change how we interact with each other. **Web 3.0** will create an entirely new economy with digital property rights and play to earn games.

Chapter 1: Family offices' venture investing strategy in market volatility (contd...)

Insights from an Andorra-based single family office (June 2022)

What is your venture investment strategy over the next 12 months?

- We are planning to focus on **supporting our current managers in the portfolio and not increasing our allocation to new managers in the short term.**

What advice do you have for FOs re: their venture portfolio?

- If they are just starting, I would recommend to **start investing through funds of funds** with access to established and high quality emerging managers to learn and gain "high quality"
- If they already have experience, I would **focus on the managers that have most experience in risk management and deploying to business models with a clear path to profitability/positive cash flow.**

Given current market dynamics, what areas of opportunities are you exploring (stage / sector / geography)?

- We still believe in **early stage** because we see it less correlated to the cycle compared to late stage.
- We like **healthcare, fintech, and B2B software.**
- Our preferred geographies are the **US and Northern Europe.**

What are your key concerns? What makes you optimistic?

- We **are concerned about valuations of late stage deals done in the last three years** at record high entry prices, especially if the underlying companies don't have a clear path to profitability.
- We **are optimistic about new investments, since valuations now are much more rational and the vintages will probably be better than the previous three-four years.**

Chapter 1: Family offices' venture investing strategy in market volatility (contd...)

Insights from a Europe-based single family office (June 2022)

What is your venture investment strategy over the next 12 months?

- In the current market, **we are going a little slower**. But not much has changed for us: we set a budget at the end of last year and will not be revising this downward. We see an opportunity to buy at the cheaper end, and will continue to deploy capital heavily.

Given current market dynamics, what areas of opportunities are you exploring (stage / sector / geography)?

- If you look at early stage venture, the correlation to the S&P 500 from a valuation standpoint is close to zero. **We are targeting companies in the first one to two years of life;** accessing them at the cheapest entry point possible in the first institutional round of funding, and targeting networks / geographies with consistent outlier production. We are focused on businesses solving big problems — no fads.

What are your key concerns? What makes you optimistic?

- There is a long list of concerns: high inflation, rising interest rates, geopolitical tensions, declining valuations, and where the market is headed, especially in terms of companies that don't have two years of runway.
- But we are optimistic over general tech trends. The speed of innovation and utilization has accelerated over the last three or four years. There are a lot of **opportunities in renewable energy tech, healthcare tech, and B2B SaaS in fintech architecture**.
- One factor that shouldn't be underestimated is that some of the really big funds have raised record funds this year. **There is still massive deployment capital out there that needs to be invested** in the next few years.

What advice do you have for FOs re: their venture portfolio?

- It is important to **keep investing regularly through cycles**, keeping in mind that the business should exit in five to eight years, when the market will be very different from where it is today. If you pulled back after the global financial crisis, you would have missed out on some huge startups. You also need broad sector coverage — otherwise you're making market timing bets.
- Venture is highly competitive and to have an edge over large institutional firms is very difficult. You need a huge team – we have 30+ venture investment professionals. This is expensive and risky. **Smaller family offices should rely on funds and look for strong partners to work with**.
- For many family offices, it can be difficult to get access to top tier funds. But there are emerging funds out there — with a newer generation of managers — which have dedicated and specialized strategies that can prove to be a good fit for family offices.
- You want to find two or three trusted partners who are well entrenched in the venture ecosystem. Use these relationships to get co-investments and build up your knowledge and get smart around a few investment hypotheses.

Chapter 1: Family offices' venture investing strategy in market volatility (contd...)

Insights from a US-based single family office (June 2022)

What advice do you have for FOs re: their venture portfolio?

- Let the **portfolio do the work.** The question isn't if you should / shouldn't do venture. The question is what's the split of funds vs. directs, which depends on the opportunity set you have access to. Look at the whole system. Portfolio construction is everything.
- Per the CFA Institute, 91.5% of a portfolio's return is attributable to its mix of asset classes. Individual stock selection and market timing accounted for less than 7% of a diversified portfolio's return.

Summary

Venture investment strategy over the next 12 months

- Continuing to deploy capital into venture given market correction
- Re-upping with existing managers; higher bar for new managers

Advice for FOs re: their venture portfolio

- Don't panic and trust your portfolio construction (or rebalance if required)
- Consistently deploy capital across vintages
- Develop relationships with fund managers who have a disciplined investment approach and/or have been through past economic cycles

Key areas of opportunities

- Early stage and secondary opportunities
- Primarily US, some Europe, less so Asia / Africa
- All sectors, including healthcare, fintech, enterprise

Areas of concern / optimism

- Concerned about political and geopolitical risks, high valuations over the past few years, harder fundraising environment for portfolio companies, inflation
- Optimistic about pace of innovation, lower valuations, VC dry powder

Chapter 1: Family offices' venture investing strategy in market volatility (contd...)

Family offices follow a similar path in their venture capital journeys

They begin with fund of funds — a convenient option, providing diversified exposure — and ad hoc direct investments referred by friends/family — which help them gain crucial experience.

As they push for higher returns, they invest in emerging funds. They also co-invest, which allows them to share due diligence.

With experience and growing networks, family offices begin gaining access to established managers with proven track records.

Later in the maturity cycle, family offices begin developing their brands and self-sourcing deals — an appealing option, especially for entrepreneurial families. At their most sophisticated, they make allocations to secondaries.

Figure 3: **Family office venture investing maturity model**

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
	FUND OF FUNDS	DIRECT INVESTMENTS — FROM FRIENDS & FAMILY	VENTURE FUNDS — EMERGING	CO-INVESTMENTS	VENTURE FUNDS — ESTABLISHED	DIRECT INVESTMENTS — SELF-SOURCED	SECONDARIES
	Invest in a pool of access-constrained funds	Opportunistic investments into startups	Invest in breakout managers (fund I-III)	Invest with other FOs / fund managers into startups	Directly invest in established funds (funds IV+)	Invest directly into early / growth stage startups	Purchase shares from existing shareholders
Min. $ / investment*	1-5M	10K-1M	500K-1M	250K-1M	5-10M	100K+	250K+
Avg. $ / investment	6.1M	4.4M	4.7M	2.8M	6.5M	4.5M	2.9M
Avg. # investments	1	3	5	5	4	8	1
Avg. investment duration (yrs)*	10-12	5-10	8-10	5-8	8-10	5-8	2-5

Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021. *Ranges are representative; deal-specific deviation to be expected.

CHAPTER 2

Current state of venture capital

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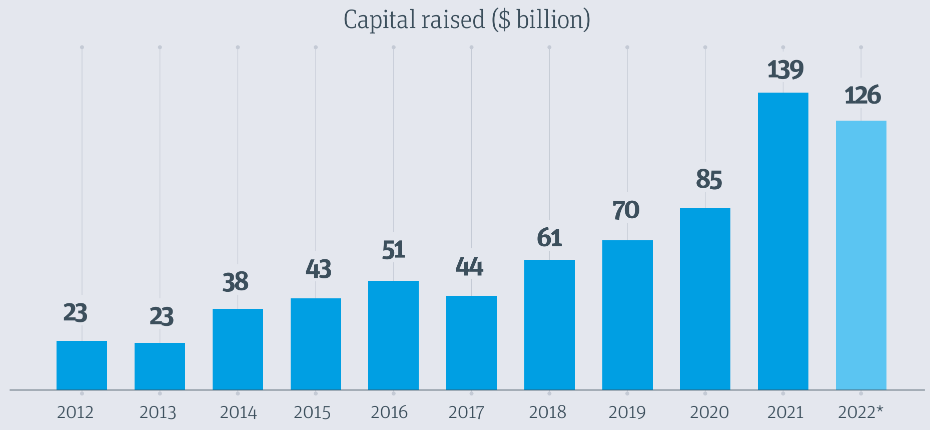
Chapter 2: Current state of venture capital

Despite maintained momentum in VC activity, we're entering a period of healthy recalibration

- US-based venture funds raised $126B from LPs in the first half of 2022, maintaining momentum of 2021 ($138B total raised).
- Venture-backed companies attracted $144B in the first half of 2022, a decreased pace from 2021, but still exceeding previous years (excluding 2021).

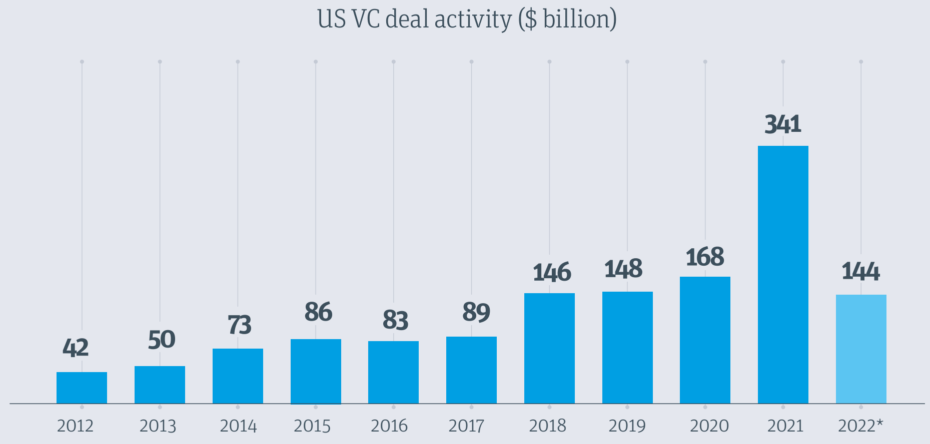
Source: Q1 2022 Pitchbook NVCA Venture Monitor.
*Q1 2022 data as of 03/31/2022

Figure 4: **US VC fundraising activity**



Source: Q1 2022 Pitchbook NVCA Venture Monitor. *Note: 2022 data current as of 7/1/2022.

Figure 5: **US VC deal activity**



Source: Q1 2022 Pitchbook NVCA Venture Monitor. *Note: 2022 data current as of 7/1/2022.

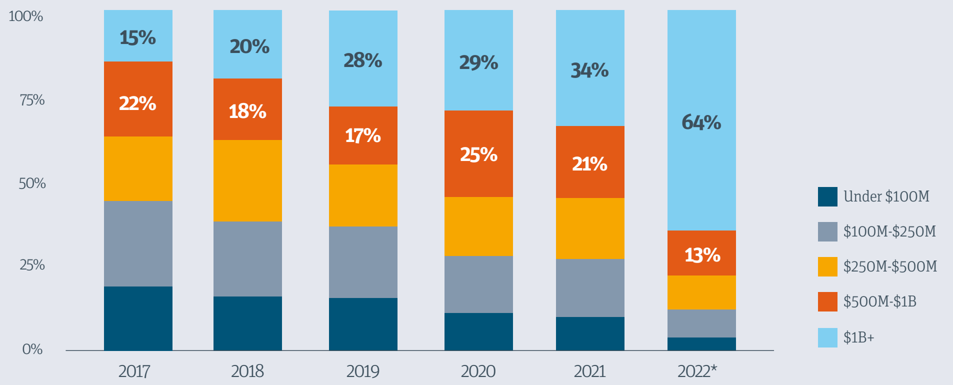
Venture fund sizes ballooned, while startup valuations reached new highs

- Mega-funds ($500M+) accounted for 77% of capital raised by venture funds in the first half of 2022, with the average fund size of $317M.
- Early-stage (series A and B) valuations reached $60M in Q2 2022, a 33% increase from 2021 ($45M). However, a healthy recalibration is already underway with early-stage pre-money valuation dropping from $67M in Q1 2022 to $60M by end of Q2.

Source: Q1 2022 Pitchbook NVCA Venture Monitor.

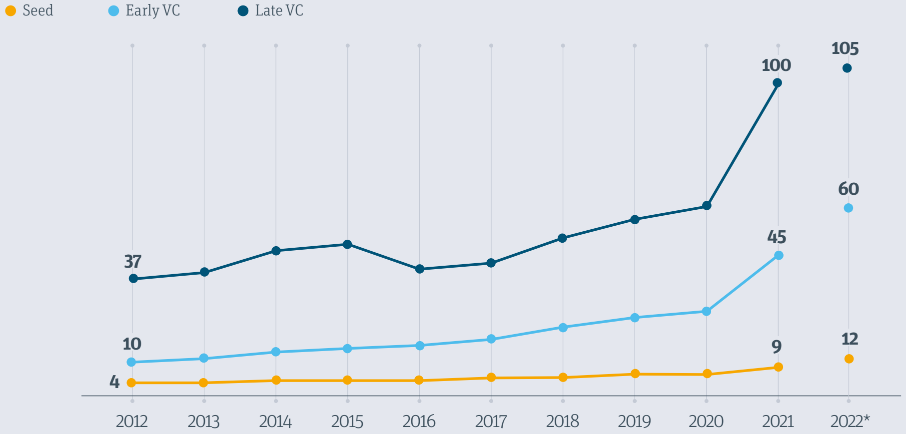
*Q1 2022 data as of 03/31/2022

Figure 6: **US VC fundraising, by fund size**



Source: Q1 2022 Pitchbook NVCA Venture Monitor. *Note: 2022 data current as of 7/1/2022.

Figure 7: **US VC median pre-money valuation ($M), by stage**



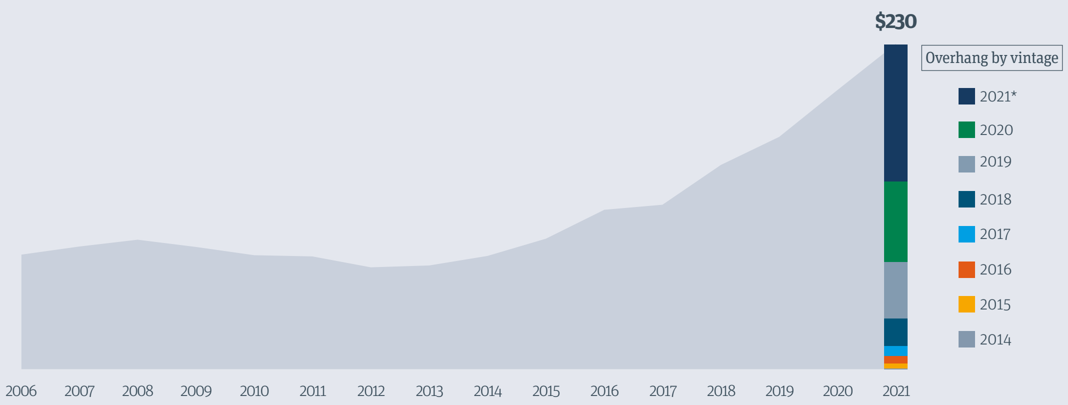
Source: Q1 2022 Pitchbook NVCA Venture Monitor. *Note: 2022 data current as of 7/1/2022.

Venture funds sitting on record amount of capital to invest

- VC funds added $70B in Q1 2022 to the $230B of dry powder that VC investors had at the end of 2021. This provides sufficient capital to continue investing in the venture ecosystem, while providing a soft landing in a recessionary period.
- Value continues to accrue to early venture investors, returning an average of 33.7x at the Series A stage. Seventy-seven percentof value was created in private markets for companies that have gone public since 2015.

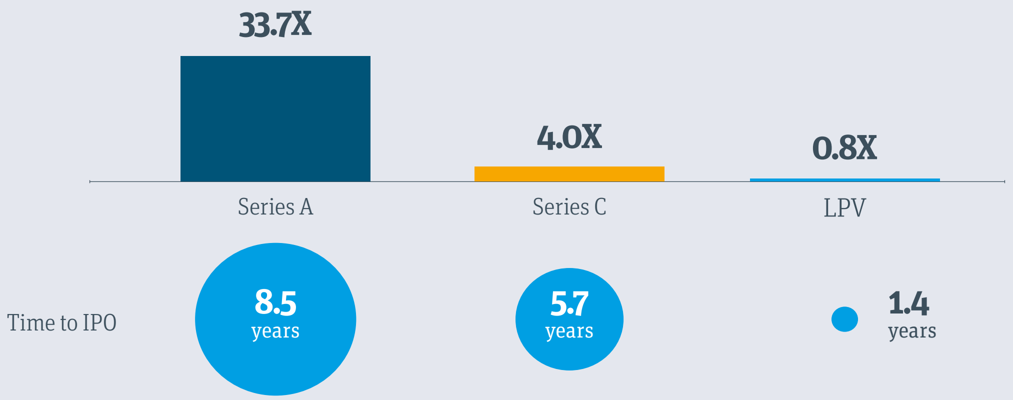
Source: Q1 2022 Pitchbook NVCA Venture Monitor.
*2021 data as of 12/31/2021

Figure 8: **Cumulative US VC dry powder ($B)**



Source: Q1 2022 Pitchbook NVCA Venture Monitor. *2021 data as of 12/31/2021

Figure 9: **Multiple to Current Market Cap: US VC-Backed Tech IPOs**



Source: Q1 2022 Pitchbook NVCA Venture Monitor, S&P Capital IQ. Note: For US, VC-backed, tech IPOs between 2017 and Q1 2022; calculated by taking the median market cap for the cohort and dividing by the median post-money valuation.

CHAPTER 3

Family offices' venture portfolios

North American family offices allocate more to venture

Family offices around the world expect to increase their venture allocations over 2022.*

FOs based in North America continue to allocate more of their portfolio to venture (15%) versus the rest of world (13%), but the difference is marginally smaller than last year (+2 percentage points versus +3pp).

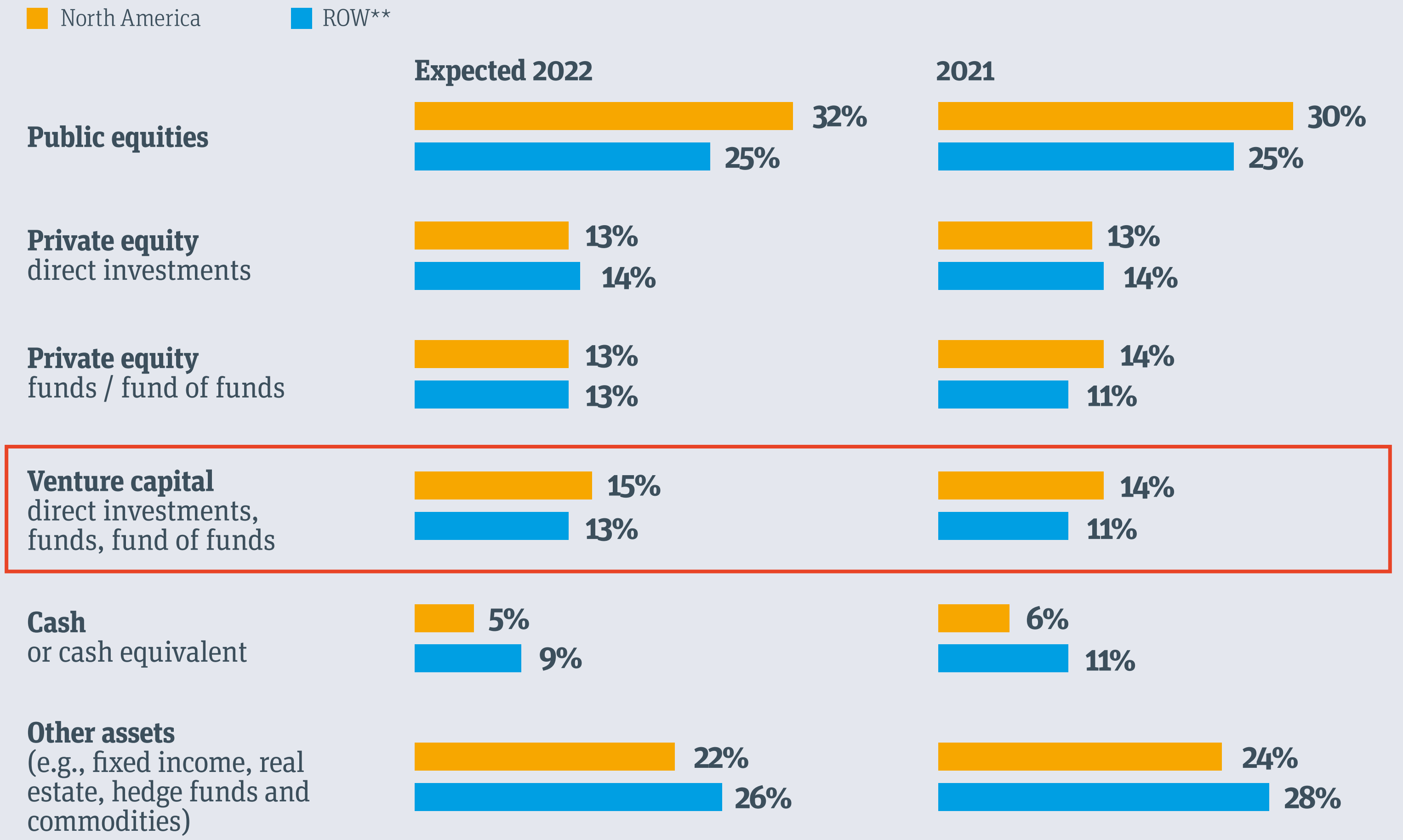
“

We have an aggressive view on venture – it is one of the most important asset classes for us. In the past six years, our venture allocation has grown year-on-year, including new capital invested per year.

Family office executive, Single family office, North America

*Based on survey responses collected between June and September 2021; compared against data collected in Q1 2022 to assess reliability.

Figure 10: **Overall portfolio asset allocation, expected 2022 versus 2021, segmented by region**

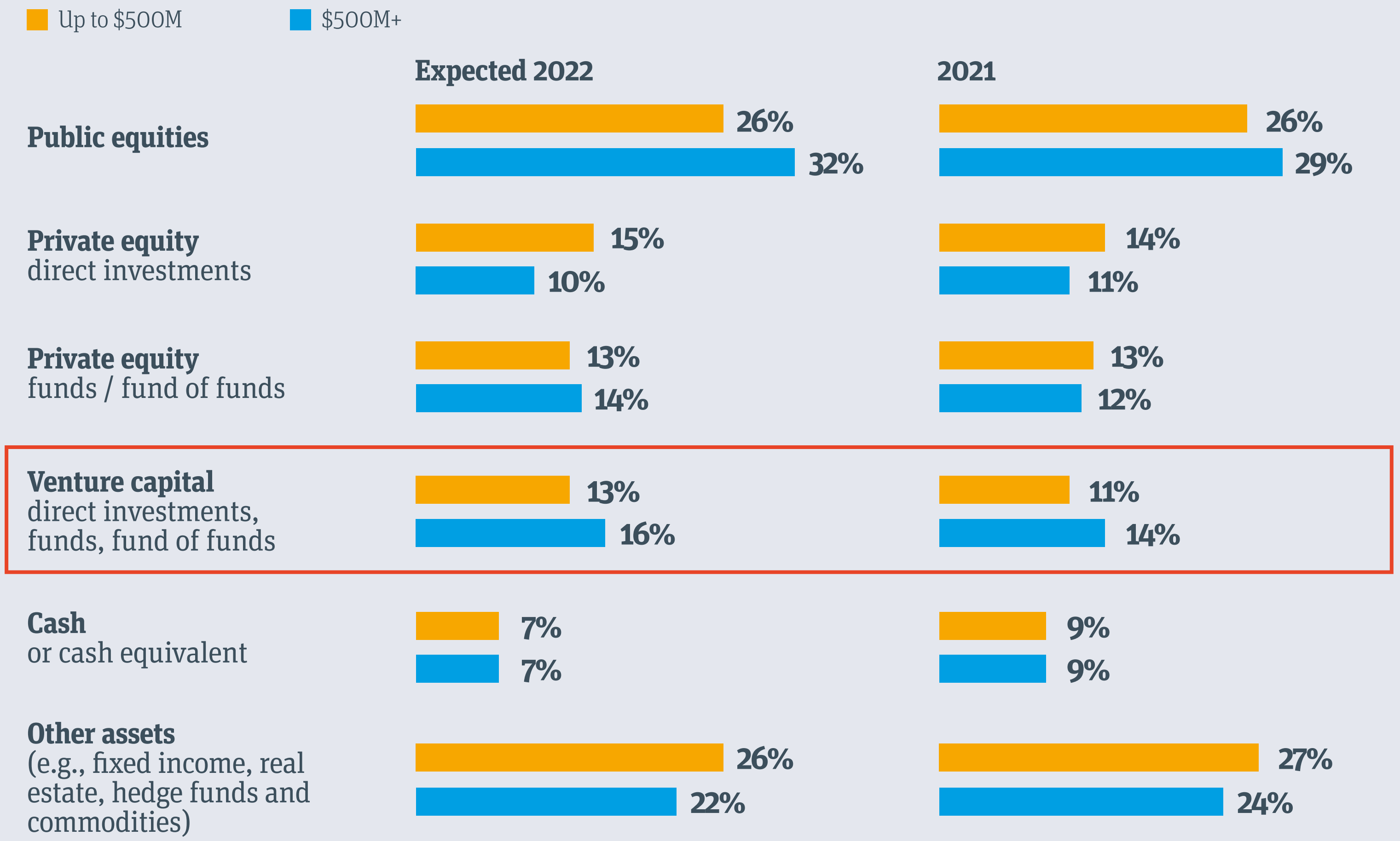


Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding. **Rest of the world.

Larger family offices allocate more to venture

Larger FOs (>$500M) continue to allocate more of their portfolio to venture (16%) versus smaller FOs (13%).*

Figure 11: **Overall portfolio asset allocation, expected 2022 versus 2021, segmented by AUM**



* Based on survey responses collected between June and September 2021; compared against data collected in Q1 2022 to assess reliability.

Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding.

Top motivation is portfolio diversification

Family offices' top motivations for increasing their venture allocation in 2022 are greater portfolio diversification amid volatility and risks (41% of participants picked this is as their #1 motivation) and recent strong returns (19%).

Popular reinforcing motivations include the technology boom (11% picked this as their #2 motivation) and access to cutting-edge technologies (15%).

Figure 12: **Top 3 reasons family offices are increasing venture allocations**

Motivation ranking: #1 #2 #3

Motivation	#1	#2	#3
Greater portfolio diversification amid volatility and risks	41%	9%	18%
Recent strong returns	19%	24%	8%
Technology boom	9%	11%	13%
Covid-19 pandemic has accelerated adoption of new technologies, and this will continue into the next two years	7%	2%	11%
Access to cutting edge technologies	5%	15%	14%
Access to quality improving	5%	10%	6%
To involve young family members	4%	8%	11%
Global stimulus programs are making investing in, e.g., medical or green technology extremely interesting	4%	1%	4%
Healthcare boom	3%	4%	6%
Strong exit environment	2%	10%	2%
Low interest rate environment	0%	7%	8%

Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: This table shows the shares of the #1, #2, and #3 rankings captured by each motivation. The figures in each column may not sum exactly to 100% due to rounding.

Preference for direct investments over funds

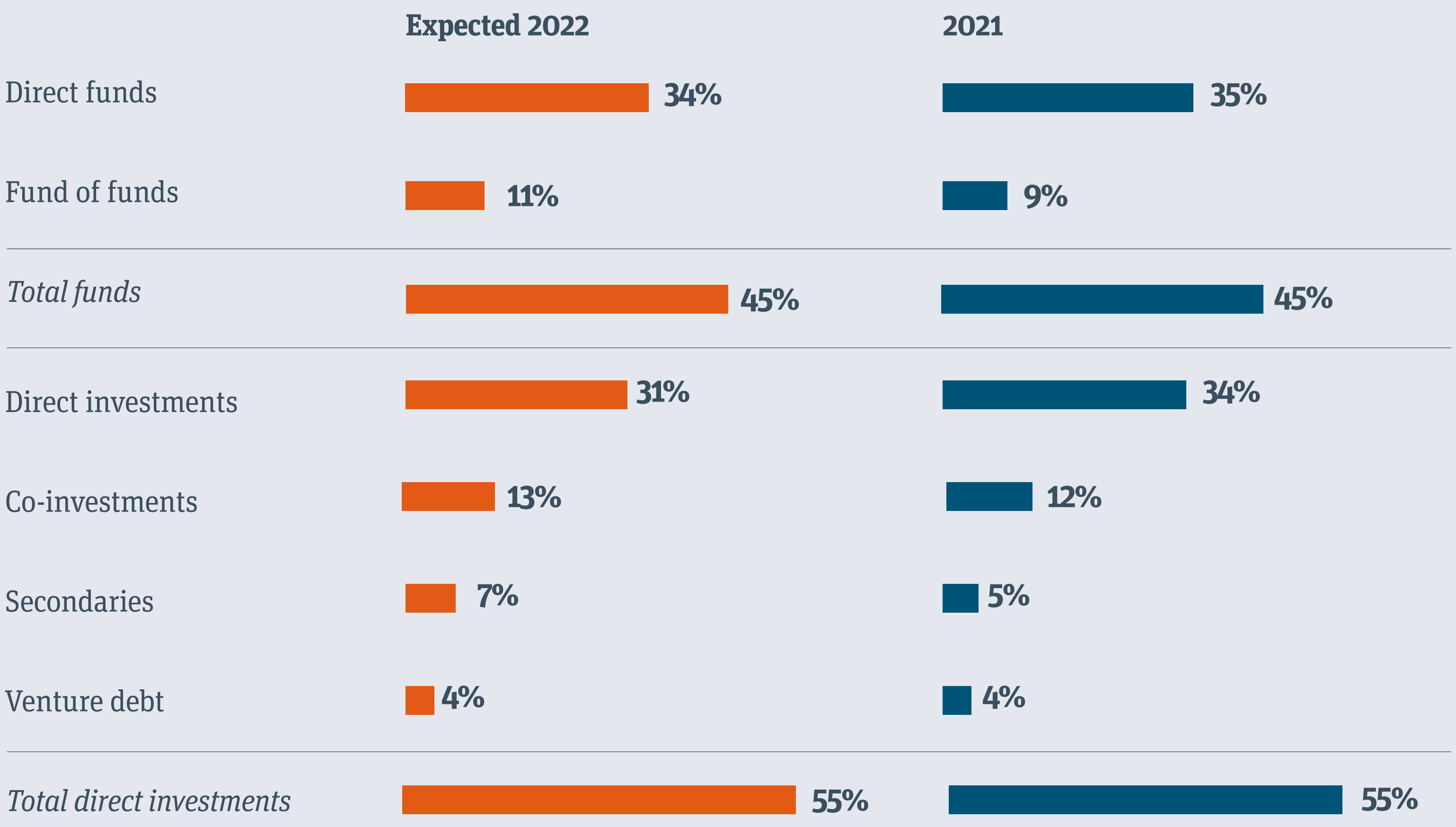
The average venture capital portfolio is expected to consist of direct investments (55%) and fund investments (45%) — the same split as in 2021 and 2020.

This year, participants expect to decrease direct investment (e.g., self-sourced deals or ones sourced through family/friends or fund relationships; -3pp) and increase secondaries (+2pp) and co-investments (+1pp).

Advice from experienced FOs:

- Start with fund of funds / funds sourced through reliable sources
- For direct investments, stay within core competency based on sector knowledge
- Build internal infrastructure (e.g., resources for deal sourcing and due diligence).

Figure 13: **Venture capital sub-portfolio asset allocation, expected 2022 versus 2021**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding.

North American family offices prefer funds

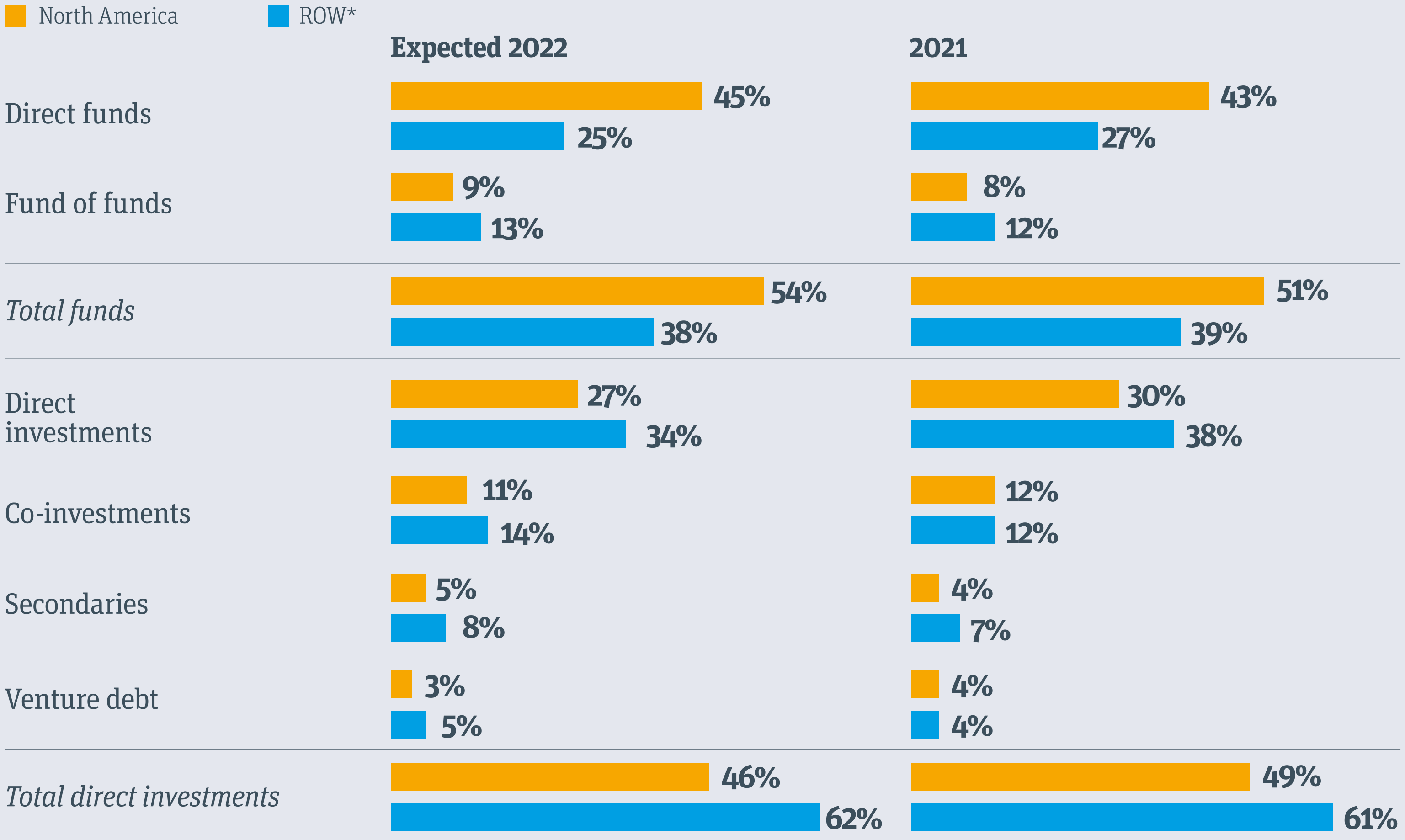
Family offices (FOs) based in North America gain more of their venture exposure through fund investments (54% versus 38% for the rest of the world).

The difference in preference is stronger this year than last (51% versus 39% in 2021).

Moreover, in 2020, participants in North America and the rest of the world reported roughly the same allocation to fund investments (45-46%).

> ***We are focused on direct investments. We only invest in funds on a very selective basis, e.g., in dedicated crypto/blockchain funds, to gain access to knowledge and deals.***
>
> Family office executive, single family office, Europe

Figure 14: **Venture capital sub-portfolio asset allocation, expected 2022 versus 2021, segmented by region**

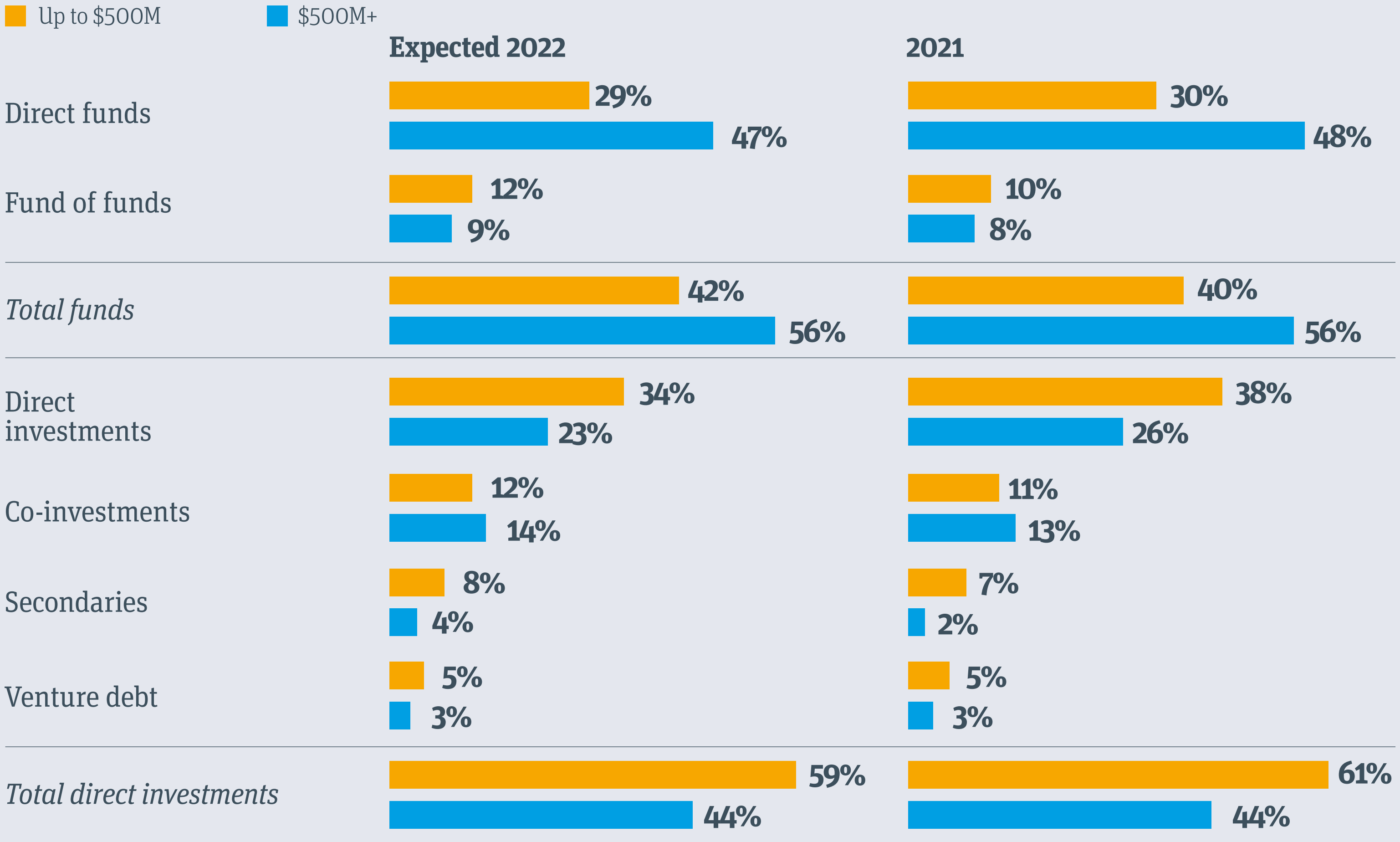


Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding. *Rest of the world.

Larger family offices prefer funds

FOs managing more than $500M gain more of their venture exposure through fund investments (56% versus 41% for smaller FOs).

Figure 15: **Venture capital sub-portfolio asset allocation, expected 2022 versus 2021, segmented by AUM**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding.

Chapter 3: Family offices’ venture portfolios

Family offices slowing pace of venture investments

Based on data collected in Q3 2021, family offices (FOs) expected to make 18 new investments (six funds plus 12 direct deals) by mid-2023. The world has since changed. Based on conversations with FOs in June 2022, many are slowing their investment into venture and are reinvesting in funds where they already have relationships. The bar is significantly higher for new fund relationships. FOs are leaning into direct investments given valuation corrections and are actively looking for secondary investment opportunities.

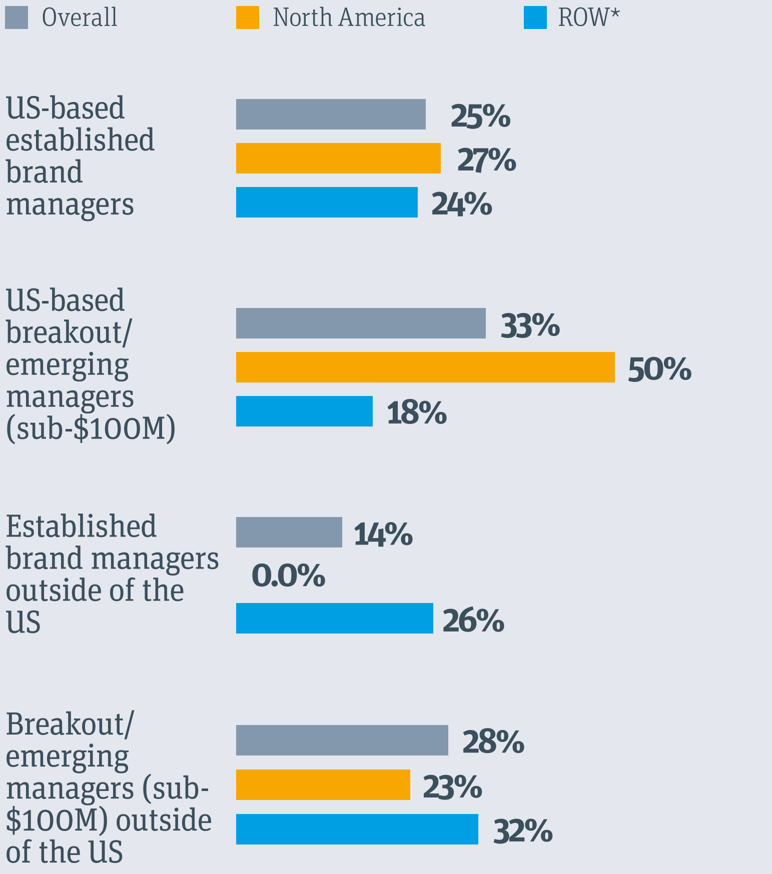
In the 2020 Campden Wealth / SVB survey, the most popular options for where the highest returns would be generated in the next decade were breakout / emerging managers (sub-$100M) based in the US (33%) followed by breakout managers based elsewhere (28%).

Figure 16: **Number of investments and average investment size by sub-asset class**

	Investments in mid-2021	Avg. $M / investment	# New investments expected by mid-2023
Venture funds — fund of funds	1	6.1	1
Venture funds — emerging managers (funds I/II/III, <$250M)	5	4.7	2
Venture funds — established managers (fund IV+, $250M+)	4	6.5	3
Total funds	*10*	—	*6*
Direct investments — from friends and family	3	4.4	2
Direct investments — through venture fund relationships	3	3.9	3
Direct investments — self-sourced	5	4.9	2
Co-investments — with other family offices	2	3.3	2
Co-investments — with venture funds	3	2.4	2
Secondaries	1	2.9	1
Total direct investments	*17*	—	*12*

Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.

Figure 17: **Where highest returns are anticipated to be generated in the next decade**



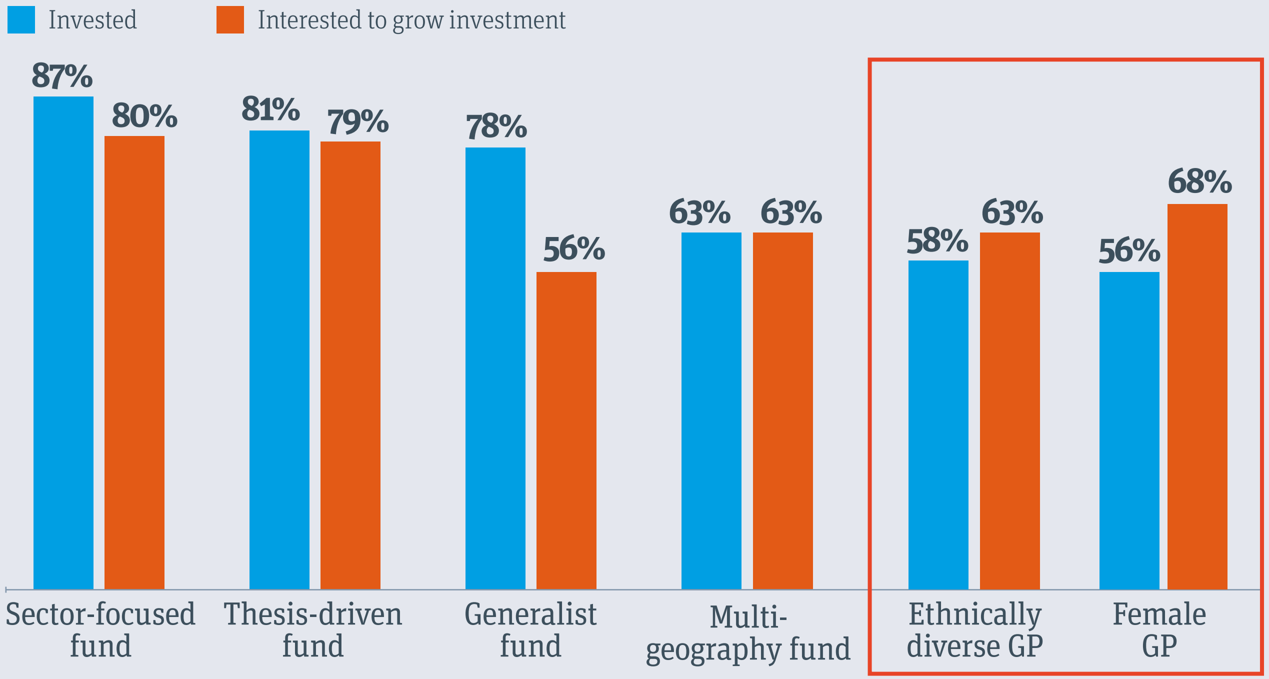
Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2020.
Note: Figures may not sum exactly to 100% due to rounding. *Rest of the world. Past performance is not indicative of future results. Future returns cannot be guaranteed.

Family offices are interested in specialized and diverse funds

Family offices (FOs) are interested more in specialized versus generalist funds, with about four-fifths interested in growing exposure to sector-focused and thesis-driven funds.

Roughly two-thirds are interested to grow investments into ethnically diverse general partners (GPs) and female GPs (63% and 68%, respectively).

Figure 18: **Investments and interest in assorted GPs and funds**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.

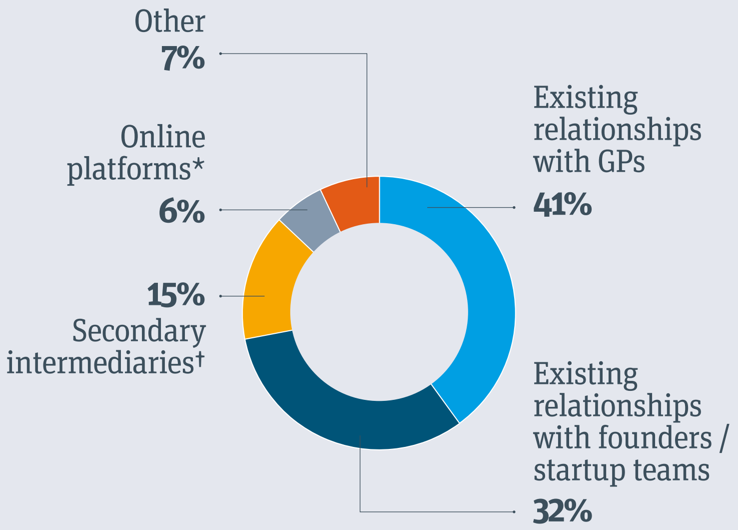
Secondaries are sourced through existing relationships

In recent years, venture secondaries have become more popular as the venture capital market has grown and matured, companies have opted to stay private longer, and demand for liquidity options has increased.

Family offices (FOs) source secondary shares through existing relationships with GPs (41% of participants) and existing relationships with founders / startup teams (32%).

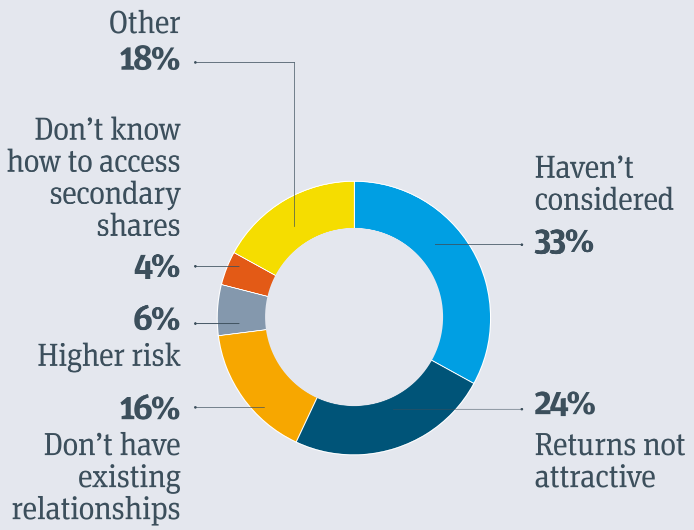
If family offices are not currently interested in venture secondaries, it is primarily because they have not yet considered the asset class (33% of participants). For 24%, the returns are not attractive.

Figure 19: **Sources for secondary shares**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: The figures may not sum exactly to 100% due to rounding. *E.g., SharesPost. †E.g., Founders Circle Capital.

Figure 20: **Reasons FOs are not currently interested in secondaries**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: The figures may not sum exactly to 100% due to rounding.

Family offices are satisfied with co-investment opportunities

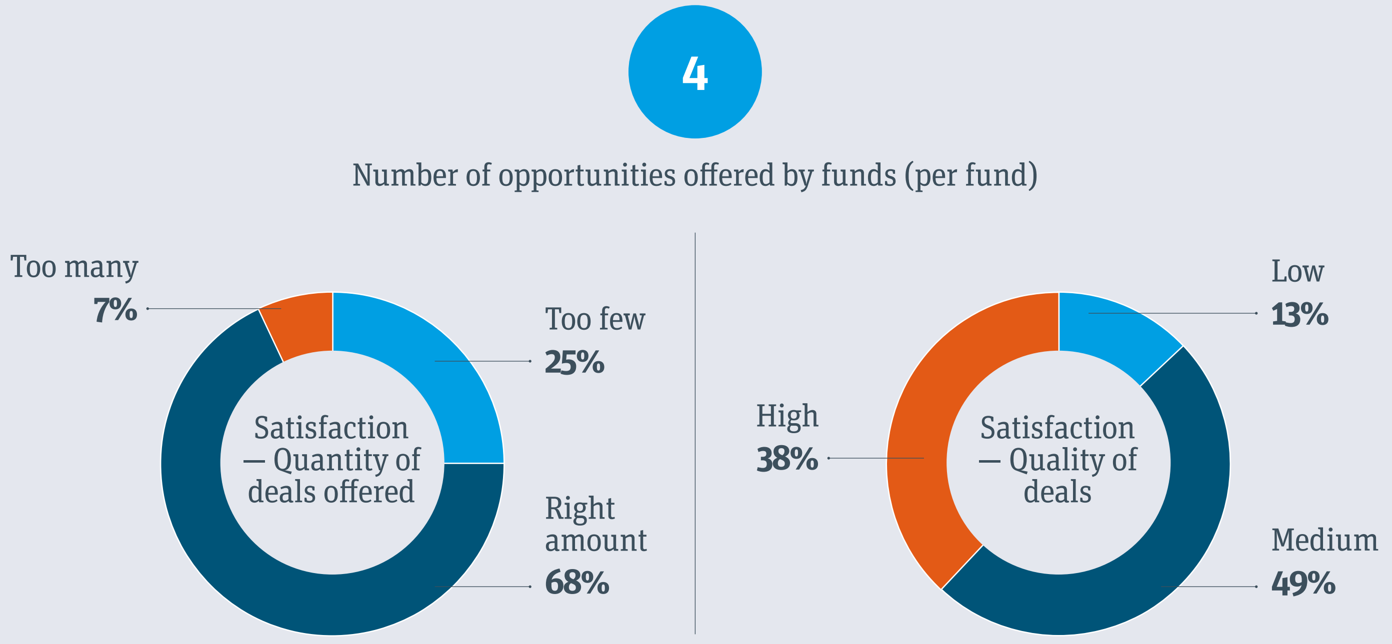
Most family offices (FOs) participate in co-investment opportunities — i.e., invest in the same funding round of a company alongside a venture fund.

On average, FOs are offered four co-investment opportunities per fund. For 68% of participants, this is the right quantity. For 87%, the quality of the deals is medium/high.

For participants, the potential benefits from co-investing include:

- Earning better returns
- Relying on managers for heavy lifting in due diligence
- Building relationships
- Insights into the investment process

Figure 21: **Co-investment / special purpose vehicle opportunities**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021. Note: Figures may not sum exactly to 100% due to rounding.

29%

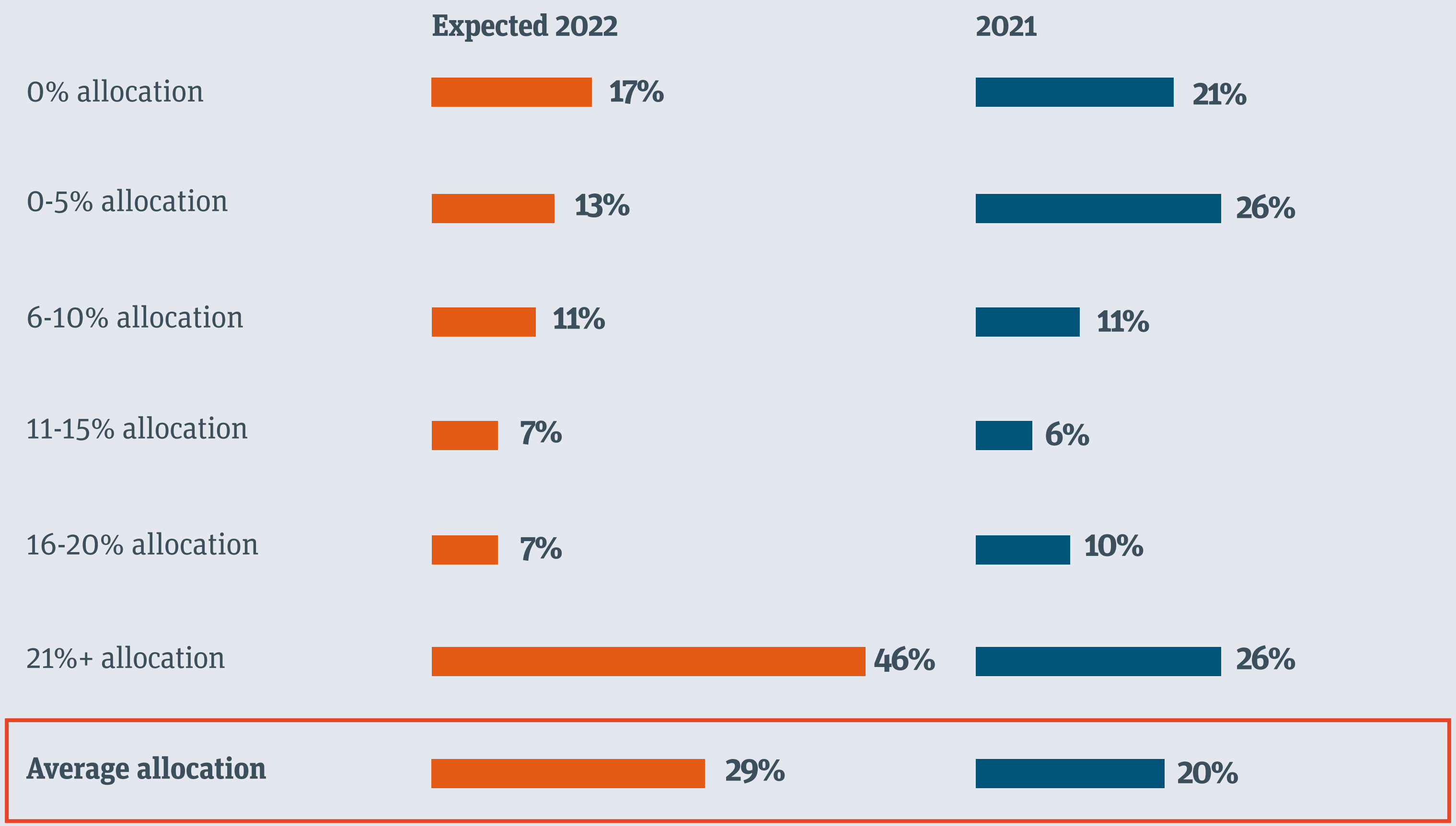
Environmental, Social and Corporate Governance and Impact Investing

On average, family offices (FOs) expect to increase their allocation to venture Environmental, Social and Corporate Governance (ESG) or Impact Investing by 9pp (from 20% in 2021 to 29% in 2022).

Eighty-three percent of FOs expect to be engaged in venture ESG or Impact Investing — up from 79% in 2021 and 47% of participating FOs in 2020.

The biggest change is in the share of FOs allocating 21%+ of their portfolios — this share is up from 26% in 2021 to 46% in 2022.

Figure 22: **Venture capital portfolio ESG or Impact Investing, expected 2022 versus 2021**



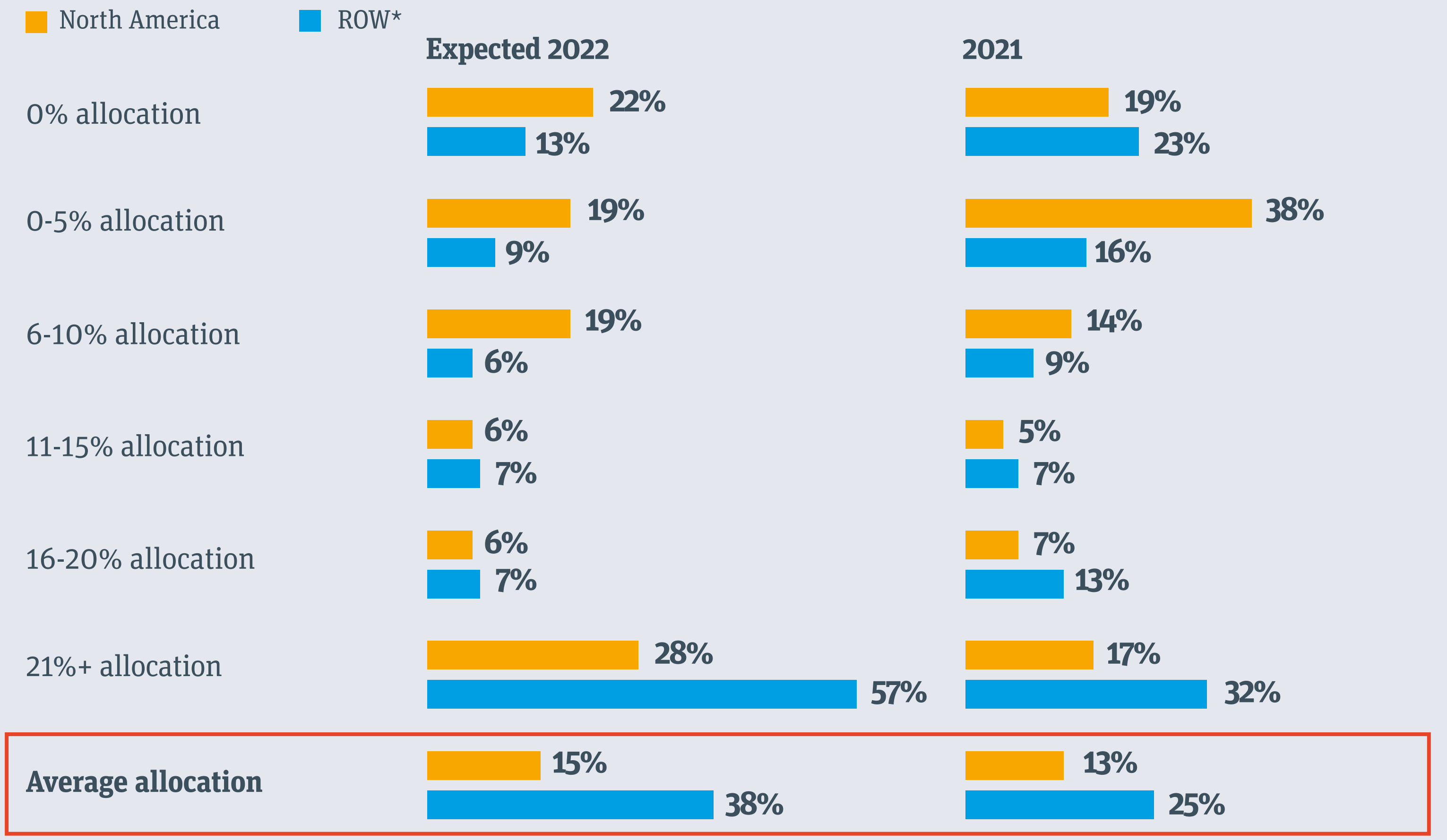
Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding.

Bigger spread in ESG / Impact allocation between North America and ROW

In general, European countries have tended to lead in the ESG sector (e.g., share of global fund assets, regulation, and standardization in reporting).

In the family office venture capital space, the gap in the average venture ESG / Impact Investing allocation between North America and the rest of the world is expected to grow from 12pp (13% versus 25% in 2021) to 23pp (15% versus 38% in 2022), as investment in Europe takes off.

Figure 23: **Venture capital portfolio ESG or Impact Investing, expected 2022 versus 2021, segmented by region**



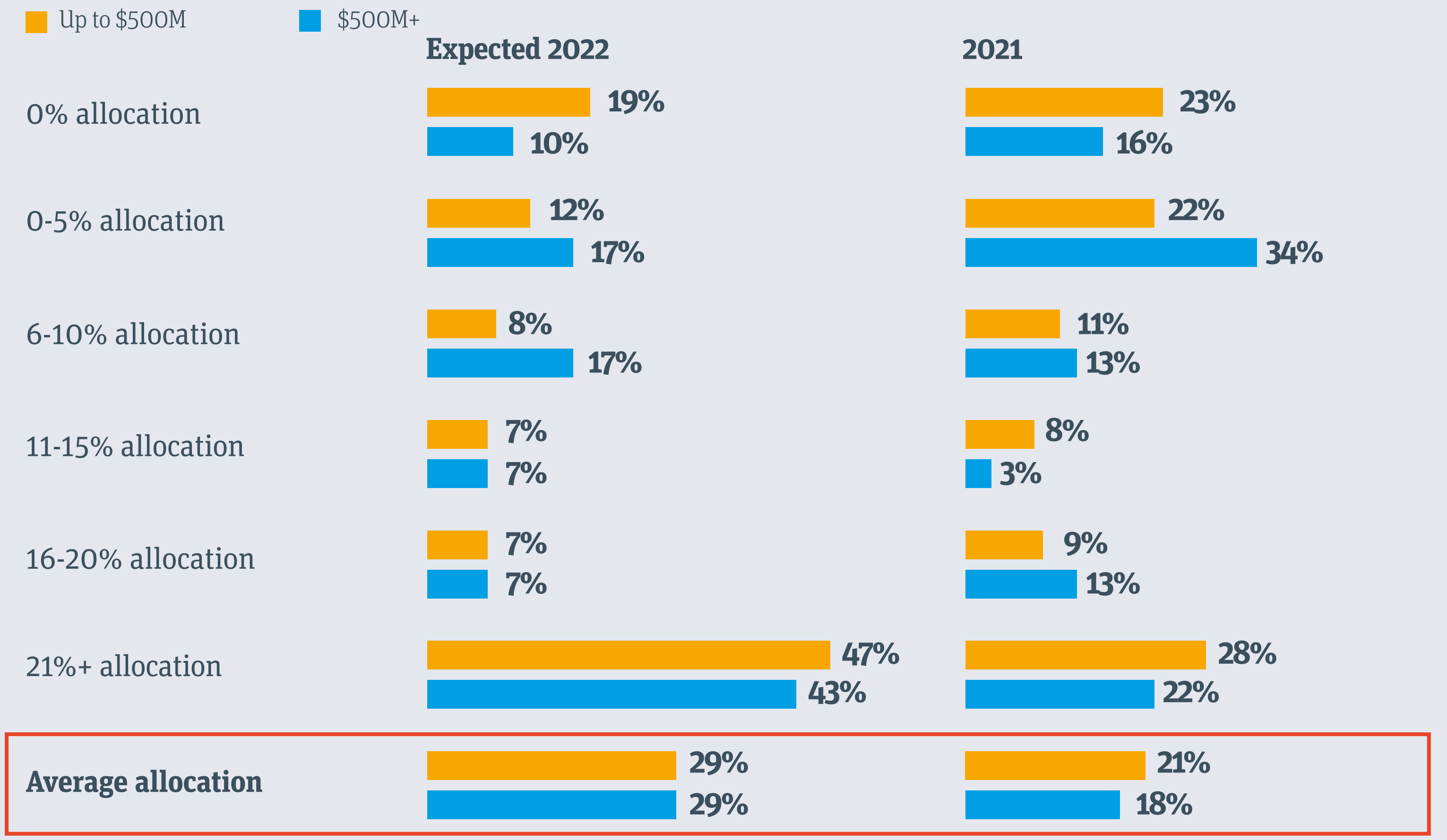
Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding. *Rest of the world.

Equal average ESG / Impact Investing venture allocation across AUMs

In 2022, family offices (FOs) across the AUM spectrum expect significant increases in their ESG / Impact Investing allocations (+8pp to 29% for <$500M FOs and +11pp also to 29% for >$500M FOs).

This year, 43% of larger FOs (>$500M) expect to allocate more than one-fifth of their venture capital portfolio to ESG / Impact Investing — up from 22% of FOs last year.

Figure 24: **Venture capital portfolio ESG or Impact Investing, expected 2022 versus 2021, segmented by AUM**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding.

Families are striving to "do business better"

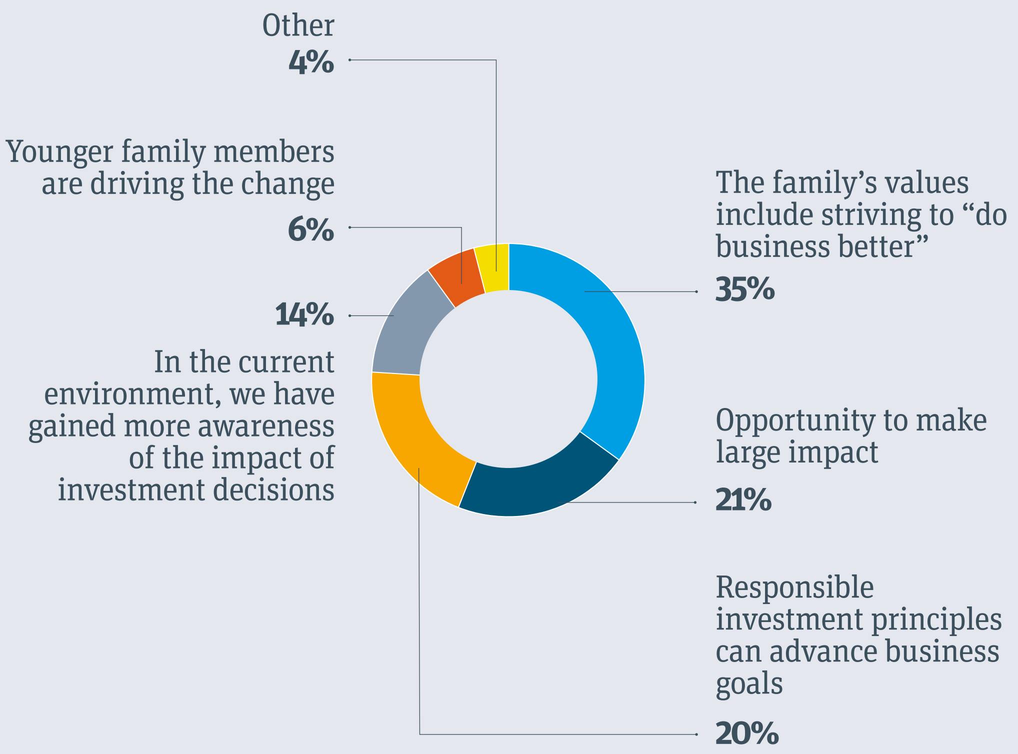
The primary motivation for family offices increasing their venture ESG / Impact Investing allocation is that the family's values include striving to "do business better" (35% of participants). Other significant motivators include the opportunity to make a large impact (21%) and the belief that responsible investment principles can advance business goals (20%).

"

We have a mantra that every investment needs to have a positive impact on society. But the definition is very broad: something that makes the world a better place — which might include environmental technologies or software making human resources processes more efficient.

Family office executive, single family office, Europe

Figure 25: **Motivations for increasing the VC portfolio allocation towards ESG / Impact Investing**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: The figures may not sum exactly to 100% due to rounding.

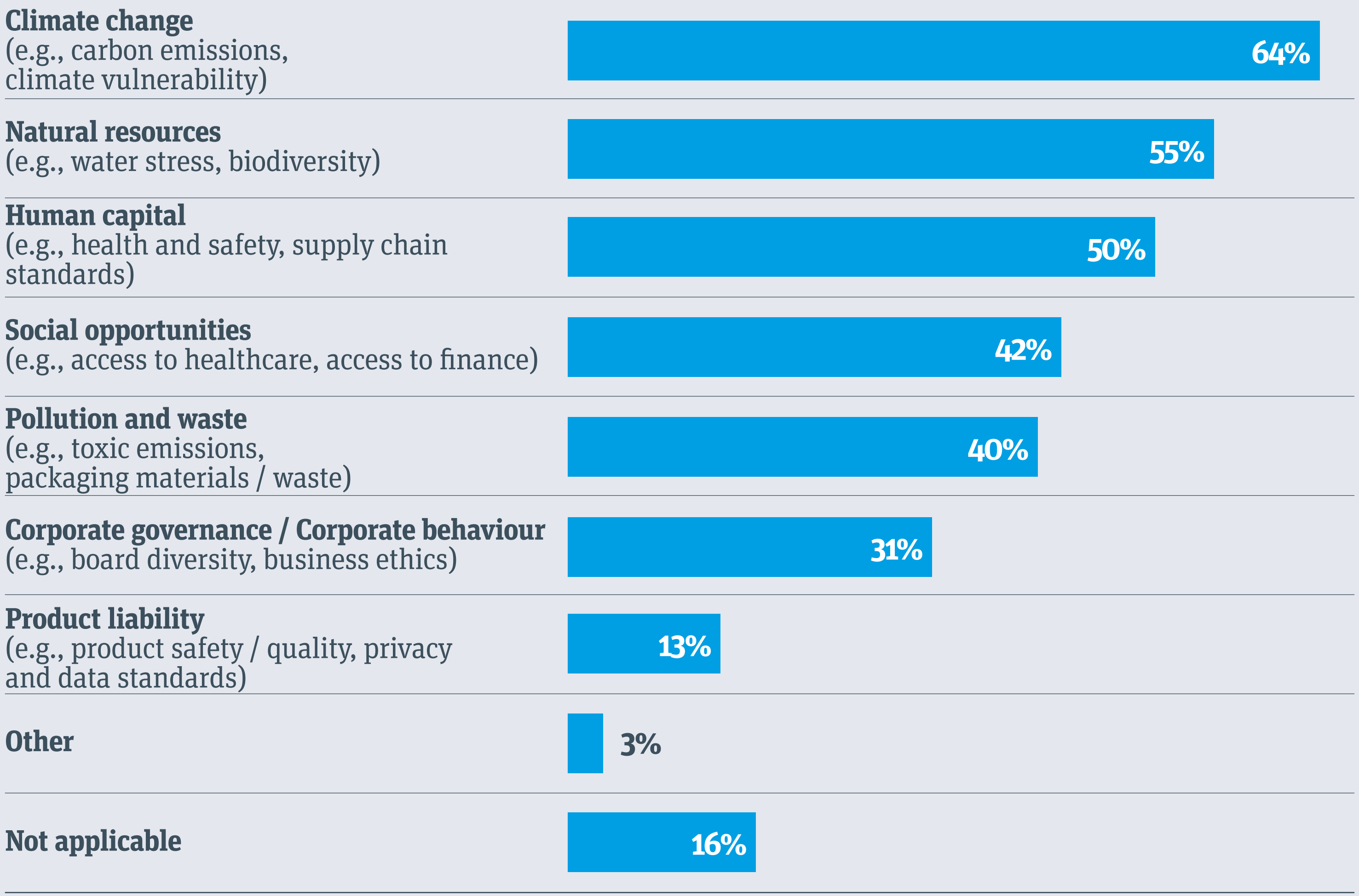
Climate change is now the top area of interest

The most popular area for Environmental, Social and Corporate Governance (ESG) or Impact Investing is climate change (with 64% of participants selecting it as one of their areas of interest). In 2020, climate change ranked fifth (influencing investment decisions made by 50% of FOs).

Recent Intergovernmental Panel on Climate Change (IPCC) reports have been described as a "code red" for humanity and underscored the urgency of deep cuts in greenhouse gases to stabilise rising temperatures. Globally, 79% of family offices now agree with the statement, "The wealth community needs to do more to combat climate change."*

* UN News, IPCC report: 'Code red' for human driven global heating, warns UN chief, 2021; Campden Wealth, *The North America Family Office Report*, 2021.

Figure 26: **ESG / Impact Investing areas of interest**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: The sum of the figures may exceed 100% because participants can select multiple options.

Chapter 3: Family offices' venture portfolios

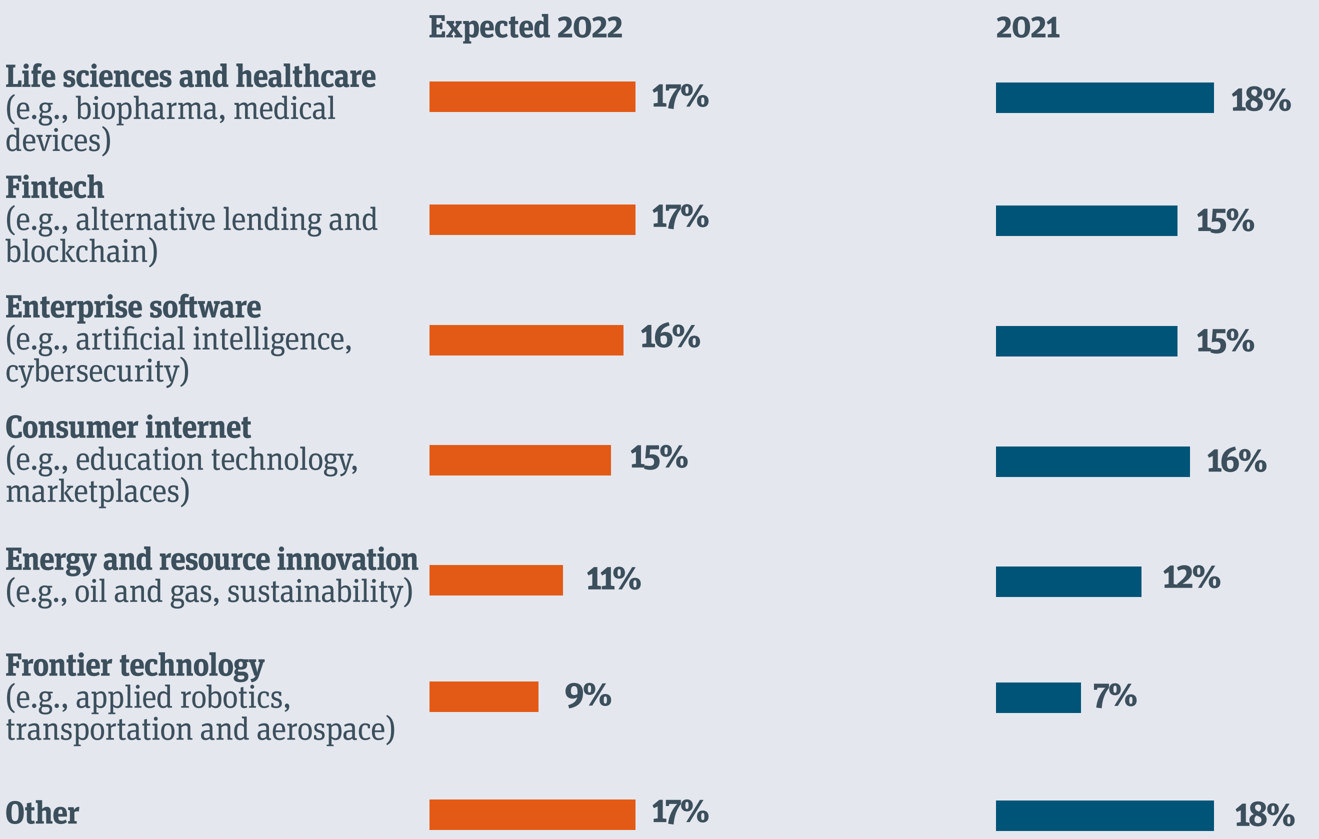
17%

Fintech

The average family office (FO) VC portfolio is well diversified across multiple sectors.

With fintech continuing to transform traditional finance, the FO allocation to the sector is expected to increase by 2pp to 17% in 2022, making it the top allocation alongside life sciences and healthcare.

Figure 27: **Venture capital portfolio sectoral asset allocation, expected 2022 versus 2021**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding.

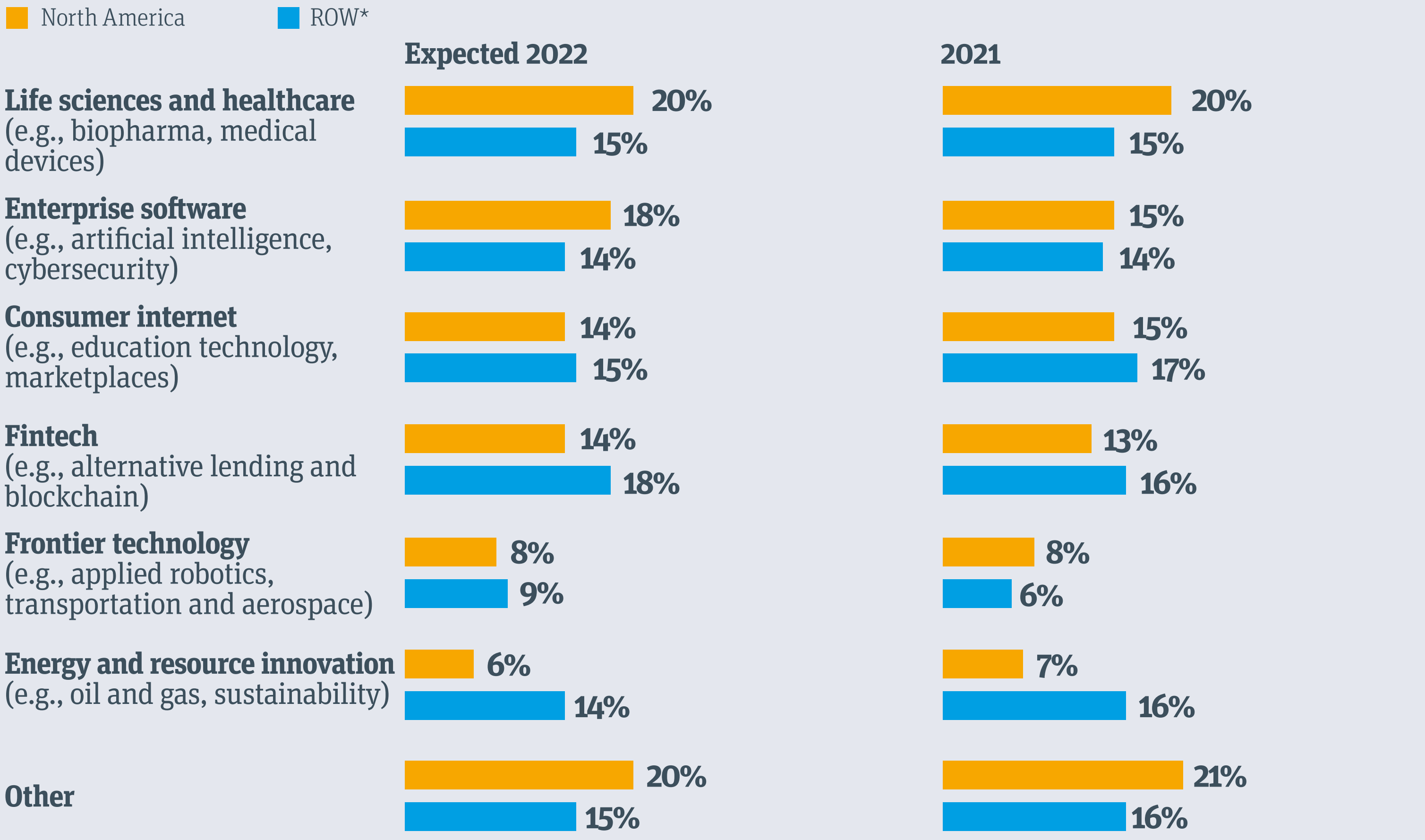
18%

Enterprise software, North America

For companies in every sector, the pandemic underscored the importance of digitization — e.g., increased focus on enterprise collaboration tools and cloud migration. In North America, family office investment in the enterprise software sector is expected to rise by 3pp in 2022.

In the rest of the world, frontier tech — innovations that are still in R&D or just starting to test the waters with early adopters — is growing (+3pp).

Figure 28: **Venture capital portfolio sectoral asset allocation, expected 2022 versus 2021, segmented by region**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding. *Rest of the world.

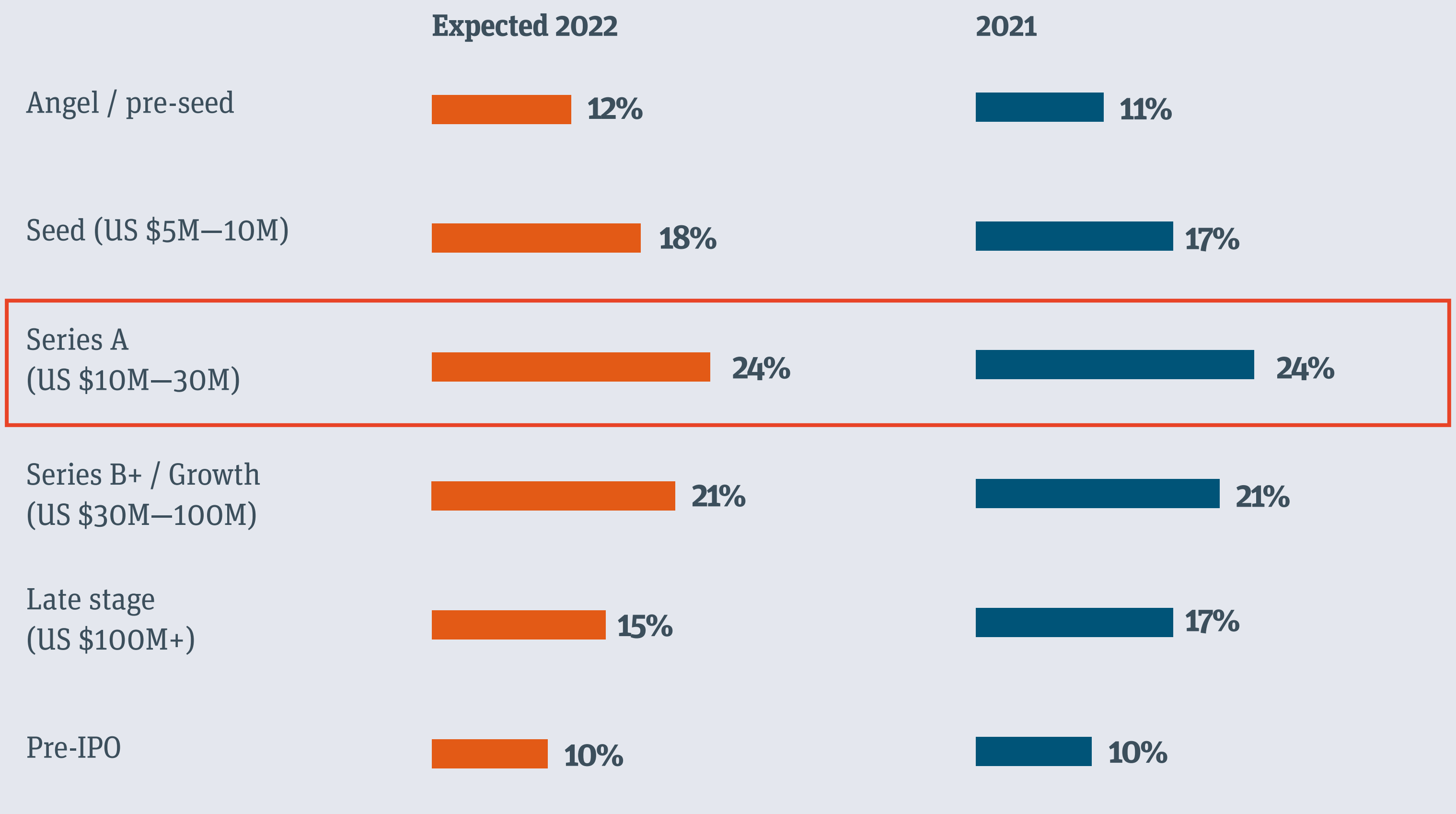
24%

Series A

Family offices (FOs) continue to allocate most to Series A fund and direct investments (24%), where they can capture early-stage value while also de-risking their investment (post product-market fit).

FOs expect to decrease late stage allocation (-2pp) and increase angel / pre-seed and seed stage allocations (+1pp each) in 2022.

Figure 29: **Venture capital portfolio asset allocation by stage, expected 2022 versus 2021**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding.

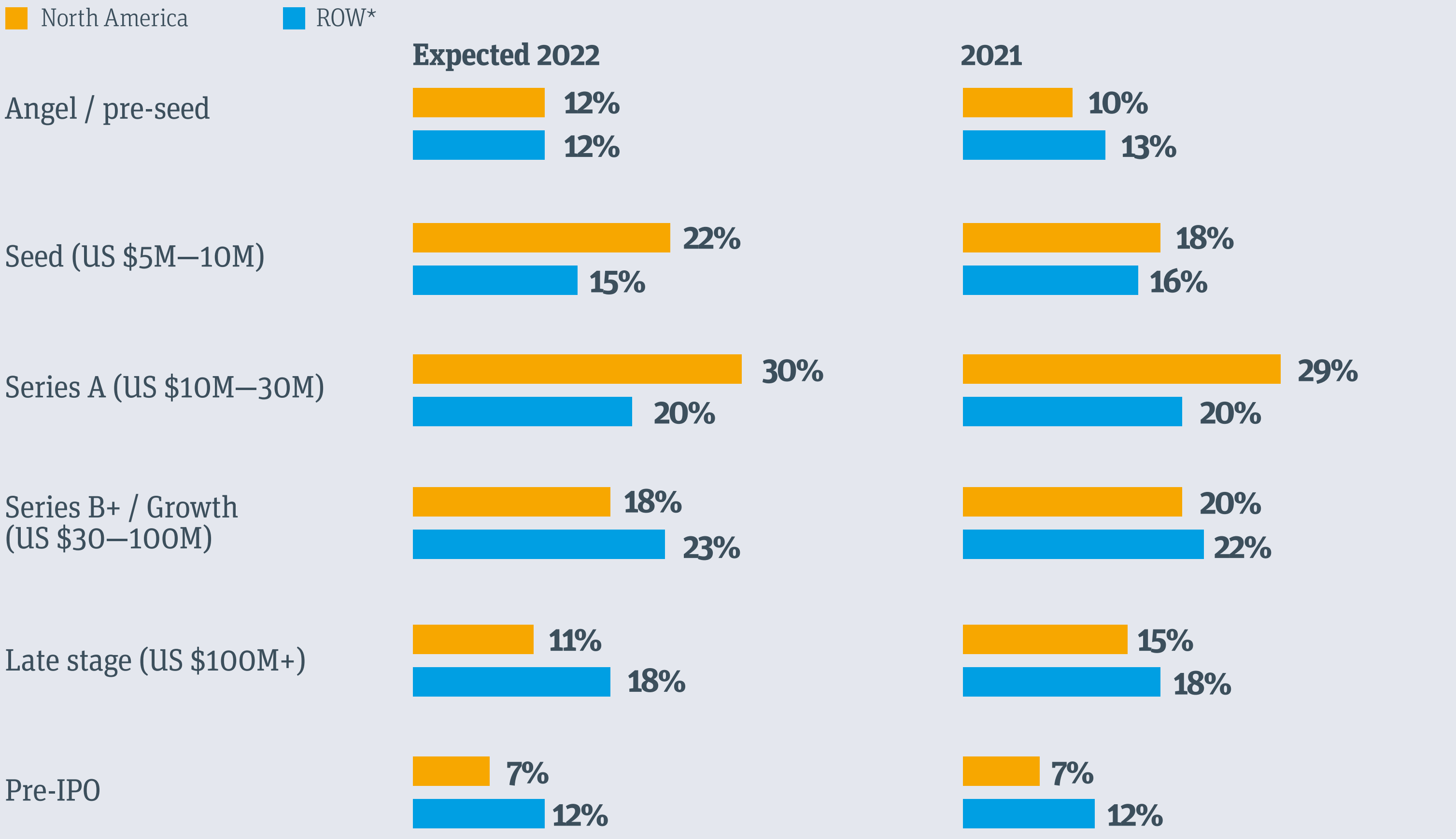
North American FOs moving to earlier funding stages

Series A deals are particularly popular in North America (30% versus 20% for the rest of the world).

Compared with last year, family offices (FOs) in North America expect to decrease allocations to late stage (-4pp) and series B+ (-2pp) deals and increase allocations to angel (+2pp), seed (+4pp), and series A (+1pp) stage deals in 2022.

Allocations across funding stages segmented by AUM shows essentially no change in 2022 versus 2021: smaller FOs (<$500M) allocate more to angel / pre-seed and seed stage deals than larger FOs (32% versus 22%).

Figure 30: **Venture capital portfolio asset allocation by stage, expected 2022 versus 2021, segmented by region**



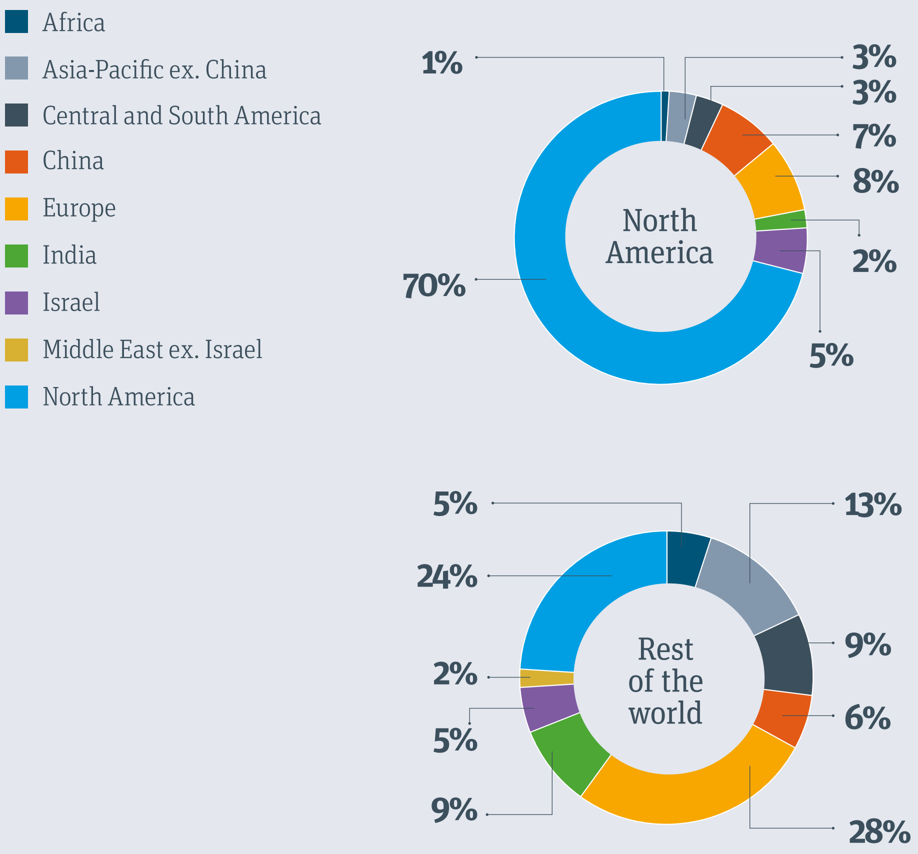
Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding. *Rest of the world.

30%
International

Family offices (FOs) in North America expect to maintain stable venture allocations across geographies in 2022, except a marginal increase in the allocation to Israel (+1pp to 5%) and corresponding decrease to Central and South America (-1pp to 3%).

FOs in the rest of the world expect to move allocations from Europe (-3pp to 28%) and North America (-2pp to 24%) towards Israel (+2pp to 5%), the Middle East excluding Israel (+1pp to 2%), China (+1pp to 6%), and Africa (+1pp to 5%).

Figure 31: **Venture capital portfolio geographic asset allocation, expected 2022, segmented by FO headquarters**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021. Note: Figures may not sum exactly to 100% due to rounding.

Appendix: Participant overview

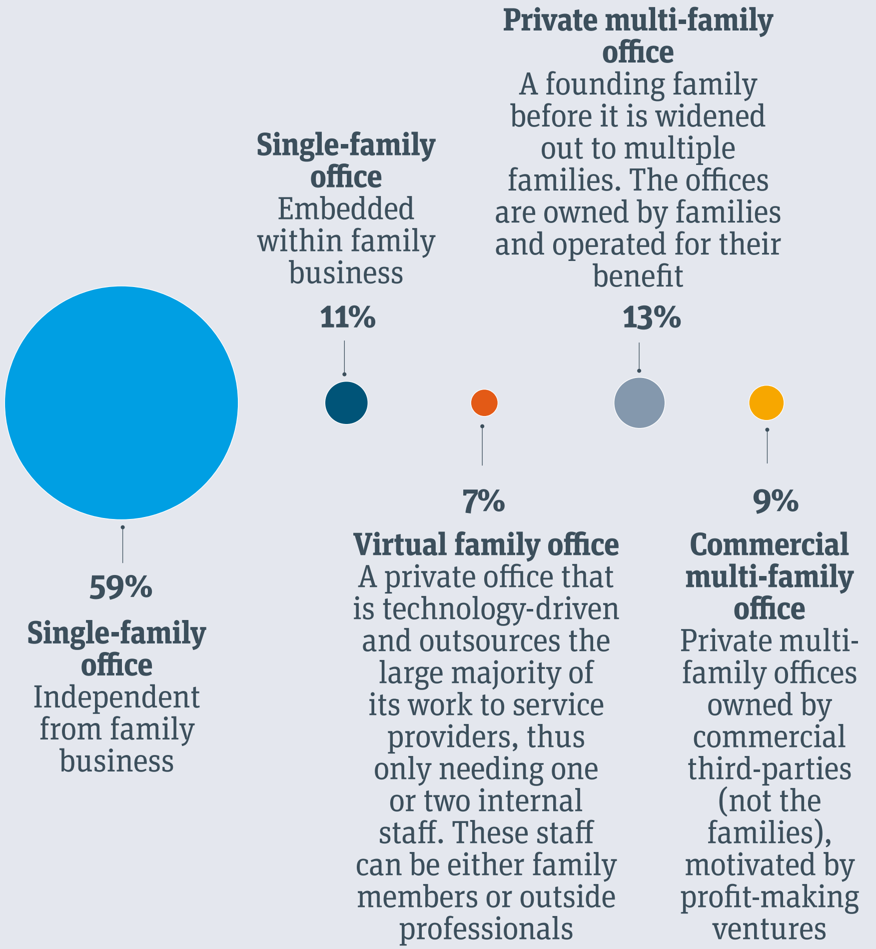
Overview of participants

Following the success of our inaugural report in 2020, 139 family offices (FOs) participated in the 2021–2022 study, an 18% increase.

Seventy-seven percent of participants represented a single-family office (SFO), which is either independent from the family business, embedded within the family business, or virtual.

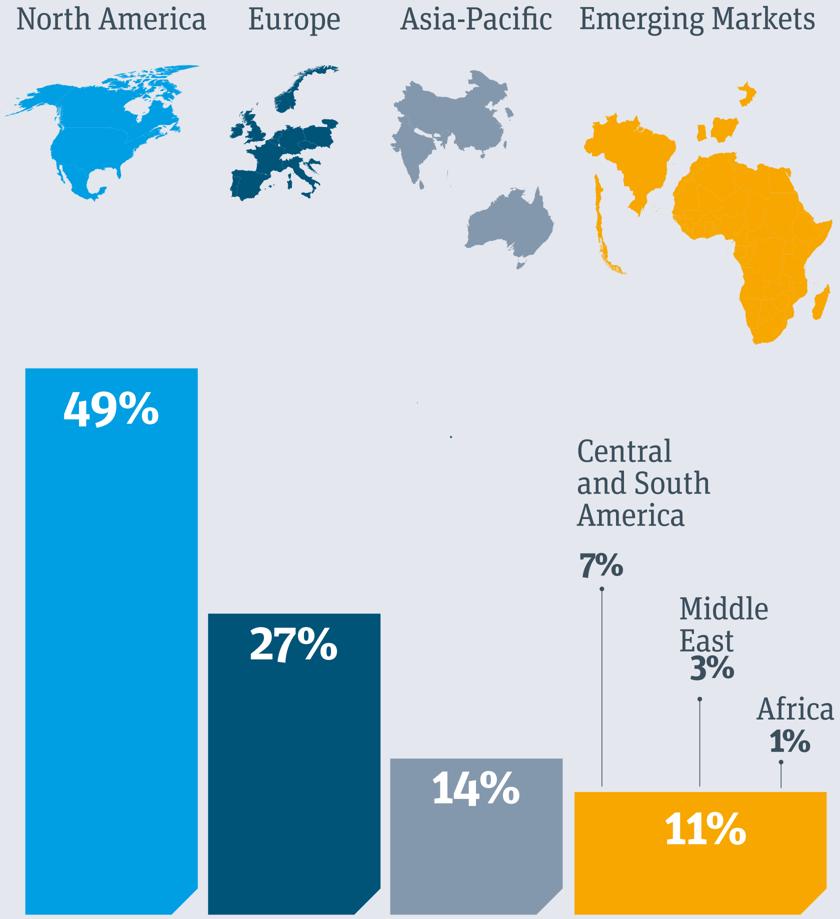
The family offices are headquartered across 30 countries, with 49% being in North America, 27% in Europe, and 25% in the rest of the world.

Figure 32: **Types of family office represented**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding.

Figure 33: **Family office headquarters by region**



Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.
Note: Figures may not sum exactly to 100% due to rounding. Not every participant provided answers to every question.

Appendix

Globally, the average SFO with experience in venture capital manages $989M in assets — or 75% of the average $1.3B in family net wealth (compared with $797M in AUM reported in our 2020 report). However, 66% of the SFOs manage up to $500M.

The considerable figures for Europe partly reflect the fact the wealthiest families in our sample (net wealth $7B+) are mainly European.

The average multi-family office manages $1.9B and serves 28 families — thus managing $68M for each family (compared with $76M reported last year).

Figure 34: **Family wealth and assets under management**

	Average family wealth ($M)	Average AUM ($M)	Average number of families served
Single-family offices (Global)	1,316	989	—
Europe	2,173	1,595	—
North America	1,181	912	—
Rest of World	745	549	—
Multi-family offices	—	1,934	28

Source: The Campden Wealth / SVB *Family Offices Investing in Venture Capital Survey* 2021.

About us

About Campden Wealth

Campden Wealth is a family-owned, global membership organisation providing education, research, and networking opportunities to families of significant wealth, supporting their critical decisions, helping to achieve enduring success for their enterprises, family offices and safeguarding their family legacy.

The Campden Club is a private, qualified, invitation only Members club. Representing 1,400 multi-generational business owning families, family offices and private investors across 39 countries. The Club delivers peer networking, bespoke connections, shared knowledge and best practices. Campden Club members also enjoy privileged access to generational education programmes held in collaboration with leading global universities.

Campden Research supplies market insight on key sector issues for its client community and their advisers and suppliers. Through in-depth studies and comprehensive methodologies, Campden Research provides unique proprietary data and analysis based on primary sources.

Campden Education delivers a virtual training platform empowering families with practical knowledge and the tools to make informed decisions. Drawing on deep expertise and real-world experiences, our programmes are designed to guide the whole family through all stages of ownership and growth.

Campden Wealth owns the Institute for Private Investors (IPI), the pre-eminent membership network for private investors in the United States founded in 1991. In 2015 Campden Wealth further enhanced its international reach with the establishment of Campden Family Connect PVT. Ltd., a joint venture with the Patni family in Mumbai.

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SVB Capital is the venture capital and credit investing arm of SVB. Uniquely positioned to access highly sought-after opportunities in startup companies and venture capital funds, SVB Capital invests in fund managers and private technology and life science companies throughout the innovation economy around the world. Managing $7.5 billion of assets, primarily on behalf of third-party limited partners, SVB Capital is one of SVB's core businesses along with Silicon Valley Bank, SVB Private and SVB Securities. Learn more at svb.com/svb-capital.

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