Q1 2025 Market Update

CAPLIGHT

Strong start to the year gives way to uncertainty

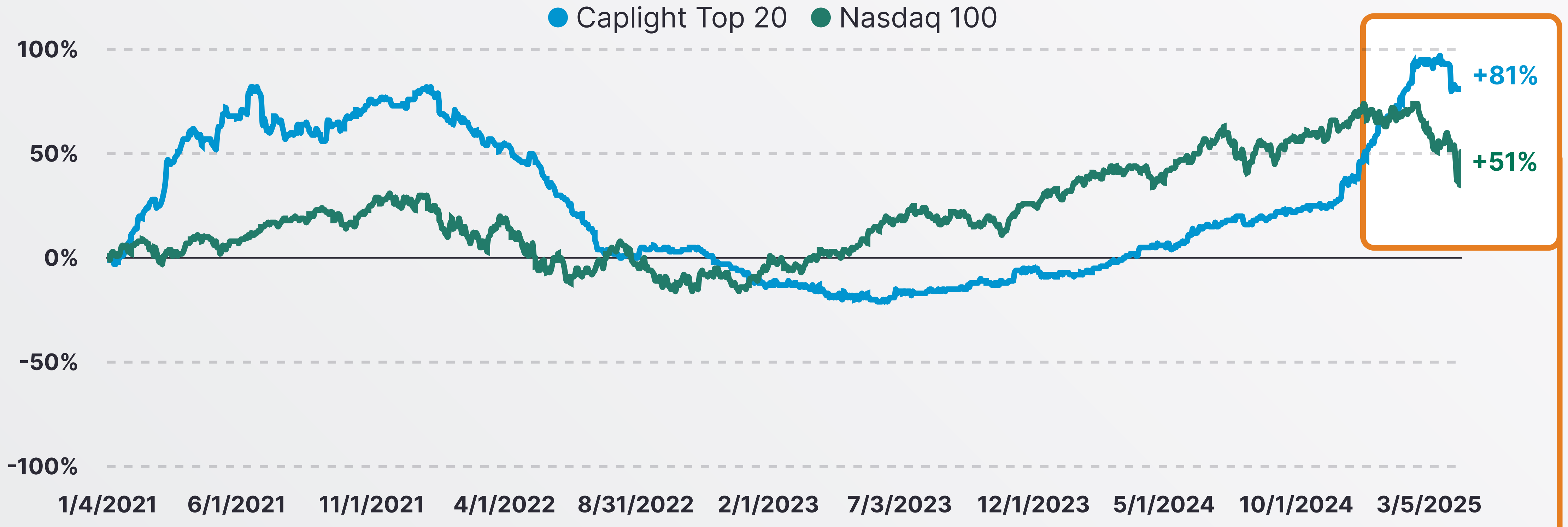
April 2025

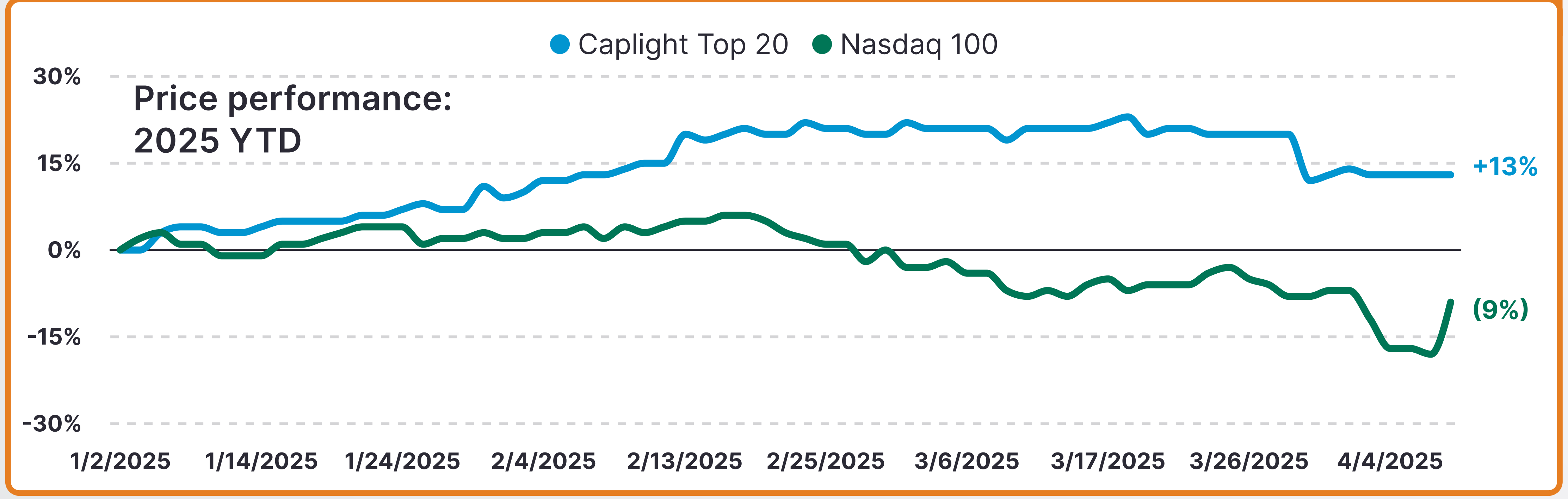
Pre-IPO valuations higher in Q1, but often follow Nasdaq during sustained corrections.

- The Caplight Top 20 has outperformed the Nasdaq 100 since 2021 and 2025YTD:
  - **Caplight Top 20:** +81% since 2021 | +13% YTD
  - **Nasdaq 100:** +51% since 2021 | (9%) YTD

- While insulated from temporary public market shocks, **pre-IPO valuations usually trail sustained public market moves by 3-6 months.**

Price performance: 2021 to present





Companies leading the pre-IPO market:
(est. valuation change last 12 months)

xAI	+1,006%	ANTHROPIC	+251%
ANDURIL	+143%	SPACEX	+105%
databricks	+89%	OpenAI	+86%

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. Past performance is not indicative of future returns. Data as of 4/9/25.

Snapshot: interest rates vs. pre-IPO valuations.

Rate hikes used to fight inflation hurt risk asset prices.

Historically, pre-IPO valuations are inversely correlated with interest rate movements.

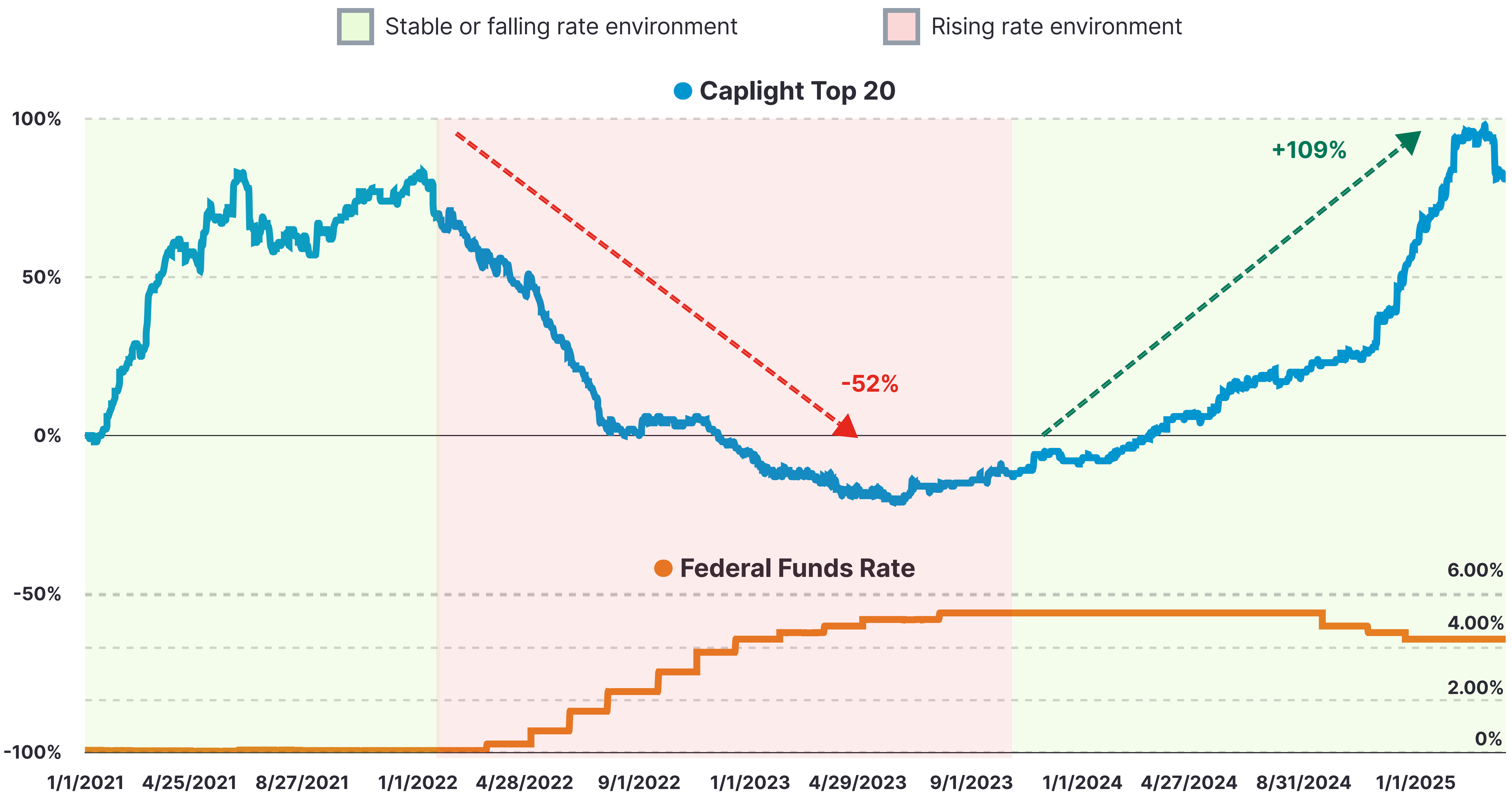
Rising rate environment:

- If inflation rises due to tariffs → the **Federal Reserve may increase rates**
- In the last rising rate environment (Q1 '22 - Q2 '23), pre-IPO valuations fell 52%.

Stable or falling rate environment:

- Rates have been stable to declining (Q3 '23 - Q1 '25), pre-IPO valuations are up 109%.

Pre-IPO valuations are typically inversely correlated with the Fed Funds Rate:



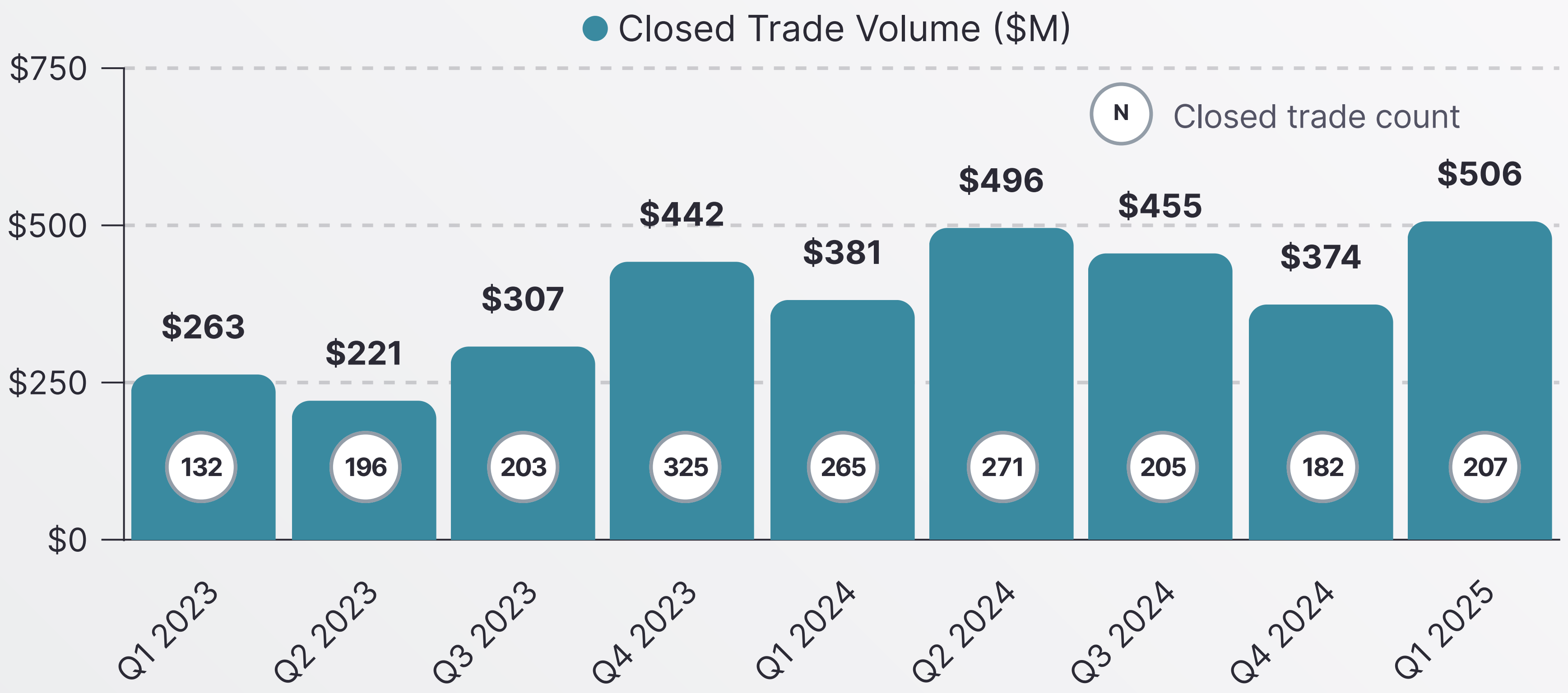
Note: Sourced from Caplight Data. MorningStar Pitchbook Unicorn Index. Business Wire News.

35% increase in trading volume quarter-over-quarter.

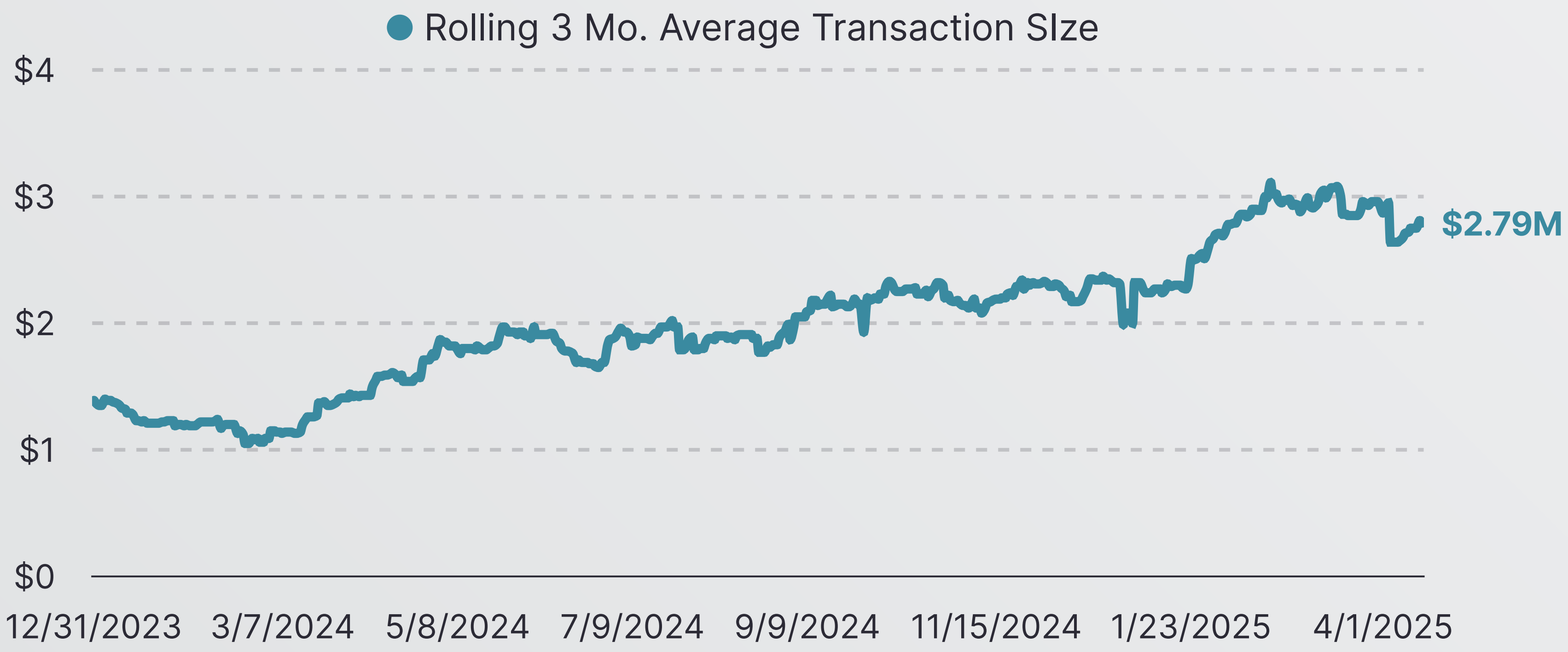
Key trends observed in Q1 2025

- **Closed transaction volume = ~$2B over the last 12 months** (more than 35% higher than the preceding period)
- **The average closed trade size is ~$3M in 2025** (more than double 2024)
- **Structured deals (SPV or Forward) account for the majority of closed transaction volume**

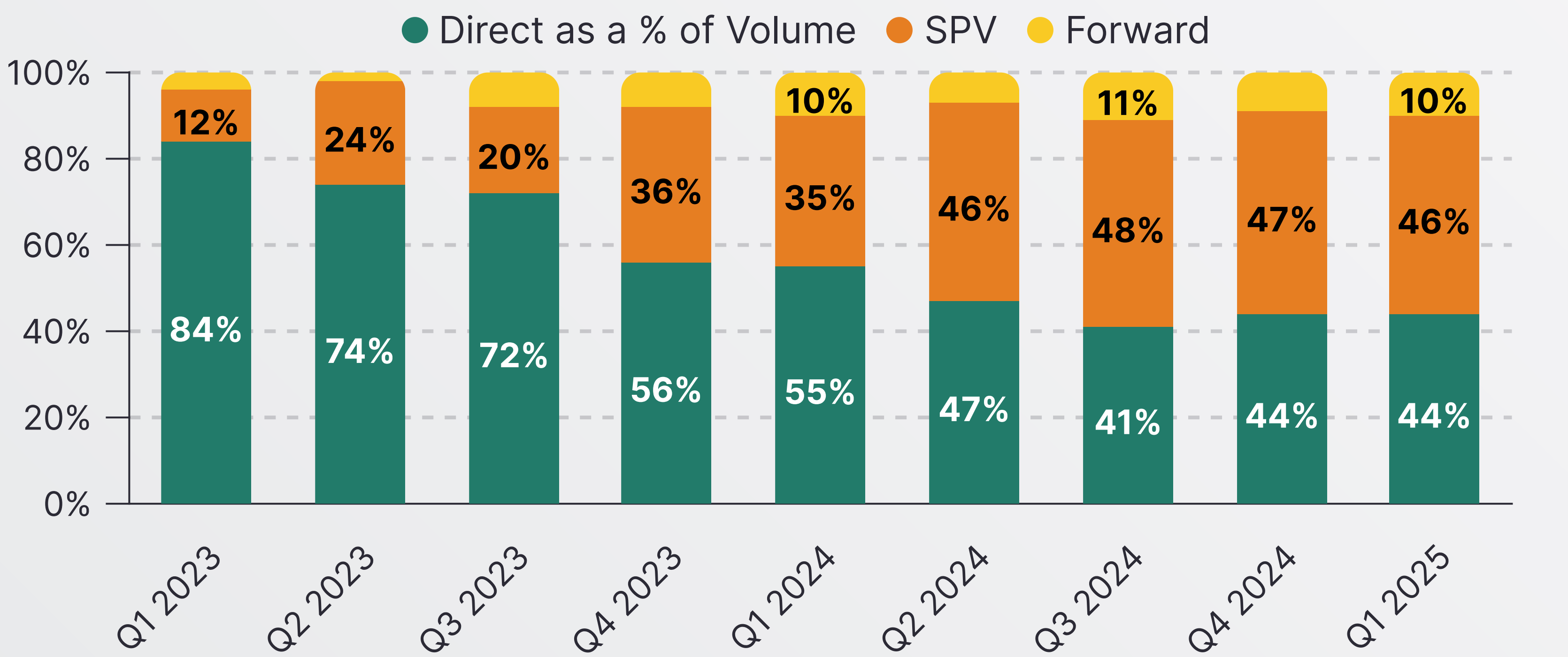
Nearly $500M traded in Q1 2025, up +35% over the prior quarter



Avg. closed transaction size continues to rise, up +41% over the prior quarter



SPVs have accounted for nearly 50% of volume each of the last four quarters



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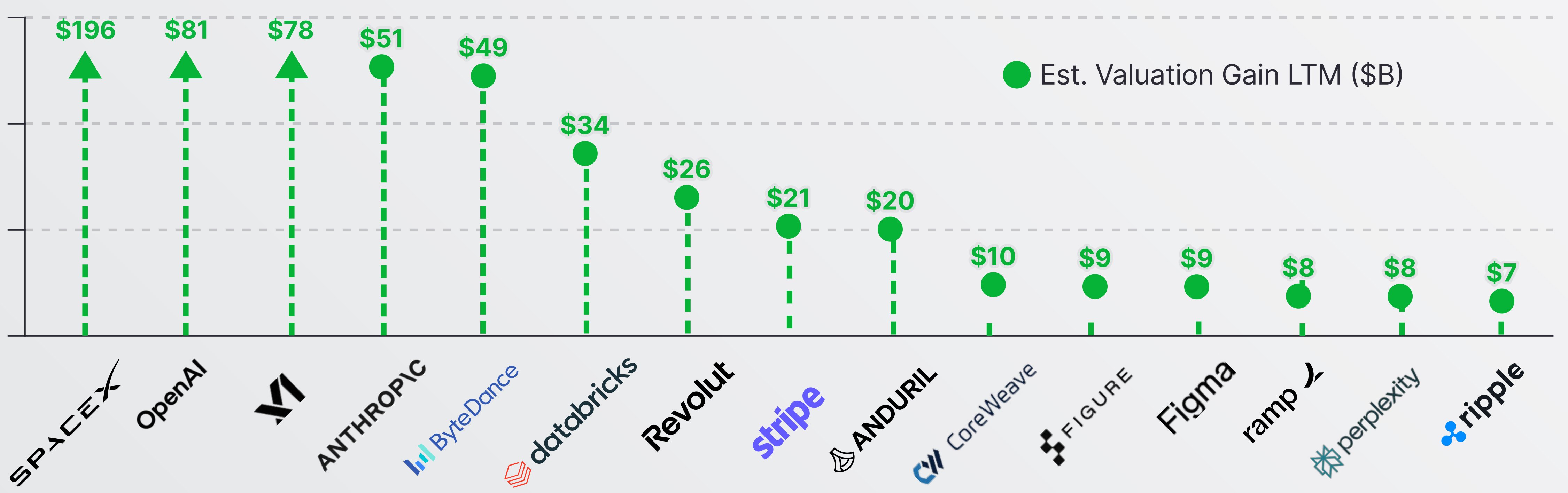
A concentrated group of companies leads the market higher.

Last 12 Months Recap

- **Secondary market trading** remained concentrated in three categories:
  - IPO candidates
  - Data / AI companies
  - Companies who have completed a primary or company-sponsored secondary
- **Secondary market valuation gains** were attributable to:
  - Expectations of a stronger macro environment
  - Expectations of the IPO window reopening

The top 15 traded companies have accounted for 66% of transaction volume LTM

The top performing companies added $600B of market cap over the last year



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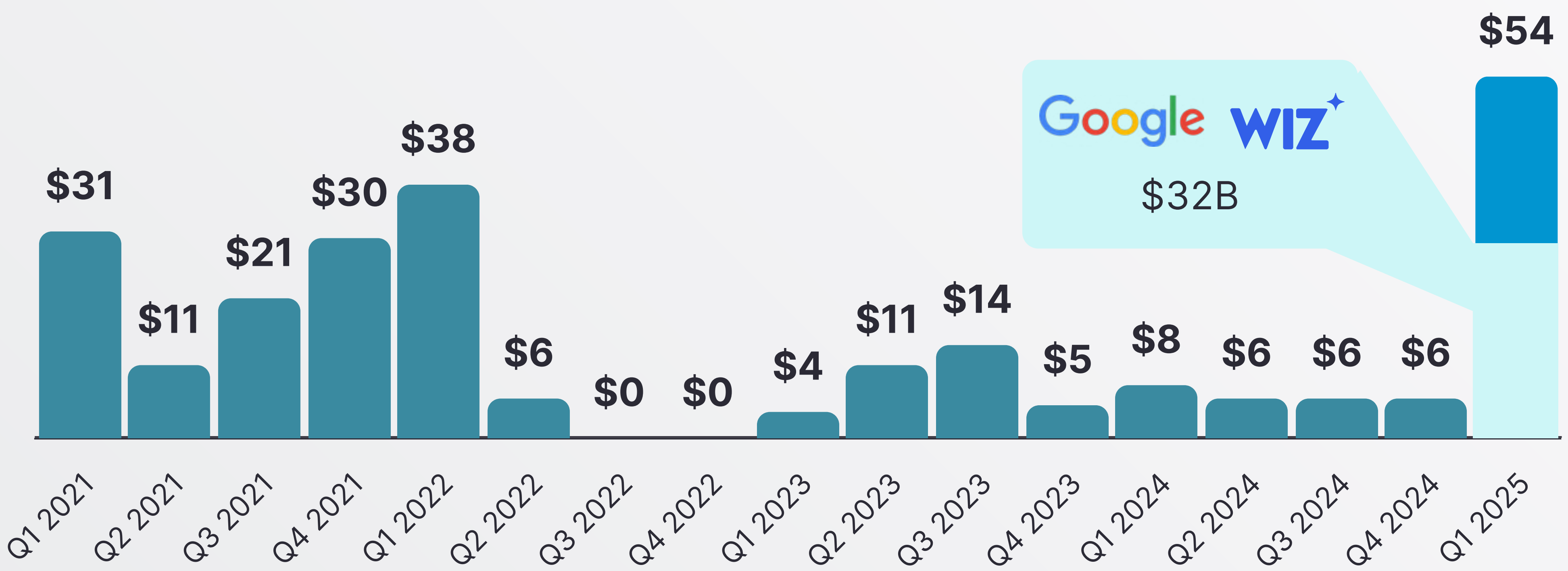
Large deals spark M&A resurgance as IPO window re-closes.

Key Observations:

- The IPO window appeared to be reopening in Q1, then shut due to public market volatility.
- For many Unicorns, **M&A has become the only exit path**.
- VC M&A deals hit a **record $54B in volume in Q1** after 11 quarters of muted activity.
- **One single deal accounted for 60% of deal volume.** Google's $32B acquisition of **Wiz**.
- **Crypto had an especially strong M&A quarter** with the acquisitions of NinjaTrader, Hidden Road, and Bridge.

Quarterly acquisition volume of VC-backed companies in $B



Biggest M&A deals for VC-backed companies in Q1

WIZ acquired by Google for $32B	servicenow acquires Moveworks for $2.8B	NEXT acquired by Munich Re for $2.6B
CoreWeave acquired Weights & Biases for $1.7B	kraken acquired NinjaTrader for $1.5B	ripple acquires Hidden Road for $1.25B

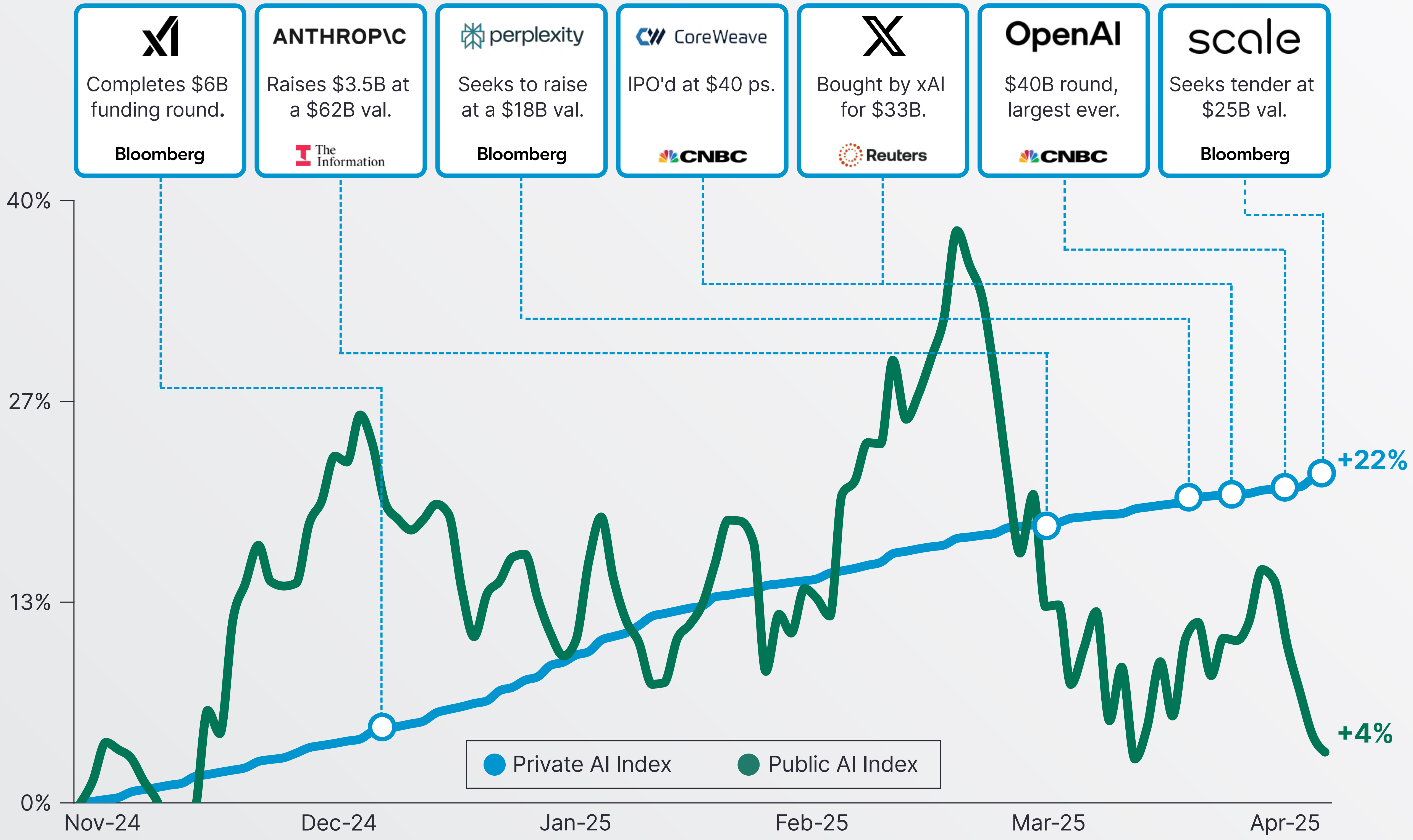
Note: Sourced from Caplight Data and CB Insights via Bloomberg

Private AI companies are outpacing public peers in 2025.

Key Observations:

- **Private AI outperformed public.** Caplight's equal-weighted Private AI Index is up ~21.7% since the presidential election vs. ~3.5% for an equal-weighted Public AI Index.
- **Private AI is more stable.** Private pure-play AI models have steadily appreciated, while public AI companies have been more reactive to short-term market conditions.
- **Record rounds and M&A activity for private AI.** These events fueled the rise of Caplight's private index.

Price performance of private AI vs. public AI since the election



Note: Sourced from Caplight Data & Yahoo Finance.
The Caplight Private AI Index is an equal-weighted index tracking the price performance of 13 different private AI companies.
The Public AI Index shown here is an equal-weighted index tracking NVDA, SMCI, TSM, PLTR, AI, MU, AMD, SNOW, IBM.

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