

Venture Capital AUM at Record High of \$2tn – Preqin Reports

14% of institutional investors plan to commit \$600mn or more over the next 12 months

Today [Preqin](#), the global leader in alternative assets data, tools, and insights, has published its [Q1 2022 Venture Capital Report](#). The report shows that venture capital assets under management (AUM) have experienced double digit annual growth in the 20-30%+ range over the past four years and now stand at a record high of \$2tn.

As the venture capital market matures, 14% of institutional investors are planning to commit \$600mn or more over the next 12 months, up from 10% during the same period last year and the only category that recorded more than 1% year-on-year growth. Confidence remains highest in the North American and European markets. There has been a noticeable uptick in the proportion of investors targeting these regions, increasing from 53% to 59%, and 52% to 60%, respectively.

Investor interest shifts and dry powder grows

Amid market uncertainties and high asset valuations, investor interest has shifted to seed, start-up, and early-stage focused funds for opportunities, with almost half (48%) of investors targeting to put capital in early-stage strategy in the next 12 months, compared to 40% in Q1 2021.

Venture capital dry powder has grown by \$43.1bn in Q1 2022 to \$478.5bn. Early-stage funds' dry powder increased by 24% during the first quarter of 2022—close to the annual growth of 30% between 2020 and 2021—now, early-stage funds make up around a third, or \$168.6bn, of total VC dry powder, making this the most significant specialised strategy in the VC world. Expansion/late-stage funds' dry powder level, however, fell by 6% between Q1 2022 and FY 2021.

Larger funds pull ahead

Venture capital fundraising continued at a strong pace in Q1 2022. \$54bn was raised by global venture capital funds in the quarter, an 11.1% rise on Q4 2021, but an 8.8% decline on the same period last year. The year-on-year decline is not a bad result given the strength of activity in late 2020 and going into 2021.

Despite a strong fundraising record, VC investors' concerns over asset valuations, competition for assets, and the Russia-Ukraine conflict remain relevant. In Q1 2022, just 202 funds were raised—the lowest number of funds raised since 2017—implying that investors are putting their trust and capital in larger and more experienced VC managers. Given the global average venture capital fund size in Q1 2022 jumped from \$126.9mn to \$267.3mn quarter-on-quarter, investors are clearly demonstrating a preference in larger funds.

This trend is especially obvious in North America and Europe, which saw a 190% and 48% increase in average fund size during Q1 2022. Globally, there has also been a drop in planned commitment below \$50mn, from 51% in Q1 2021 to 49% in Q1 2022.

Kebelyn Lee, Associate Vice President, Research Insights at Preqin, says: “In spite of the sell-off in some of the more speculative technology stocks in the public equity market so far this year, there does not appear to be any immediate impact on venture capital activity. Fundraising came in slightly lower year on year but is still at a strong level given a strong base of comparison from 2021. Deal volume in APAC has been notably strong compared to North America and Europe in the last few quarters.”

Key Q1 2022 Venture Capital Facts

- **Dry powder:** Venture capital dry powder has grown by \$43.1bn in Q1 2022—to \$478.5bn
- **Fundraising:** \$54bn was raised by global venture capital funds in Q1 2022, an 11.1% rise on Q4 2021, but an 8.8% decline on the same period last year
- **AUM:** Venture capital assets under management (AUM) have experienced double digit annual growth in the 20-30%+ range over the past four years and now stand at a record high of \$2 tn.

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