

Market Review

Private and venture investments in Russia 2016



The present research was conducted in accordance with the February 2017 edition of the Methodology for the Collection and Analysis of Key Performance Indicators of Russian Private Equity and Venture Capital Funds¹ (hereinafter - the Methodology)².

N.B. Due to a significant devaluation of the Russian currency against the US dollar in recent years, a number of changes have been introduced to methods of evaluation of funds' capitalisation: capitalisation denominated in roubles has been recalculated at a weighted average rouble exchange rate in the reporting period. The recalculation was performed for each reporting period covered by the research. These adjustments ensured a more adequate assessment of funds' capitalisation.

Furthermore, the research:

- in line with the Methodology, clarifies the attribution of funds to "Russian / foreign funds" and "corporate funds" categories and uses updated information for the evaluation of capital and other parameters for a number of funds that were active in the previous periods;
- does not consider (including in the statistics for previous years) the long-term closed-end private equity³ and venture investment funds whose investment activity is not confirmed with reliable information.

As a result, performance indicators in *Funds* and *Management companies* sections differ from the data in the previous sections.

¹ <http://www.rvca.ru/rus/resource/library/methodology-of-data-collection-and-analysis-of-the-main-parameters-of-russian-venture-funds/>

² The research also uses an adapted sectoral classification of Invest Europe

³ According to the data from the National Fund Managers League (<http://www.nlu.ru>), approximately 175 long-term closed-end private equity investments funds were active as of February 2017

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1. Preface

The Russian Private Equity and Venture Capital Market Review 2016 was prepared by the Russian Venture Capital Association (RVCA) with the support of Russian Venture Company (RVC) and Venture Innovation Fund.

The report uses the Methodology developed in 2014 and supplemented in 2015-2017. The application of the Methodology ensures the comparability of research results for the Russian venture capital and private equity market and allows all interested parties to speak a common language.

According to the Methodology, the report contains information on the performance of institutional investors (Russian and foreign funds and business-accelerators that invest and have their own (or partnership) funds, see Sections 2-5)

The following sources were used in the preparation of the report:

- interviews with experts and professionals of the Russian private equity and venture capital industry, conducted by email, phone and at face-to-face meetings;
- a database on the Russian venture capital market;
- information from questionnaires distributed to funds operating in Russia;
- open sources.

The market database was created by a group of experts from the United Analytical Group (UAG)¹, which was established at the initiative of the RVCA with the support of RVC.

It is important to emphasise that the participants of the UAG include development institutions and consultancies, as well as investment and management companies and funds.

The information on new fund raisings, investments and exits collected in the database is adjusted in line with the Methodology. The UAG participants adjust data to classify the information from the PE&VC market.

This approach allows to eliminate the ambiguity in estimation of the totals for the market (for example, the adjustments apply to the estimation of “boundary situations” related to the investment classification by stage, industry and geography) and ultimately provides the best possible relevance of the data.

The collected information was reworked into a detailed “portrait” of each fund based on key parameters:

- fund size;
- investments by industry, stage and region;
- realised exits.

¹ <http://www.rvca.ru/rus/news/2015/02/16/united-analytical-group/>, <http://www.kommersant.ru/doc/2623399>

2. Introduction

The research results for the Russian private equity and venture capital market in 2016 demonstrate that macro-economic and socio-political conditions remain the main factors influencing market dynamics.

A number of key market indicators, such as the number and volume of new funds and the volume of investments made, declined in the last years after the 2012-2013 highs.

However, it should be noted that this trend is not dramatic. Investments in mature companies declined the most, while the venture capital segment performed relatively well.

Out of 17 funds included in the 2016 statistics for the first time (65% of the 2015 total) only four were private equity funds¹ (including two funds with state participation).

Half of the funds included in the statistics for the first time focused on the information and communication technologies (ICT) sector, the other half had primarily mixed sector preferences.

In 2016, venture investment activities were relatively high: 210 deals² (an insignificant increase of 11% compared to 2015). However, it should be noted that, despite an increase in number of deals, the total volume of venture capital investments fell to \$128 million (a decrease of 85% compared to 2015). Private funds represented the majority of deals (73%) and deal volume (79%) of venture investments.

The research results reveal persisting sectoral and regional imbalances in the allocation of venture capital investments.

Venture capitalists are traditionally interested in the ICT sector: about 75% of investment volume and 71% of the number of deals. Apart from the ICT sector, funds with state capital contributed the largest share of financing: 53% of investments volume and 63% of the number of deals.

Companies in the Central Federal District received the highest volume and the largest number of venture capital investments, 83% and 64% respectively.

The number of exits³ of venture investors was high, 24% more than in 2015 (34 in 2015 compared to 42 in 2016). Half of the exits were from the ICT companies.

¹ The information on the creation of 35 closed-ended long-term private equity funds for qualified investors (http://www.nlu.ru/pifs-search.htm?keyword=&fondid=all&type=%C7&categ=%CF&uk=all&qual=1&nonqual=1&schafrom=&schato=&period_start=&period_end=&mode=search&orderby=fond_name&orderset=asc&pageNo=0) that possesses was not included into the statistics, as the access to information about these funds' activities is limited due to regulatory.

² RVCA has the information about 33 investments with unconfirmed volume, 75% of which invested in the ICT sector.

³ "Number of exits" means the number of companies from which funds exited.

The higher number of exits was largely a result of a backlog in the previous years. Funds with state participation comprised 71% of exits in 2016 (44% in 2015). This fact reflects the state's role as a catalyst for the "mass" venture capital investments in 2006-2010, which were carried out by venture capital funds established with the support of the Ministry of Economic Development jointly with RVC.

Taken as a whole, statistics shows that the Russian private equity and venture capital market adapts to challenging economic conditions. This gives us hope that the market's key performance indicators in 2017 will be close to the values achieved in 2016.

3. Private equity and venture capital funds

As of end of 2016 the number of active private equity and venture capital funds included in the statistics amounted to 253¹ (75 private equity funds and 178 venture capital funds).

These were not only the funds in active investment stage but also those in the post-investment phase and focused on the management of their own portfolio. In this regard, it should be noted that, in 2013-2016, the investment dynamics was directly affected by a decrease in the share of private equity and venture capital funds active in that period. In 2016 it reached 28% compared to 40% in 2013.

Out of 17 new funds established in 2016 and included in the statistics only 13 were venture capital funds, or 76% (compared to 92% in 2015).

While the performance of the venture capital segment inspires cautious optimism, the status of the private equity funds investing in mature companies is not so positive. Interestingly, two out of four private equity funds included in the statistics were formed partially with state capital.

The causes of lower activity in the private equity segment are quite objective. Specifically, the emergence of new funds is overwhelmingly dependent on capital availability for new fund raisings. At the same time, restrained consumption negatively affects investment behaviour. This ultimately leads to a decrease in the variety of attractive investments in those sectors that were previously in high demand among investors (first of all, they are consumer and financial services sectors).

With regard to the new venture capital funds established in 2016, it should be noted that only one fund with state capital² came to the market, whereas in the previous years the share of these funds was relatively stable, varying in the range of 29% to 31%.

A pause in the formation of new funds with the participation of state capital is understandable on the background of heavy trading by the state in 2014-2015 (primarily as a result of the RVS's efforts). However, we have a reason to believe that the state will continue to create new venture capital funds in 2017³.

The analysis of sectoral preferences by venture funds shows that it would be premature to predict any significant change in the overall market structure. More than half (54%) of the venture capital funds operating in Russia invest only in the ICT sector (including two-thirds of

¹ The statistics does not include funds with targeted investments in property and property development projects (see *Methodology* section).

² The current and previous reviews do not include information on investments by the Investment and Venture Capital Fund of the Republic of Tatarstan.

³ <http://www.rvc.ru/press-service/news/company/96723/>

new venture capital funds), while 13% focus on technologies for the real economy. These figures have a strong correlation with the data on investment activity of funds (see *Investments* section).

In 2016, Russian funds continued to look for opportunities in foreign markets. It is noticeable not only with the launches of second and consecutive funds, but also start-up stage funds. We estimate that the share of Russian assets in the portfolio of these funds will be relatively low. For instance, Inventure Partners⁴ and Flint Capital⁵ announced this strategy in 2016. Sistema Asia Fund, established in the end of 2015 level⁶, also targets foreign markets (however, for a broader picture, it should be noted that in 2016 Sistema Venture Capital fund focused on Russia and the CIS, entered the market⁷). Earlier examples include Life.SREDA⁸ (the fund plans to adapt foreign projects in mature stages for Russia⁹), Vestor.In Partners¹⁰, Runa Capital¹¹, Buran VC¹², Target Global¹³ (Target Ventures before rebranding), Kinetic¹⁴, Caspian VC Partners¹⁵ (the fund plans to transfer technology to Russia).

A relatively low capacity of the Russian market and the uncertainty of exit prospects as the number of potential buyers of domestic VC-backed companies is insignificant determine the shift in the funds' geographic focus. In addition, there is a lack of interest in buying start-ups from Russian corporate entities. Russia's changing foreign policy contributes to the uncertainty: foreign buyers often estimate the risks associated with investment in Russian start-ups as excessively high.

No significant changes occurred in the corporate venture funds segment. At the same time, in the last few years, the share of corporate funds of all venture funds by the number of deals and their volume slowly decreased (from 13% in 2012 to 9% in 2016 and from 13% in 2012 to 11% in 2016 respectively). It was due not only to the dissolution of a number of corporate funds, but also the transfer of some of the funds to the "independent" category.

However, it is encouraging that the share of corporate venture funds with mixed sectoral preferences and those that invest only in the real sector, has grown by 20% since 2012.

A further development of exit infrastructure can improve the situation. This includes the development of stock exchanges, the creation of funds to invest in mature companies, and the introduction of measures to increase the number of strategic investors.

It must be said that Russian companies remain attractive for foreign investors. In 2016, NUMA Moscow international hub was launched in Russia. The hub implements acceleration

⁴ <http://www.vedomosti.ru/technology/articles/2016/07/20/649868-inventure-partners-zapuskaet-vtoroi-venchurnii-fond-150-mln>

⁵ <http://firrma.ru/data/news/8259/>

⁶ <http://www.kommersant.ru/doc/3047587>

⁷ <http://www.sistema.ru/our-investments/sistema-venture-capital/>

⁸ <https://roem.ru/21-03-2015/189142/ishod-life-sreda/>

⁹ <http://www.kommersant.ru/doc/2589747>

¹⁰ <http://www.vedomosti.ru/finance/characters/2015/08/18/605303-rinku-nuzhna-novaya-krov>

¹¹ <https://lenta.ru/news/2014/07/03/runa2/>

¹² <http://www.vedomosti.ru/technology/articles/2015/10/08/611930-buran-vtoroi-fond>

¹³ <http://www.forbes.ru/milliardery/321927-nesyrevye-ambitsii-pochemu-syn-prezidenta-evraza-predpochel-metallam-venchurnye-i>

¹⁴ <http://www.forbes.ru/finansy/investitsii/330905-transport-venchur-na-kolesakh>

¹⁵ <https://vc.ru/n/caspian-vc-partners>

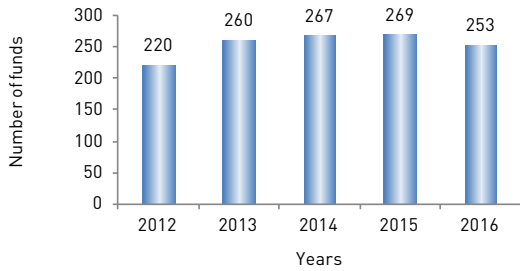
programmes by investing money from its own seed fund for local start-ups. A number of companies have already received first investments¹⁶.

¹⁶ <http://firrma.ru/data/news/8964/>

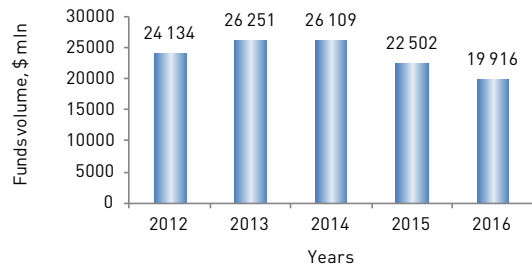
3.1. Funds: total statistics

Total statistics

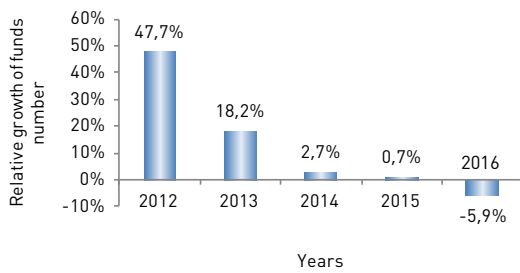
Cumulative number of active VC- & PE-funds



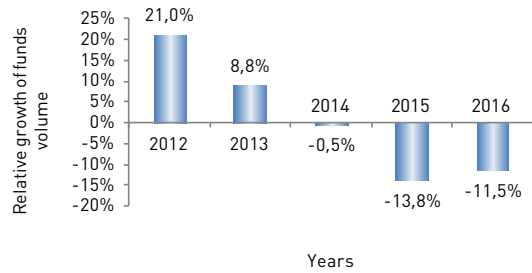
Cumulative capital of active VC- & PE-funds



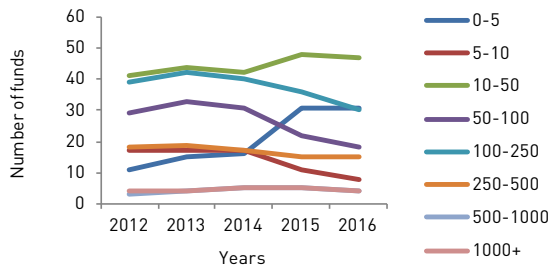
Relative gain of cumulative number of active VC- & PE-funds



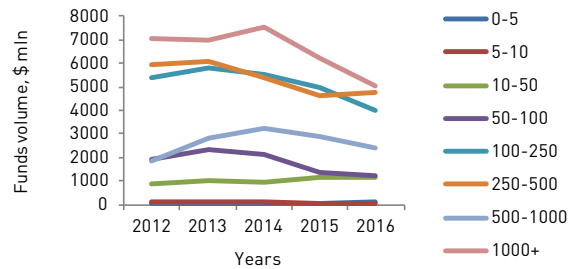
Relative gain of cumulative volume of active VC- & PE-funds



Distribution of cumulative number of active VC- & PE-funds by funds` capital volumes

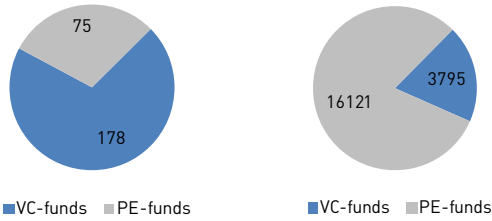


Distribution of cumulative capital of active VC- & PE-funds by funds` capital volumes

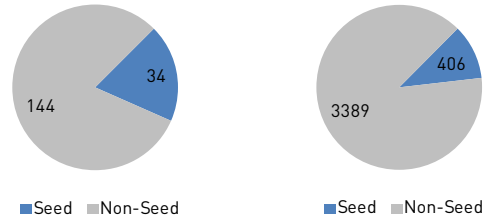


By focus on stages of development of the recipient companies, the investor's type (Absolute indices)

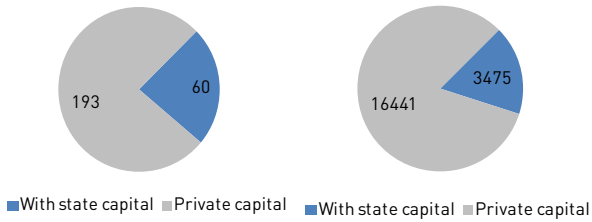
Number and capital of active VC- & PE-funds



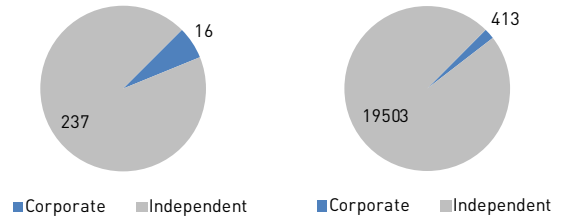
Number and capital of seed & non-seed VC-funds



Number and capital of VC- & PE-funds with participation of the state capital & private capital funds

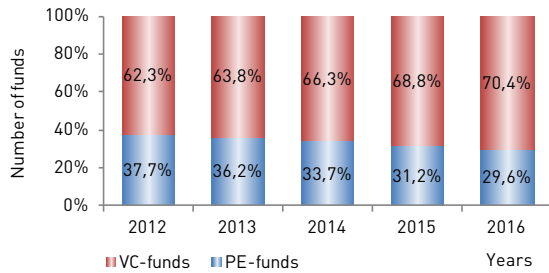


Number and capital of corporate VC- & PE-funds & independent funds

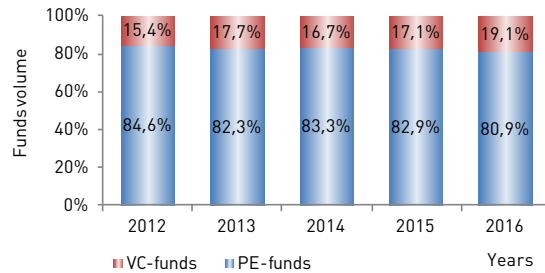


By focus on stages of development of the recipient companies, the investor's type (Relative indices)

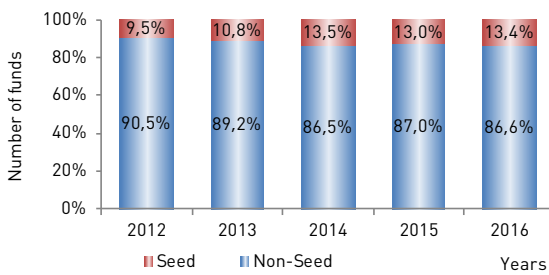
Relative share of number of active VC- & PE-funds



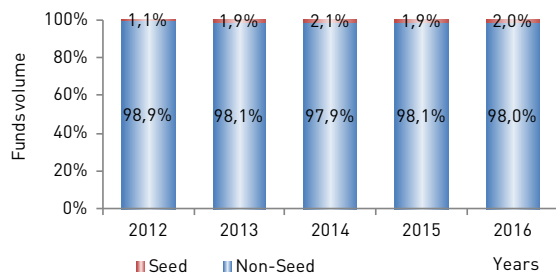
Relative share of capital volume of active VC- & PE-funds



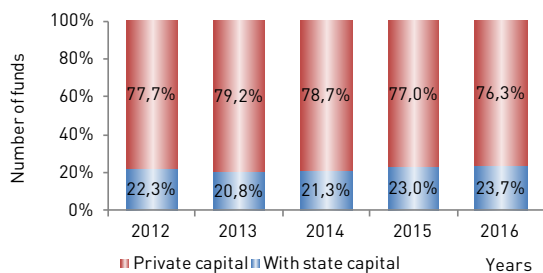
Relative share of number of seed & non-seed VC-funds



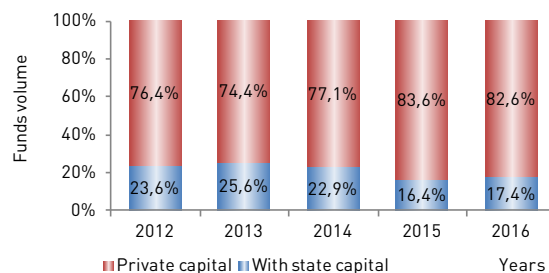
Relative share of capital volume of seed & non-seed VC-funds



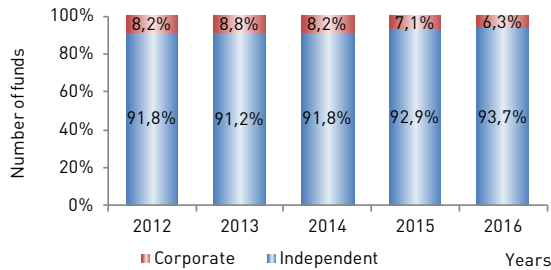
Relative share of number of VC- & PE-funds with participation of the state capital & private capital funds



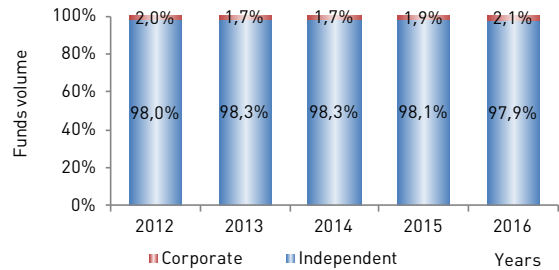
Relative share of capital volume of VC- & PE-funds with participation of the state capital & private capital funds



Relative share of number
of corporate VC- & PE-funds
& independent funds



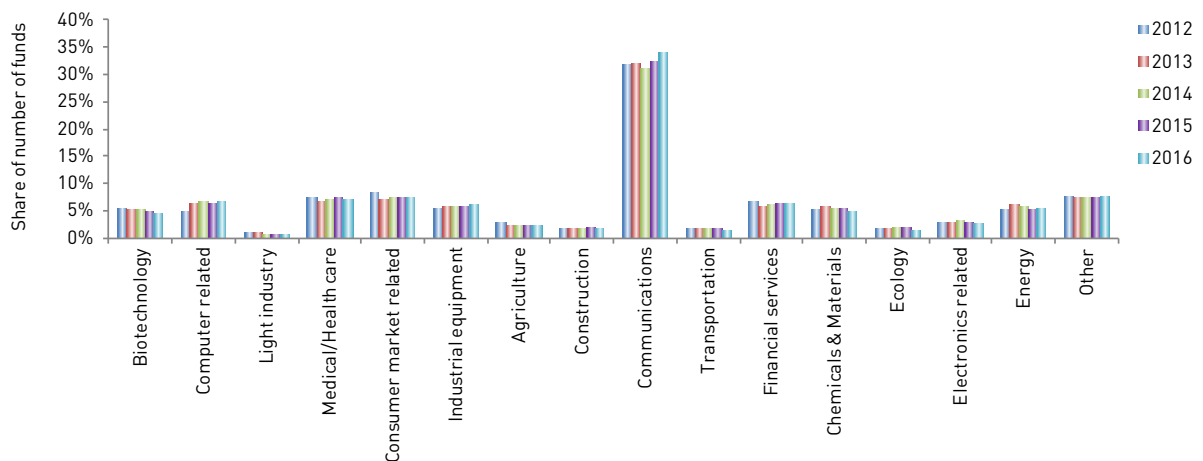
Relative share of capital volume
of corporate VC- & PE-funds
& independent funds



3.1.1. Funds by branch preferences

Total statistics

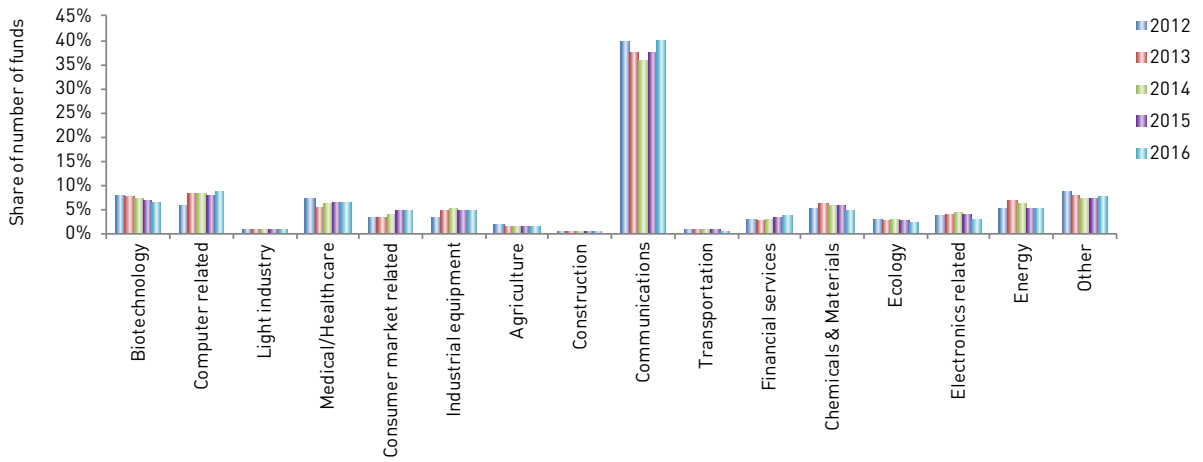
Industry branch preferences of active VC- & PE-funds *



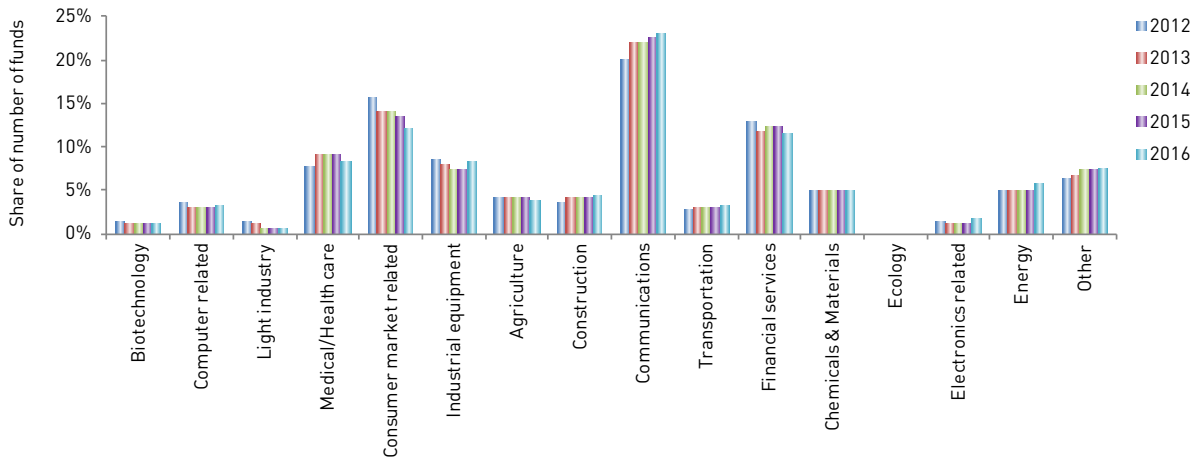
* The ordinate axis represents the number of funds with the relevant sectoral preferences (as a percentage of the total number of identified sectoral preferences ("voices") of the Funds in the year). Each fund could "vote" for a several sectors, in accordance with their preferences.

By focus on stages of development of the recipient companies

Industry branch preferences of active VC-funds*



Industry branch preferences of active PE-funds*

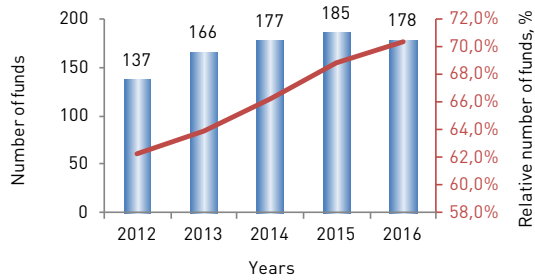


* The ordinate axis represents the number of funds with the relevant sectoral preferences (as a percentage of the total number of identified sectoral preferences ("voices") of the Funds in the year). Each fund could "vote" for a several sectors, in accordance with their preferences.

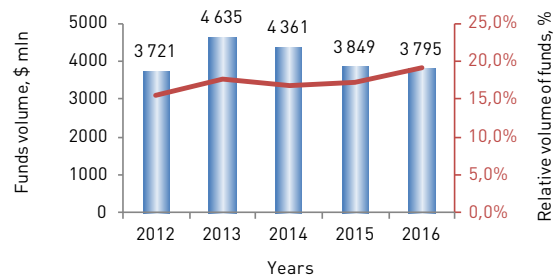
3.1.2. Funds by focus on development stage of the recipient companies

Total statistics (Absolute indices)

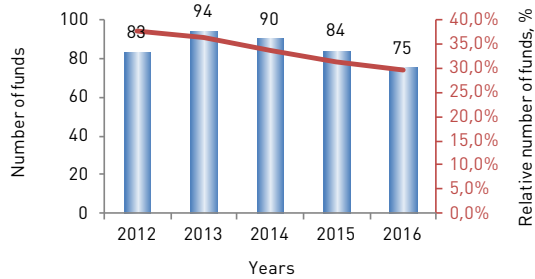
Cumulative number
of active VC-funds*



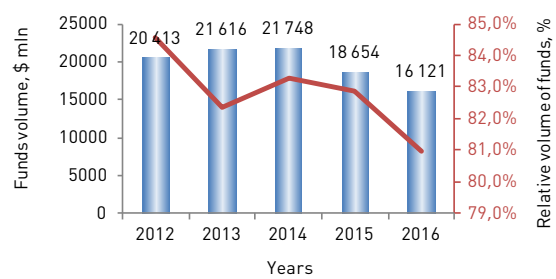
Cumulative capital
of active VC-funds**



Cumulative number
of active PE-funds*



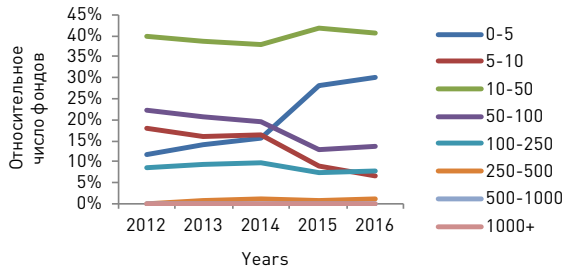
Cumulative capital
of active PE-funds**



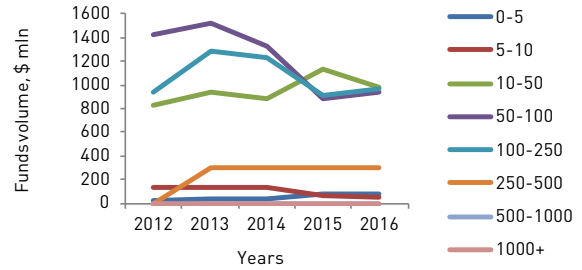
* The relative number of funds – towards to cumulative number of active VC- & PE-funds

** The relative capital volume of funds – towards to cumulative capital volume of active VC- & PE-funds

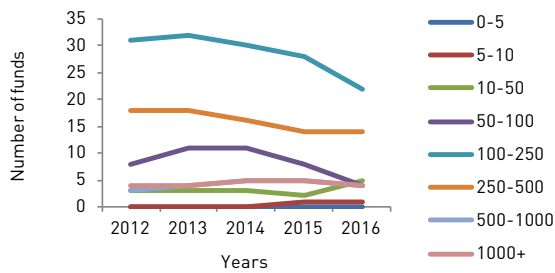
Distribution of cumulative number of active VC-funds by funds` capital volumes



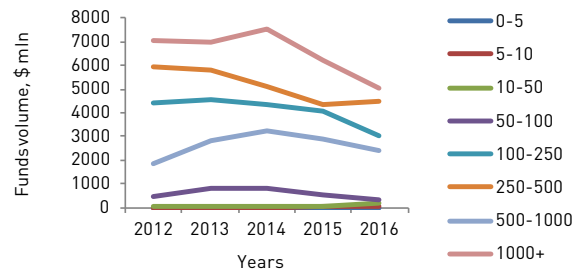
Distribution of cumulative capital of active VC-funds by funds` capital volumes



Distribution of cumulative number of active PE-funds by funds` capital volumes

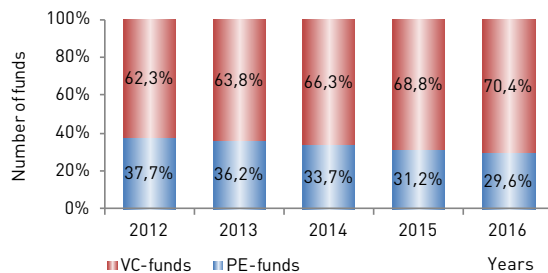


Distribution of cumulative capital of active PE-funds by funds` capital volumes

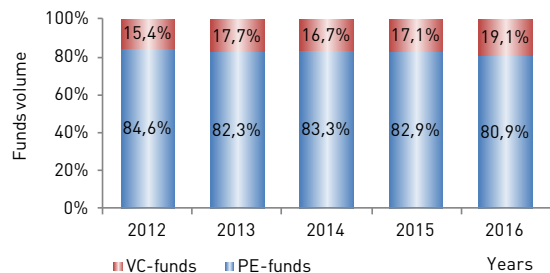


Total statistics
(Relative indices)

Relative share of number of active VC- & PE-funds



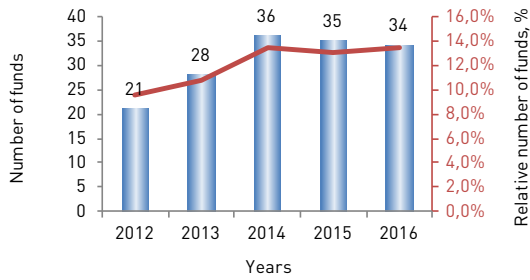
Relative share of capital volume of active VC- & PE-funds



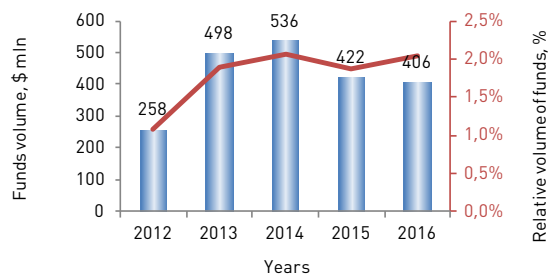
3.1.2.1. Seed investment funds

Total statistics

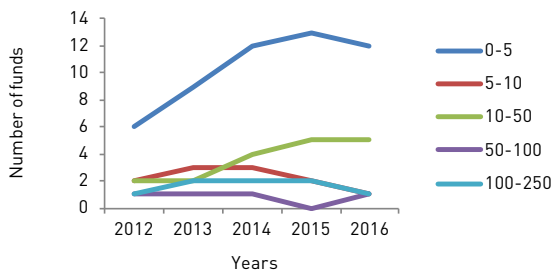
Cumulative number of active seed funds*



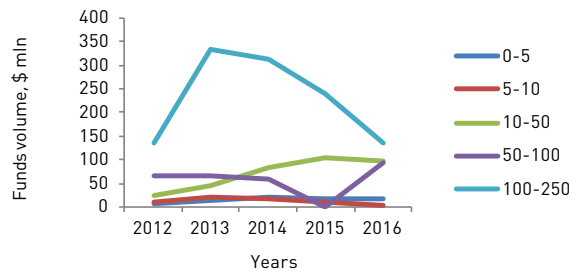
Cumulative capital of active seed funds**



Distribution of cumulative number of active seed funds by funds` capital volumes



Distribution of cumulative capital of active seed funds by funds` capital volumes

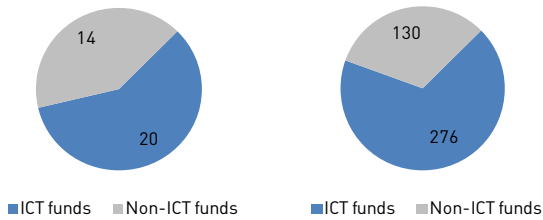


* The relative number of funds – towards to cumulative number of active VC -funds

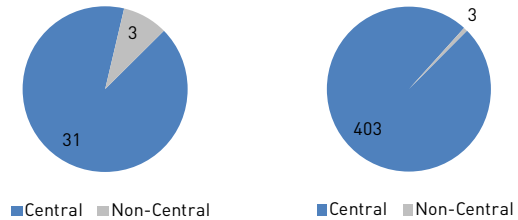
** The relative capital volume of funds – towards to cumulative capital volume of active VC -funds.

*By industry branches, regions, types of investors
(Absolute indices)*

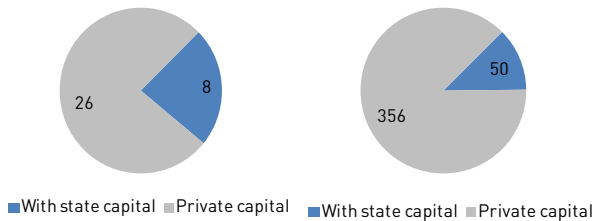
Number and capital of funds focused only on ICT sector of cumulative number and capital of active seed funds*



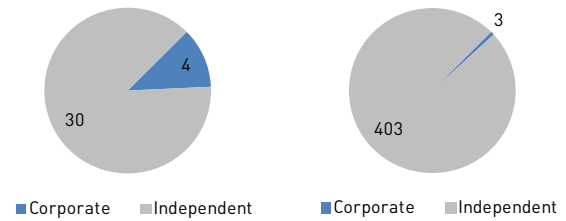
Number and capital of out of Central FD funds of cumulative number and capital of active seed funds



Number and capital of funds with participation of the state capital of cumulative number and capital of active seed funds

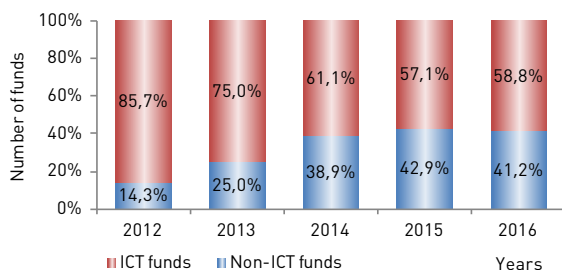


Number and capital of corporate funds of cumulative number and capital of active seed funds

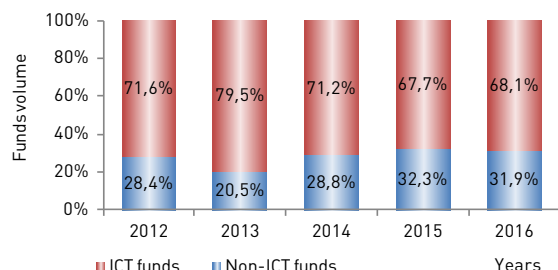


*By industry branches, regions, types of investors
(Relative indices)*

Relative share of number of funds focused only on ICT sector of cumulative number of active seed funds

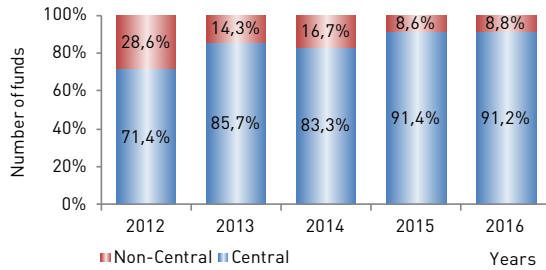


Relative share of capital of funds focused only on ICT sector of cumulative capital volume of active seed funds

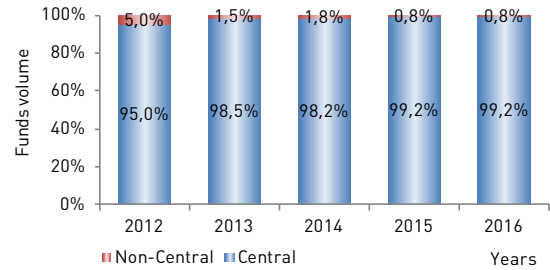


* ICT funds - funds that specifically invest only in the ICT sector

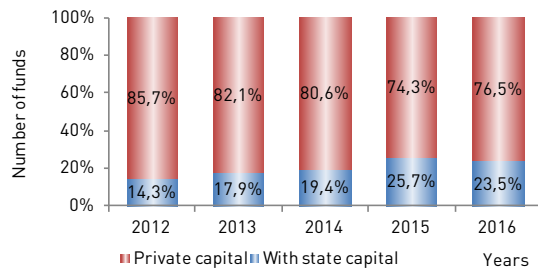
Relative share of number of Central FD funds of cumulative number of active seed funds



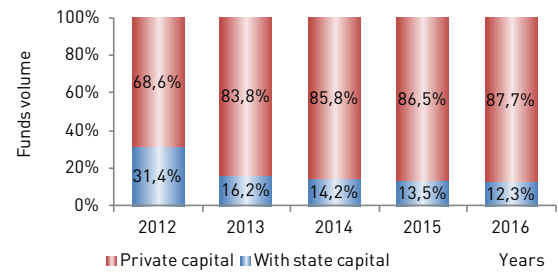
Relative share of capital volume of Central FD funds of cumulative capital volume of active seed funds



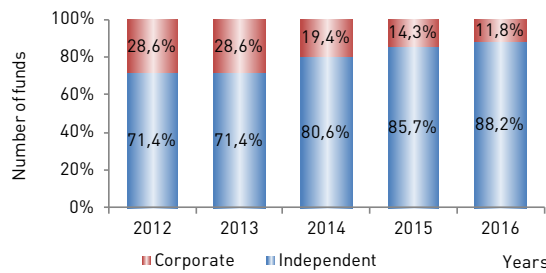
Relative share of number of funds with participation of the state capital of cumulative number of active seed funds



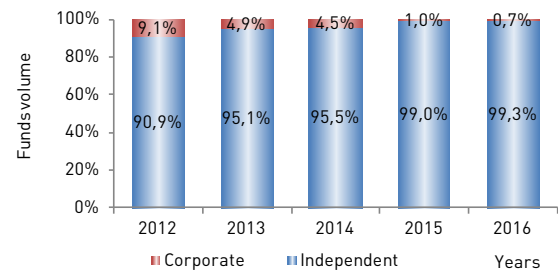
Relative share of capital of funds with participation of the state capital of cumulative capital volume of active seed funds



Relative share of number of corporate funds of cumulative number of active seed funds



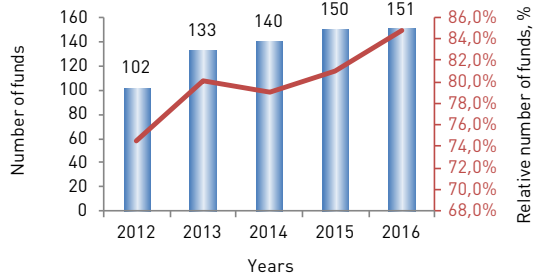
Relative share of capital of corporate funds of cumulative capital volume of active seed funds



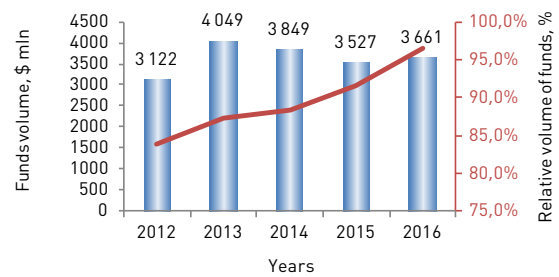
3.1.3. Funds by location

Total statistics

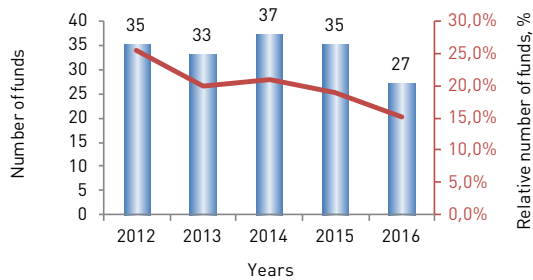
Cumulative number of VC-funds in Central FD*



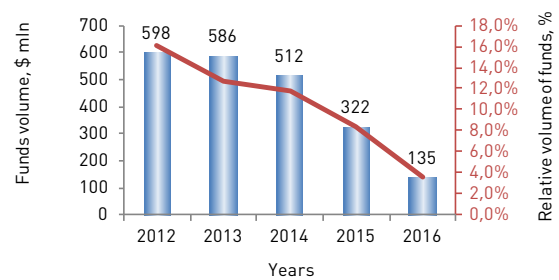
Cumulative capital of VC-funds in Central FD**



Cumulative number of VC-funds out of Central FD*



Cumulative capital of VC-funds out of Central FD**



* The relative number of funds – towards to cumulative number of active VC -funds

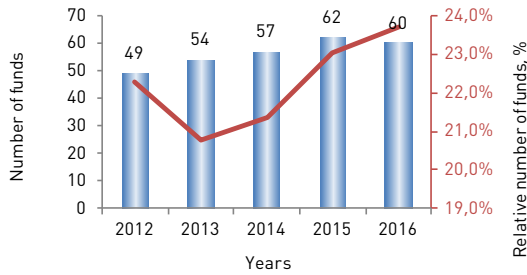
** The relative capital volume of funds – towards to cumulative capital volume of active VC -funds

3.1.4. Funds by type of investors

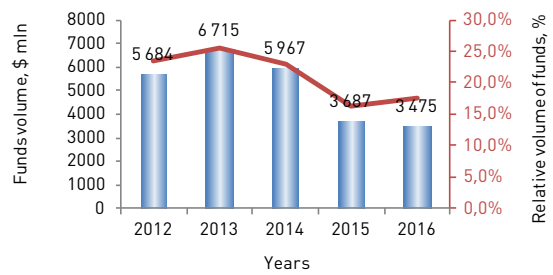
3.1.4.1. Funds with participation of the state capital

Total statistics

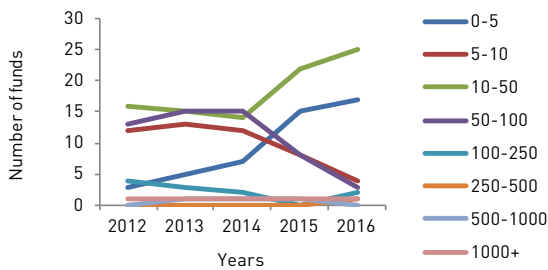
Cumulative number of active VC- & PE-funds with participation of the state capital*



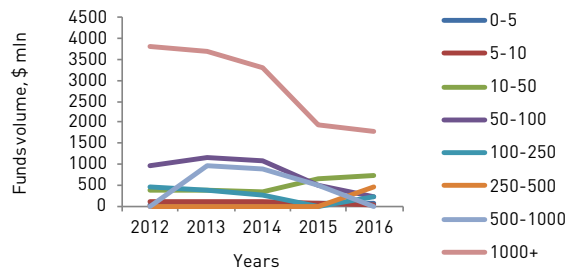
Cumulative capital of active VC- & PE-funds with participation of the state capital**



Distribution of cumulative number of active VC- & PE-funds with participation of the state capital by funds` capital volumes



Distribution of cumulative capital of active VC- & PE-funds with participation of the state capital by funds` capital volumes

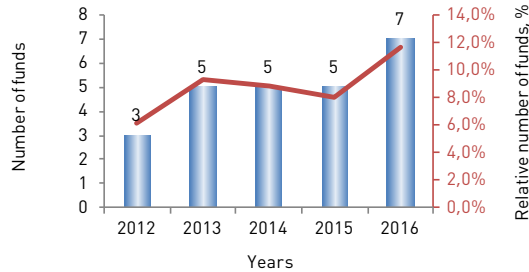


* The relative number of funds – towards to cumulative number of active VC- & PE-funds

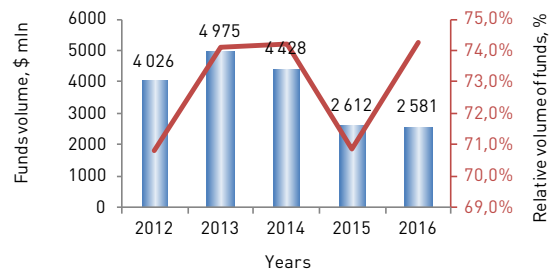
** The relative capital volume of funds – towards to cumulative capital volume of active VC- & PE-funds

By focus on stages of development of the recipient companies

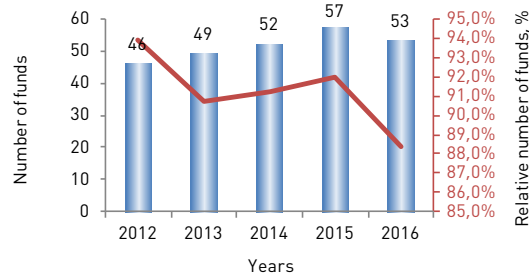
Cumulative number of PE-funds with participation of the state capital*



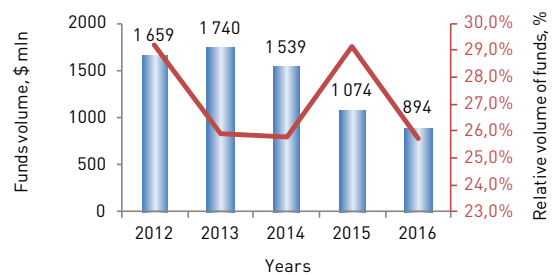
Cumulative capital of PE-funds with participation of the state capital**



Cumulative number of VC-funds with participation of the state capital*



Cumulative capital of VC-funds with participation of the state capital**

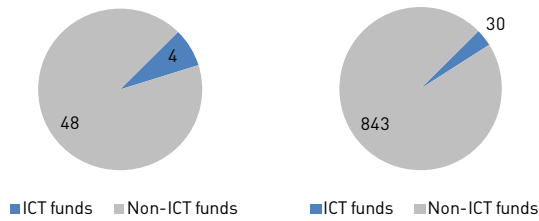


* The relative number of funds – towards to cumulative number of active VC- & PE-funds with participation of the state capital

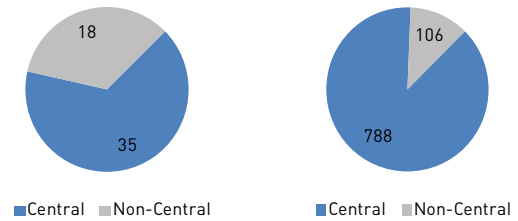
** The relative capital volume of funds – towards to cumulative capital volume of active VC- & PE-funds with participation of the state capital

*By industry branches, stages, regions, type of investors
(Absolute indices)*

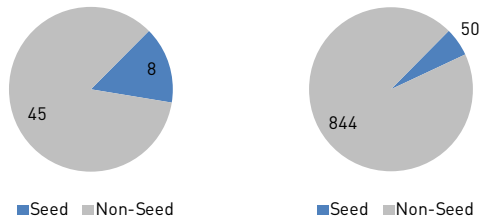
Number and capital of funds, focused only on ICT* sector of cumulative number and capital volume of VC-funds with participation of the state capital



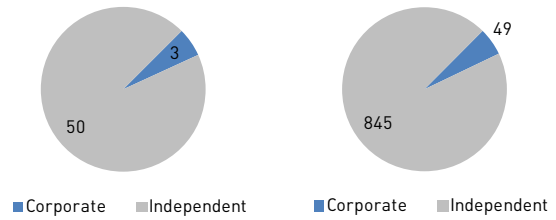
Number and capital of Central FD funds, of cumulative number and capital volume of VC-funds with participation of the state capital



Number and capital of the seed funds of cumulative number and capital volume of VC-funds with participation of the state capital



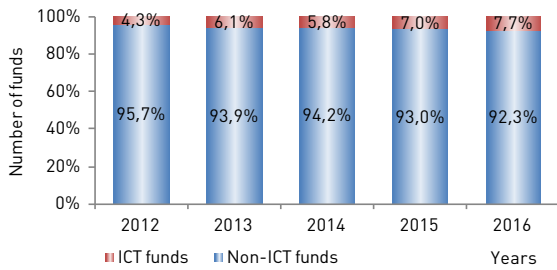
Number and capital of corporate funds of cumulative number and capital volume of VC-funds with participation of the state capital



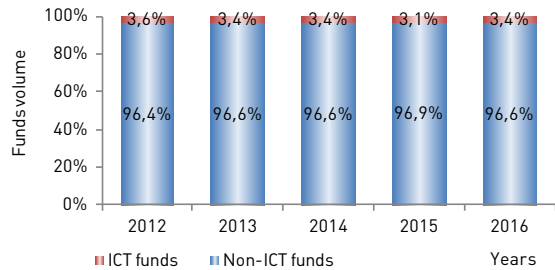
* ICT funds - funds that specifically invest only in the ICT sector

*By industry branches, stages, regions, type of investors
(Relative indices)*

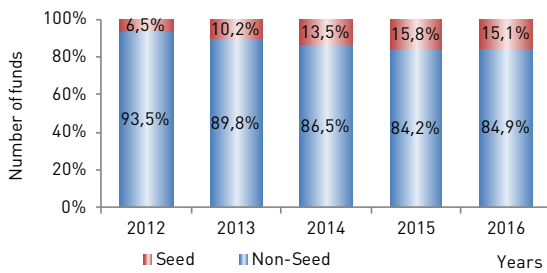
Relative share of number of funds focused only on ICT* sector of cumulative number of VC-funds with participation of the state capital



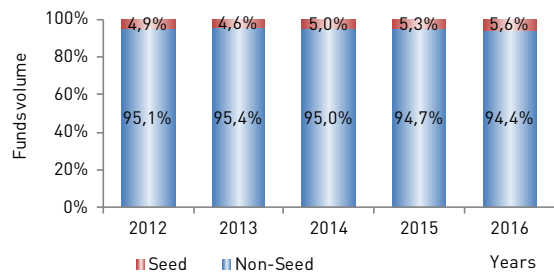
Relative share of capital of funds, focused only on ICT* sector, of cumulative capital volume of VC-funds with participation of the state capital



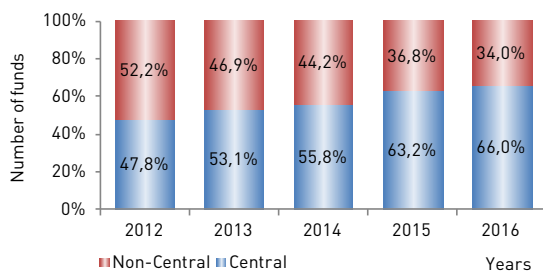
Relative share of number of seed funds of cumulative number of VC-funds with participation of the state capital



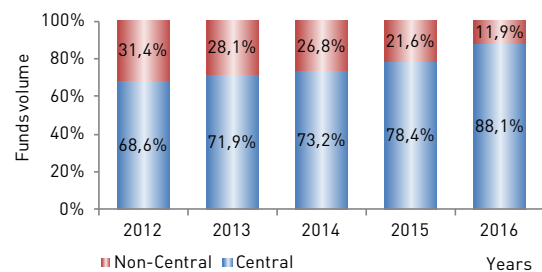
Relative share of capital of seed funds of cumulative capital volume of VC-funds with participation of the state capital



Relative share of number of Central FD funds of cumulative number of VC-funds with participation of the state capital

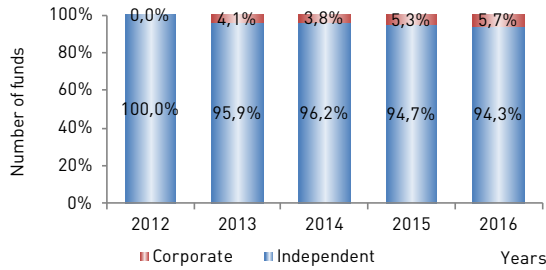


Relative share of capital of Central FD funds of cumulative capital volume of VC-funds with participation of the state capital

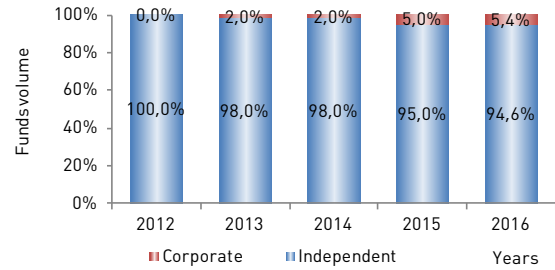


* ICT funds - funds that specifically invest only in the ICT sector

Relative share of number of corporate funds of cumulative number of VC-funds with participation of the state capital



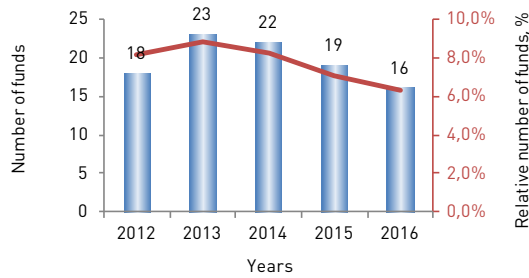
Relative share of capital of corporate funds of cumulative capital volume of VC-funds with participation of the state capital



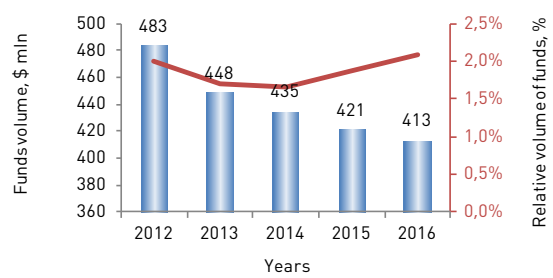
3.1.4.2. Corporate funds

Total statistics

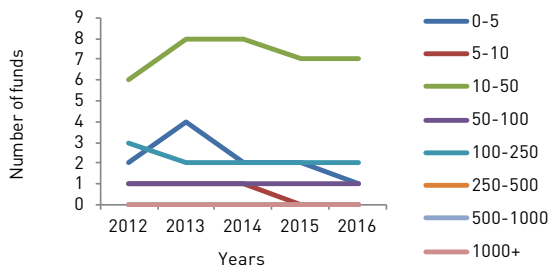
Cumulative number of active corporate VC- & PE-funds*



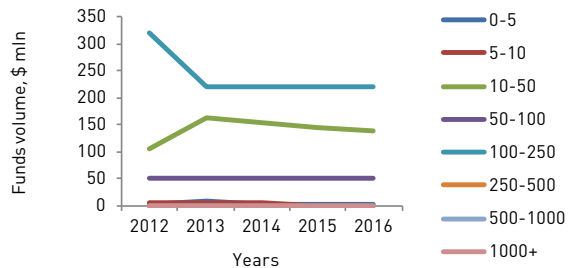
Cumulative capital of active corporate VC- & PE-funds**



Distribution of cumulative number of active corporate VC- & PE-funds by funds` capital volumes



Distribution of cumulative capital of active corporate VC- & PE-funds by funds` capital volumes

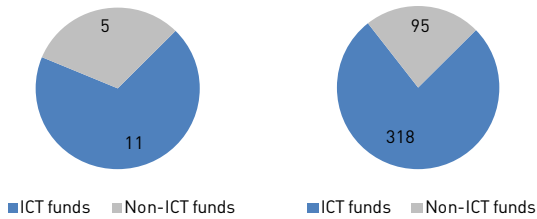


* The relative number of funds – towards to cumulative number of active VC- & PE-funds

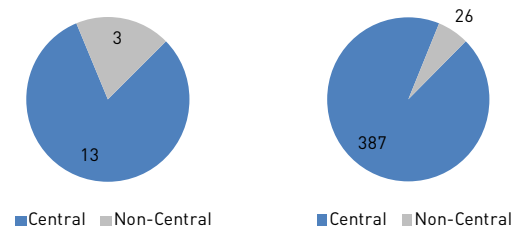
** The relative capital volume of funds – towards to cumulative capital volume of active VC- & PE-funds

*By industry branches, stages, regions, type of investors
(Absolute indices)*

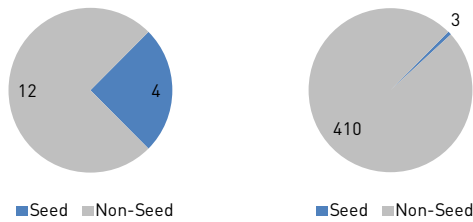
Number and capital of funds focused only on ICT * sector of cumulative number and capital volume of corporate VC-funds



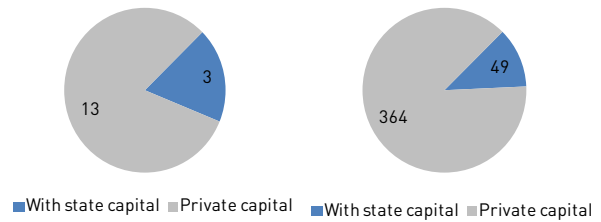
Number and capital of Central FD funds of cumulative number and capital volume of corporate VC-funds



Number and capital of seed funds of cumulative number and capital volume of corporate VC-funds



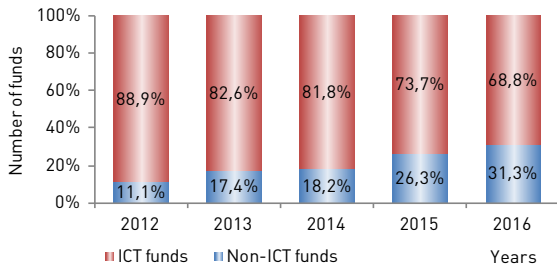
Number and capital of private funds of cumulative number and capital volume of corporate VC-funds



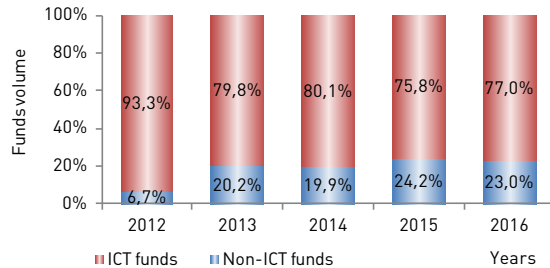
* ICT funds - funds that specifically invest only in the ICT sector

*By industry branches, stages, regions, type of investors
(Relative indices)*

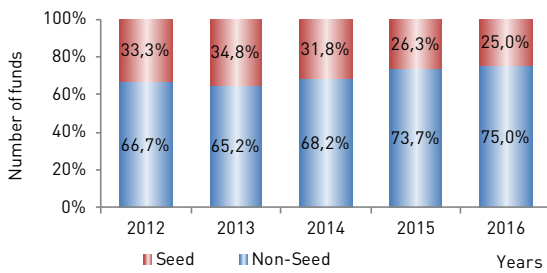
Relative share of number of of funds, focused only on ICT* sector of cumulative number of corporate VC-funds



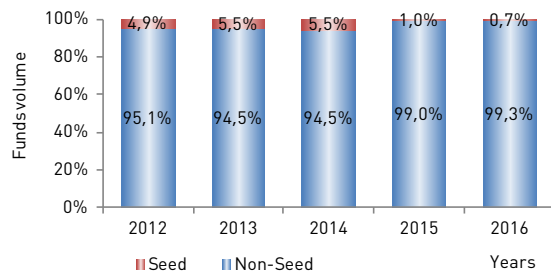
Relative share of capital of funds of funds, focused only on ICT* sector of cumulative capital volume of corporate VC-funds



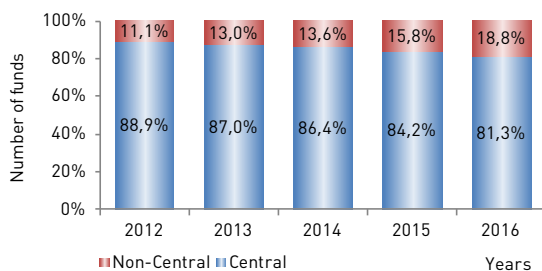
Relative share of number of seed funds of cumulative number of corporate VC-funds



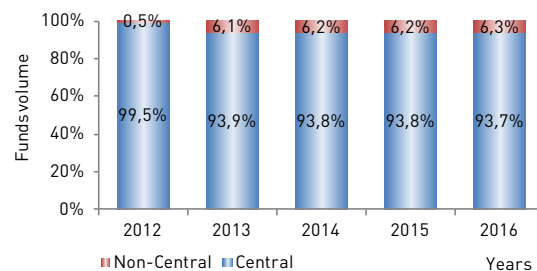
Relative share of capital of seed funds of cumulative capital volume of corporate VC-funds



Relative share of number of Central FD funds of cumulative number of corporate VC-funds

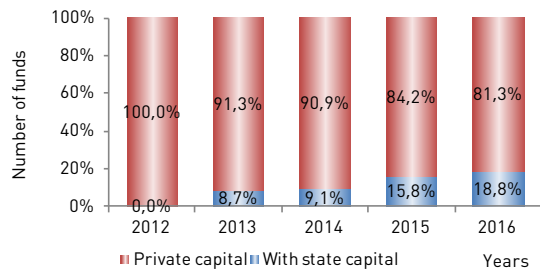


Relative share of capital of Central FD funds of cumulative capital volume of corporate VC-funds

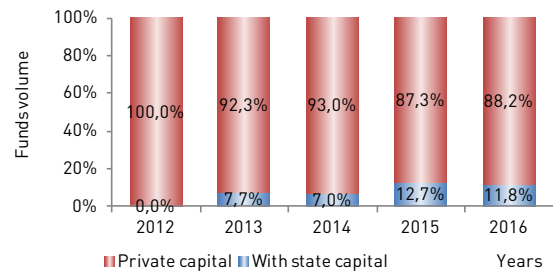


* ICT funds - funds that specifically invest only in the ICT sector

Relative share of number
of private funds of cumulative number
of corporate VC-funds

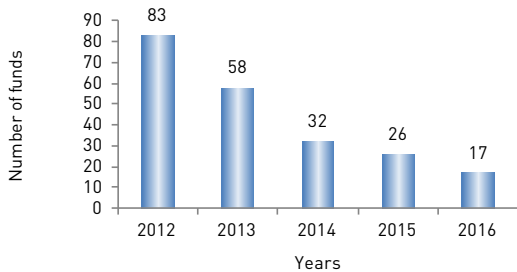


Relative share of capital
of private funds of cumulative capital
volume of corporate VC-funds

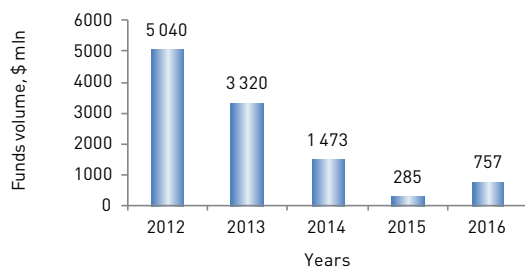


3.2. New and liquidated funds in 2016

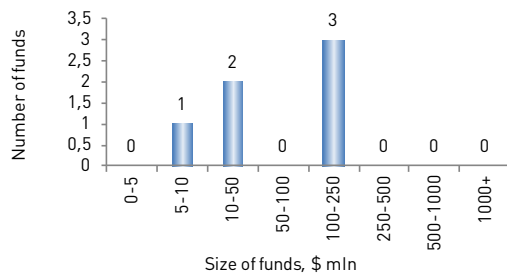
Cumulative number of new VC- & PE-funds



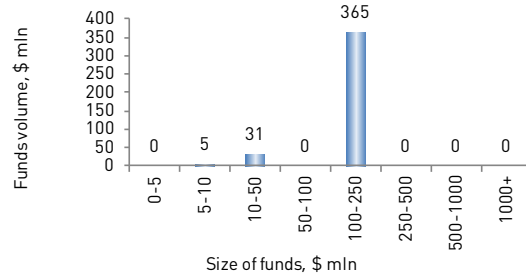
Cumulative volume of capital of new VC- & PE-funds



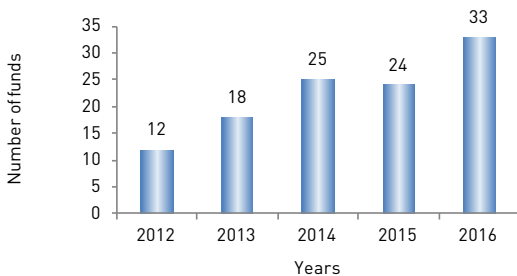
Distribution of cumulative number of new VC- & PE-funds by funds' capital volumes *



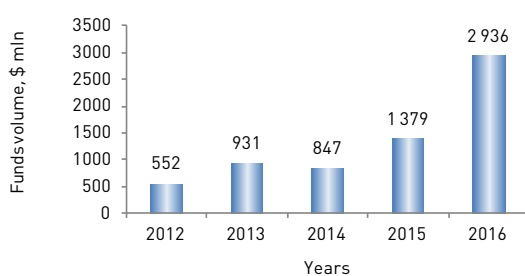
Distribution of cumulative capital of new VC- & PE-funds by funds' capital volumes *



Cumulative number of liquidated VC- & PE-funds



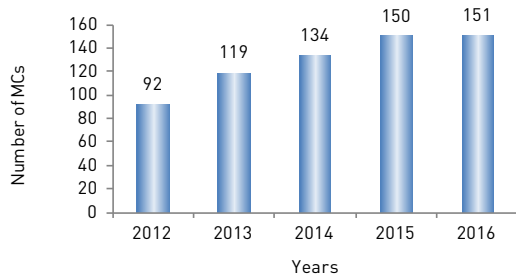
Cumulative capital of liquidated VC- & PE-funds



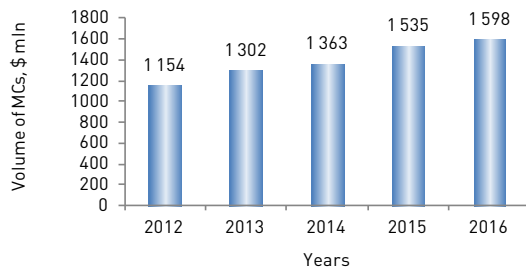
* For the new funds with a known volume

4. Management companies

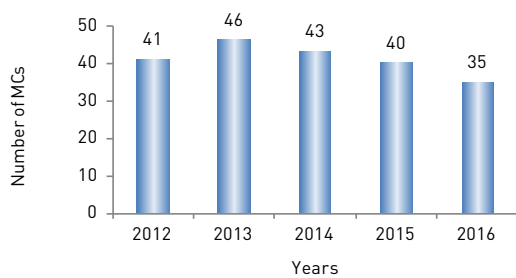
Cumulative number of «Small» MCs



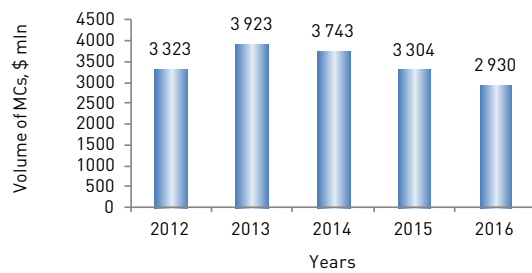
Cumulative capital volume under management of «Small» MCs



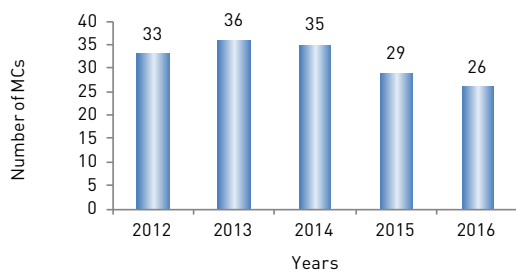
Cumulative number of «Medium» MCs



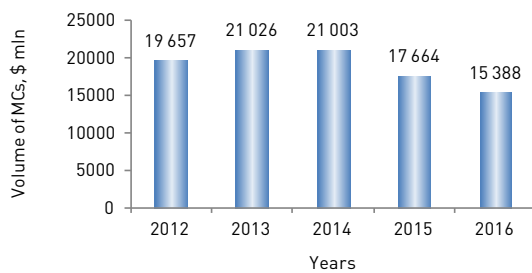
Cumulative capital volume under management of «Medium» MCs



Cumulative number of «Large» MCs



Cumulative capital volume under management of «Large» MCs



5. Investments

In 2016, the number of investments¹ (with confirmed volume²) by private equity and venture capital funds exceeded the results of the previous year by 6.5% (217 investments in 2016 compared to 203 in 2015). The majority of investments were in the venture segment totalling 210 (compared to 190 in 2015). A more detailed analysis shows that state entities and entities under the government's umbrella ensure the deal flow from year to year. They are mainly funds that use the money of the government and the Internet Initiatives Development Fund (IIFD). The later was established on the state's initiative using non-budgetary sources. In 2016, the share of these funds in the total number of investments was as follows: 28% of funds with state capital (31% in 2015) and 45% of IIFD (40% in 2015).

The total volume of investments by private equity and venture capital funds reached US\$ 816 million, or 78% of the volume in 2015. In 2016, the Russian Direct Investment Funds (RDIF) had the largest share (46%) of the total investment volume. In 2015, the RDIF's share comprised 37%. In addition, the data shows that the Russian state represented by the RDIF remains a significant investor in mature companies.

Starting from 2013, we have observed an interesting trend in the venture capital market. Despite gradual decline in investment volume, the number of investments remained at approximately the same level and even slightly increased in 2016. Thus, the average deal size has decreased. Excluding investments by the RDIF, the average ticket size for funds with state participation amounted to US\$ 0.47 million in 2016 (compared to US\$ 1.48 million in 2012). In the private fund segment, the average ticket stood at US\$ 1.44 million in 2016 (US\$3.66 million in 2012).

The analysis of venture capital investments did not reveal any substantial changes in sectoral and regional disproportions.

ICT remains the preferred sector for venture capitalists. In 2016, investments in this sector comprised 71% of the total number of deals and 75% of the total volume. The second most invested sector is medicine and healthcare. The consumer and industrial equipment sectors came third on the list, with the former based on investment volume and the later based on the number of investments.

The share of venture investments in the non-IT and non-e-commerce sectors (biotech, medicine and healthcare, industrial equipment, chemicals, environment, electronics and energy sectors) remained low at 19% of the total number of deals and 15% of the total volume. More than half of investments, by number and volume, into these sectors were by funds with state participation.

The number of investments by corporate funds was unchanged compared to 2015. However, investment volume decreased by 23%.

Companies in the Central Federal District continue to receive the largest share of deals by volume and by number (over 83% and 64% respectively). It is not surprising, as the district has the largest share of venture capital investments of the total investments in the country's federal districts (96% of the investment volume and 85% of the number of deals), and a high share of educational and investment infrastructure and a high level of economic activity.

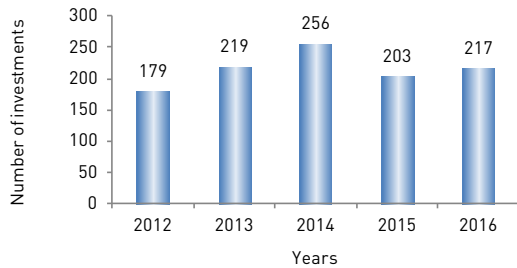
¹ The statistics does not include funds with targeted investments in property and property development projects, see *Methodology* section.

² RVCA has the information about 33 investments with unconfirmed volume, 75% of which invested in the ICT sector.

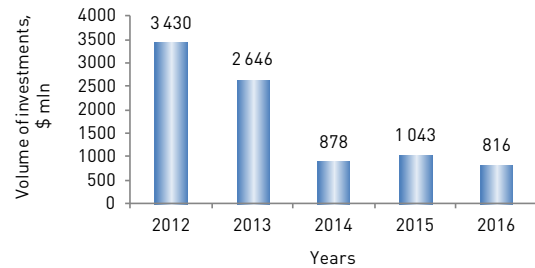
Between 2014 and 2016, the share of syndicated venture investment deals slightly grew from 17% to 23 %. At the same time, the share in the total deal volume for this type of transactions decreased by 19pp year-on-year to 56%. However, the actual share of syndicated venture deals by number and volume may be higher as data for 16% of investments is not available.

5.1. Investments of funds: total statistics

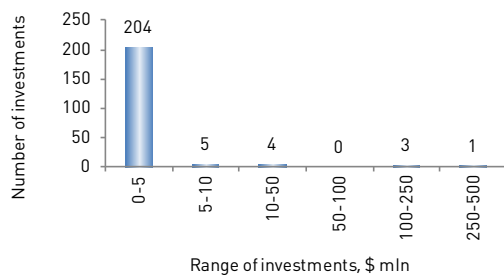
Cumulative number
of VC- & PE-investments



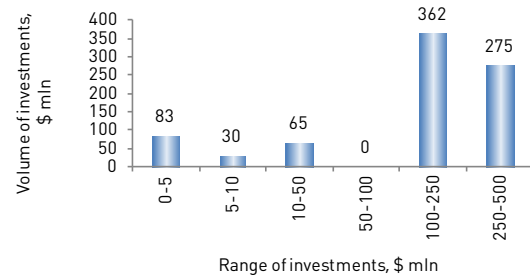
Cumulative volume
of VC- & PE-investments



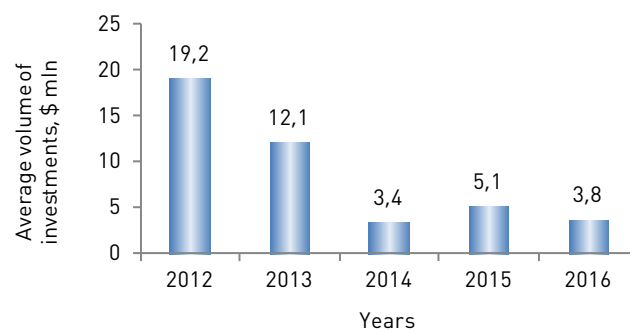
Distribution of number of VC- & PE-
investments by the investment ranges



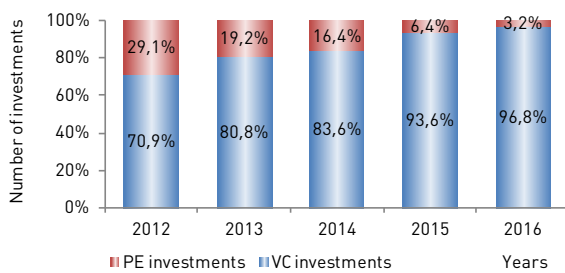
Distribution of volume of VC- & PE-
investments by the investment ranges



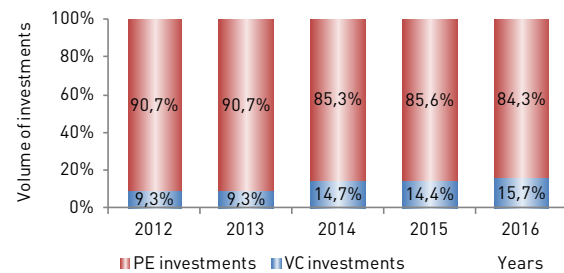
Average volume of
VC- & PE-investments



Share of VC- & PE-investments
in cumulative number of investments



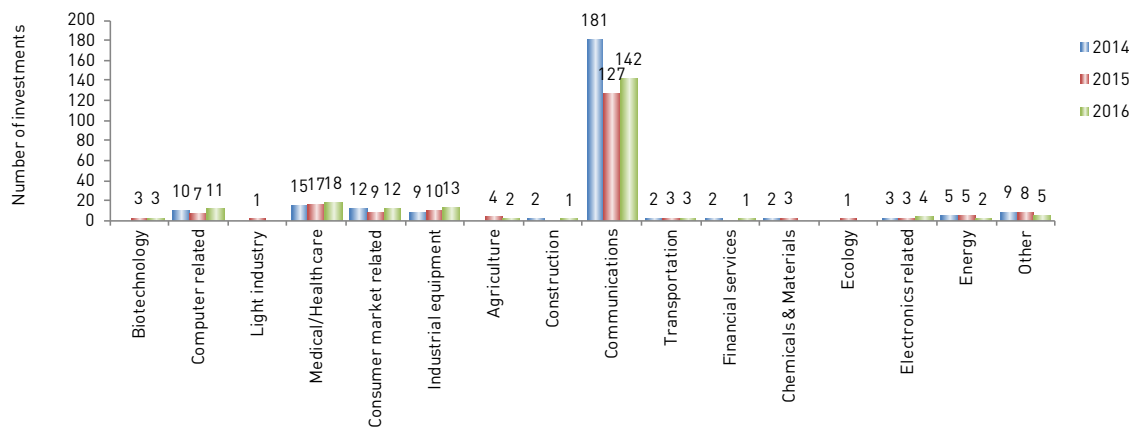
Share of VC- & PE-investments
in cumulative volume of investments



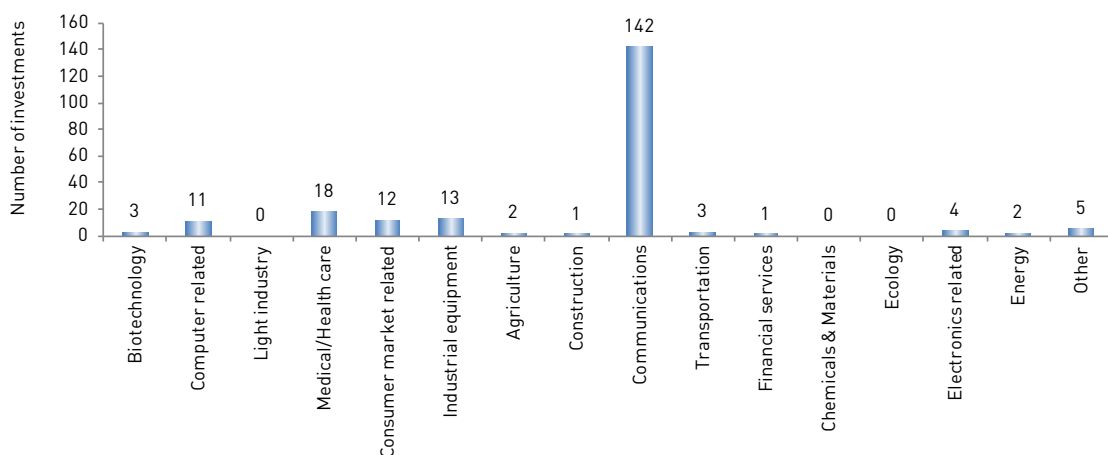
5.2. Investments of funds by industry branches

Total statistics

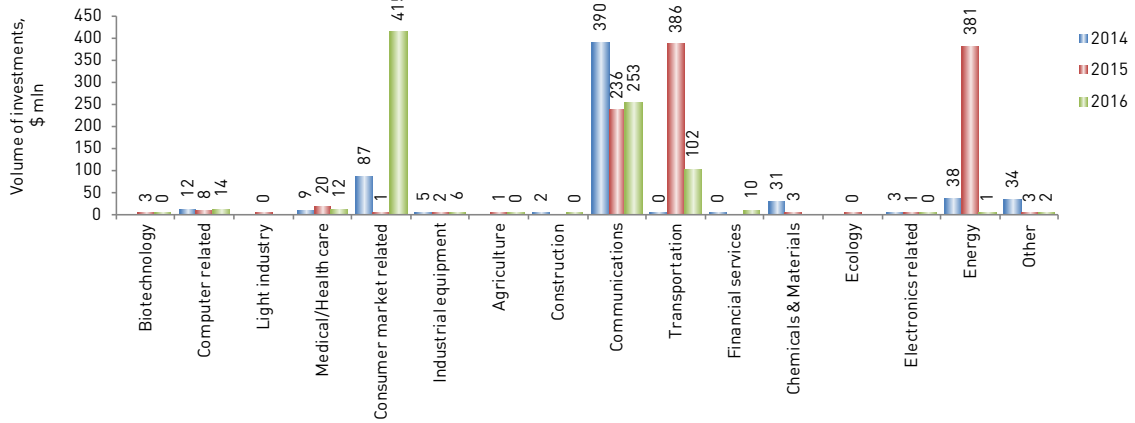
Number of VC- & PE-investments by industry branches



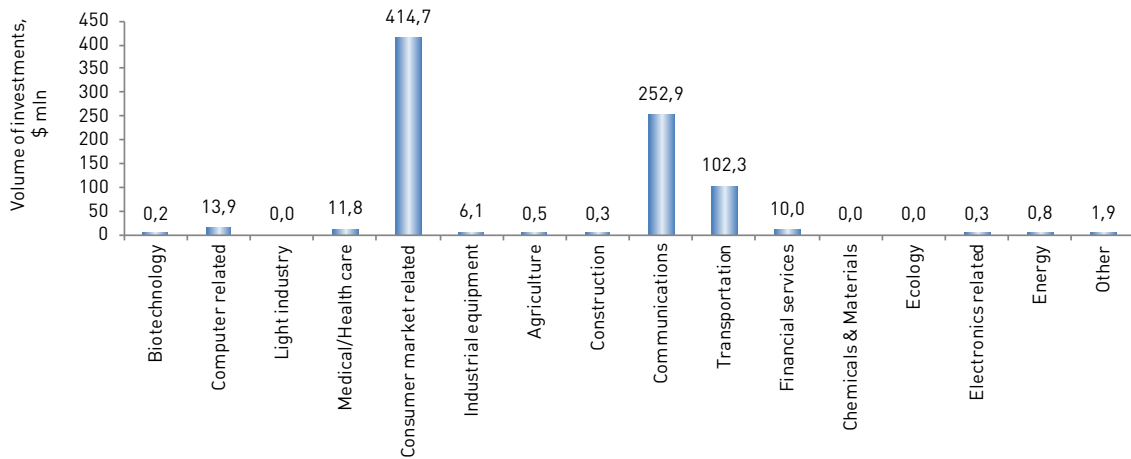
Number of VC- & PE-investments by industry branches, 2016



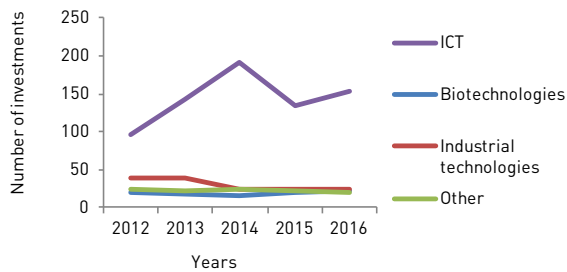
Volumes of VC- & PE-investments by industry branches



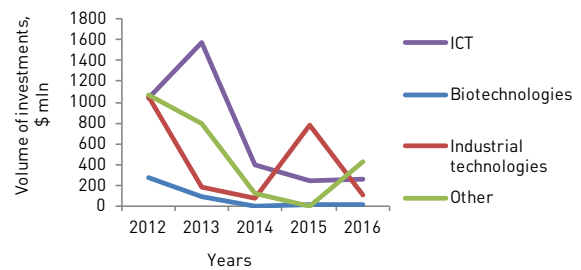
Volumes of VC- & PE-investments by industry branches, 2016



Number of VC- & PE-investments by industry sectors

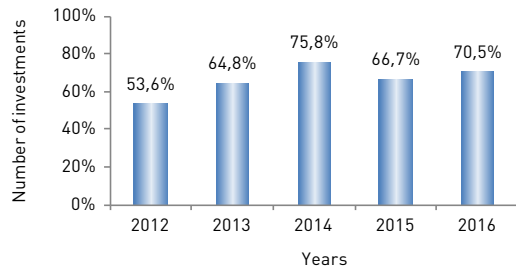


Volumes of VC- & PE-investments by industry sectors

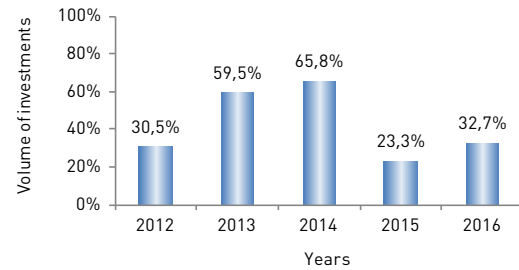


*ICT sector**

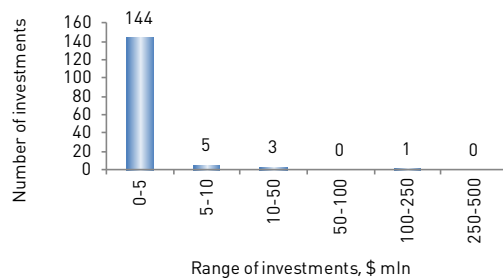
Share of ICT* sector in cumulative number of VC- & PE-investments



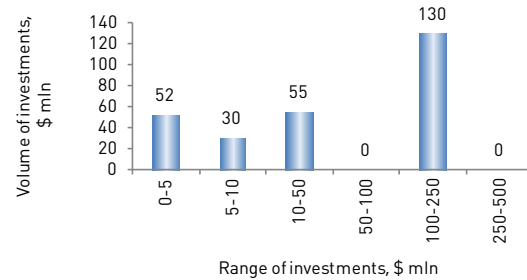
Share of ICT* sector in cumulative volume of VC- & PE-investments



Distribution of number of VC- & PE-investments in ICT* sector by the investment ranges, 2016



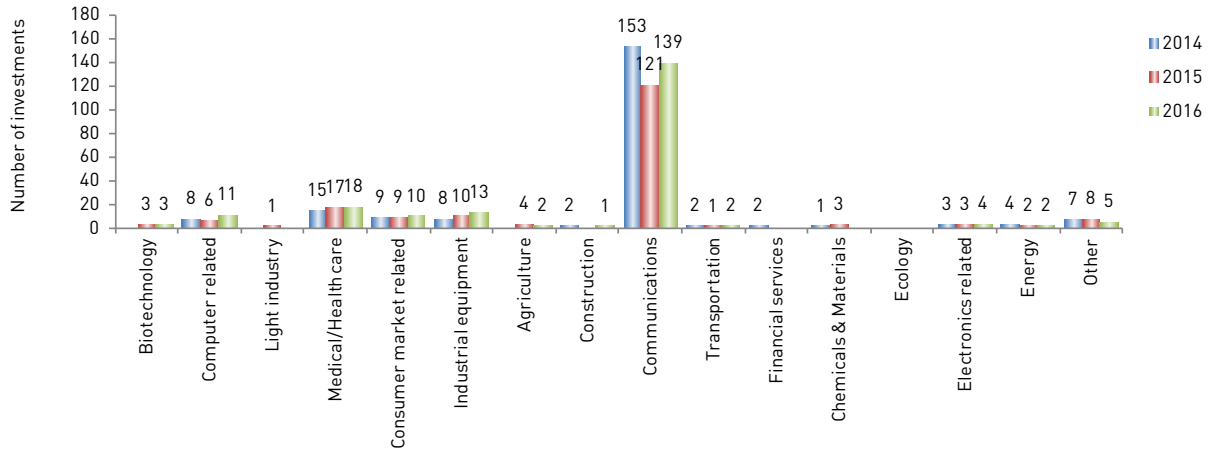
Distribution of volume of VC- & PE-investments in ICT* sector by the investment ranges, 2016



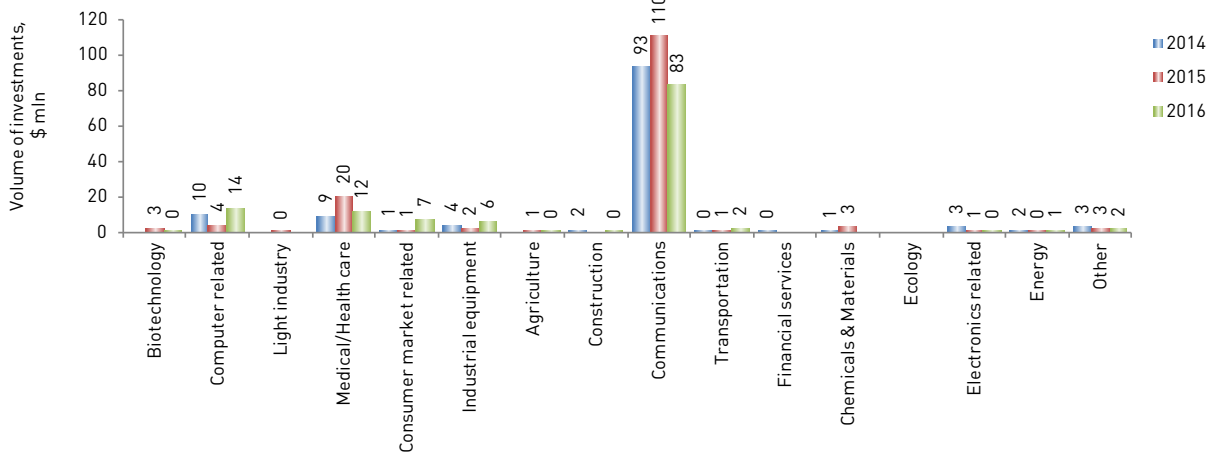
* ICT funds - funds that specifically invest only in the ICT sector

VC-investments

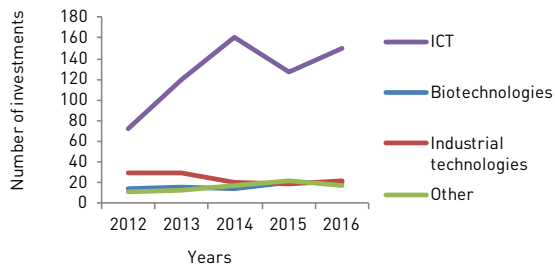
Number of VC-investments by industry branches



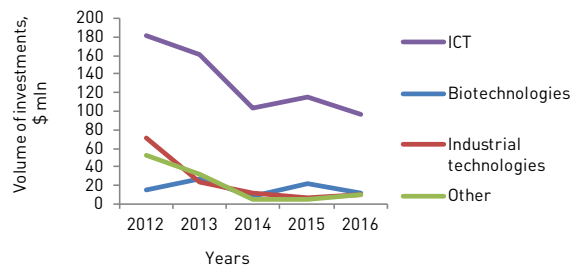
Volumes of VC -investments by industry branches



Number of VC-investments by industry sectors

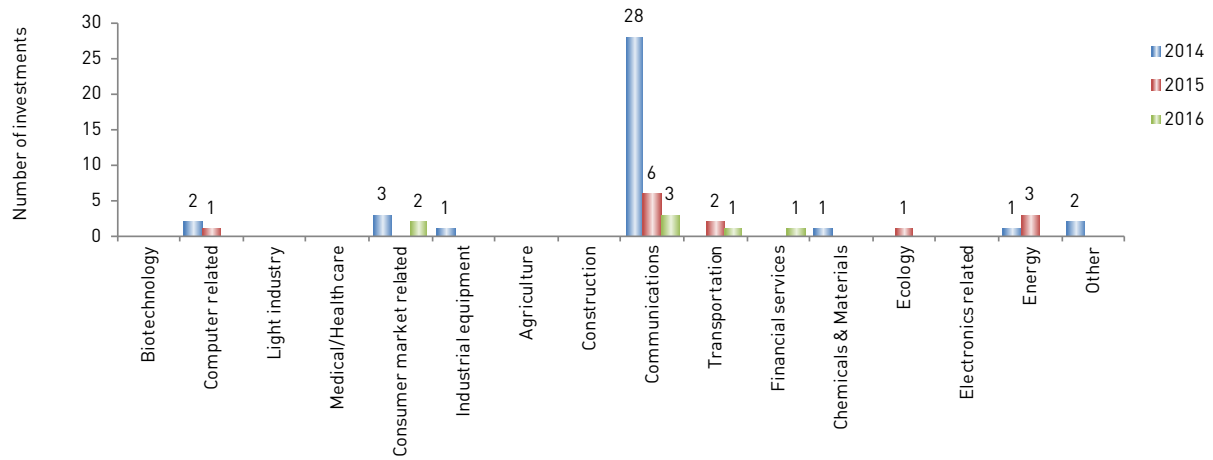


Volumes of VC-investments by industry sectors

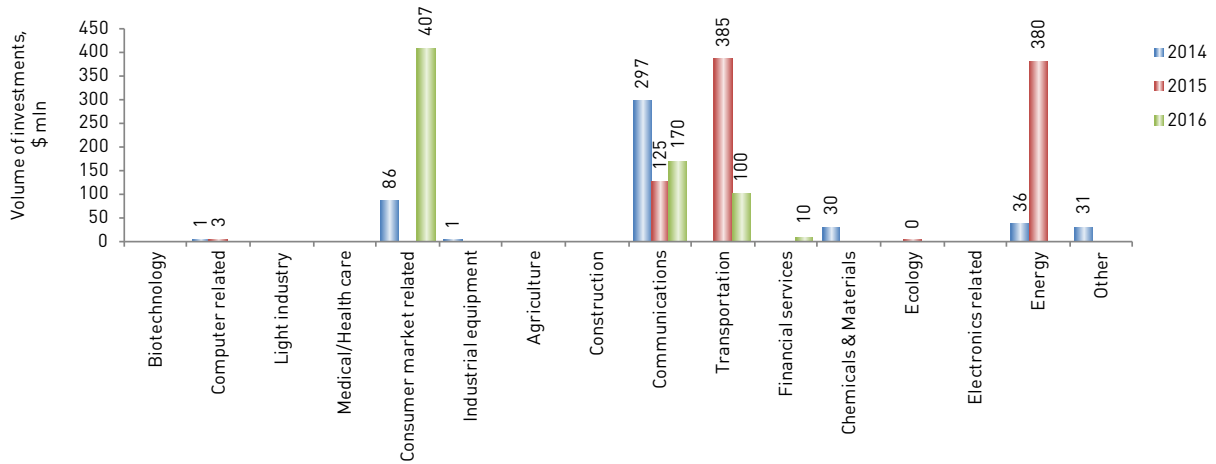


PE-investments

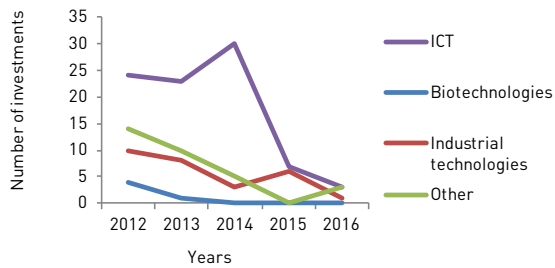
Number of PE-investments by industry branches



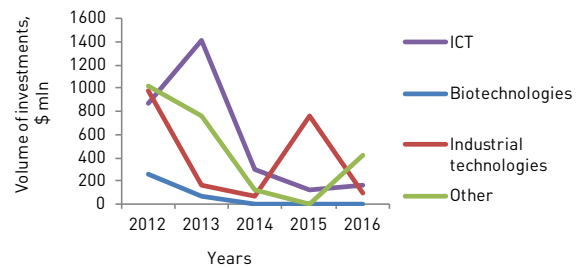
Volumes of PE-investments by industry branches



Number of PE-investments by industry sectors



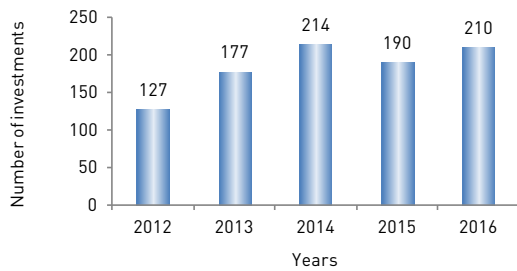
Volumes of PE-investments by industry sectors



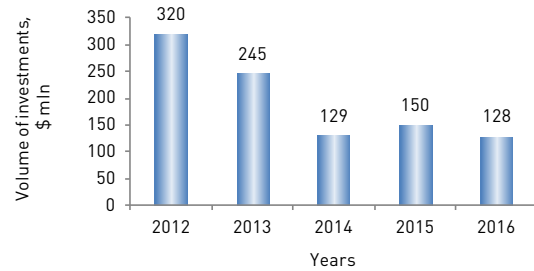
5.3. Investments of funds by stages of recipient companies

Total statistics

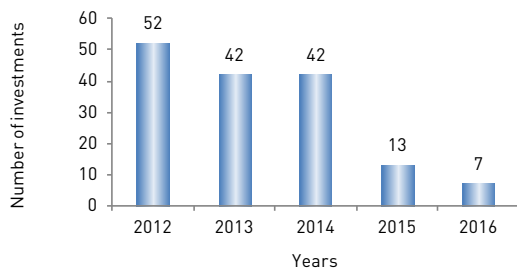
Cumulative number of VC-investments



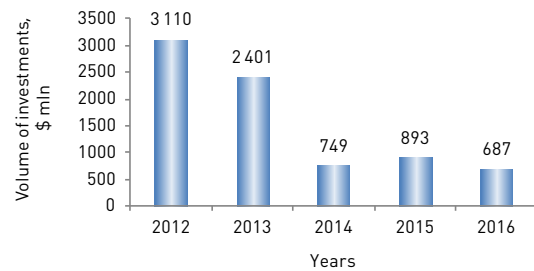
Cumulative volume of VC-investments



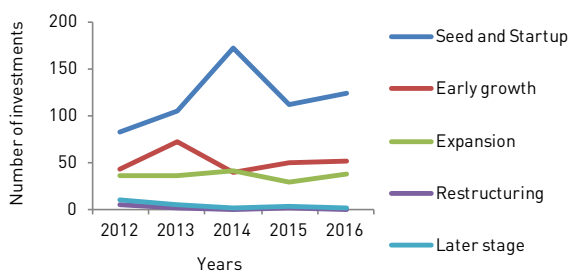
Cumulative number of PE-investments



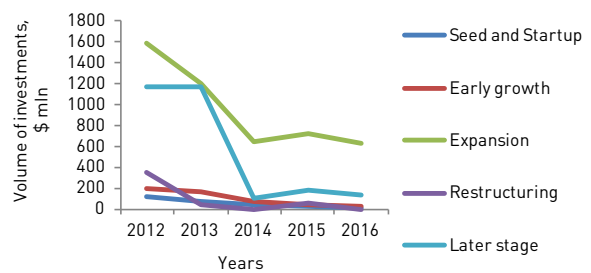
Cumulative volume of PE-investments



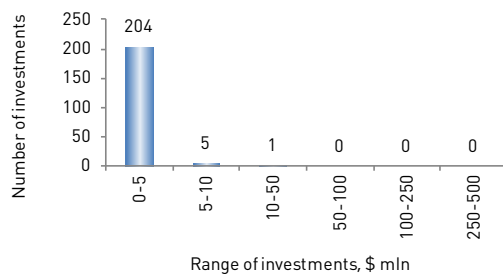
Number of VC- & PE-investments by stages



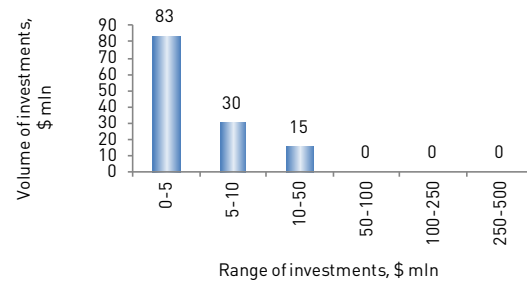
Volumes of VC- & PE-investments by stages



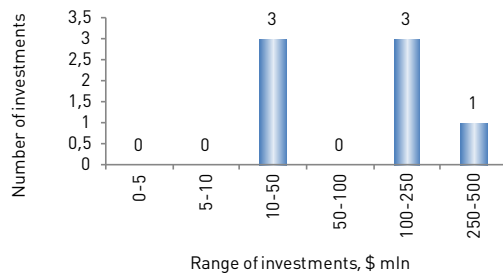
Distribution of number of VC-investments by the investment ranges



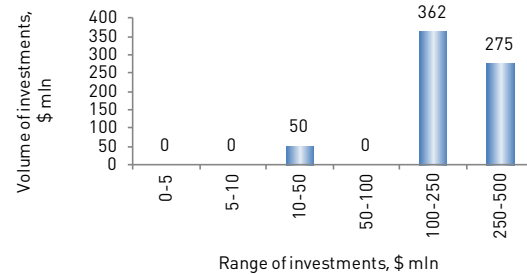
Distribution of volume of VC-investments by the investment ranges



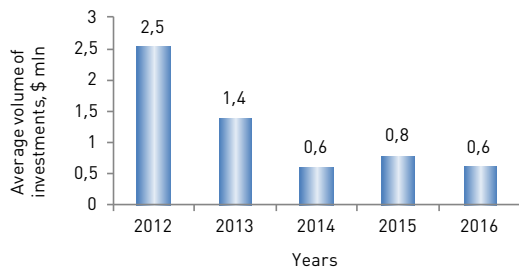
Distribution of number of PE-investments by the investment ranges



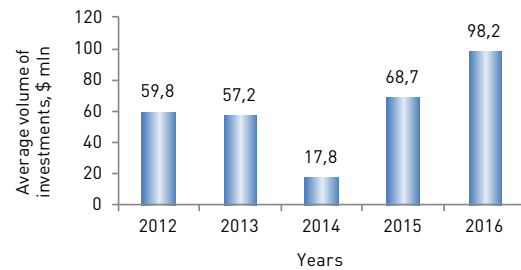
Distribution of volume of PE-investments by the investment ranges



Average volume of VC-investments

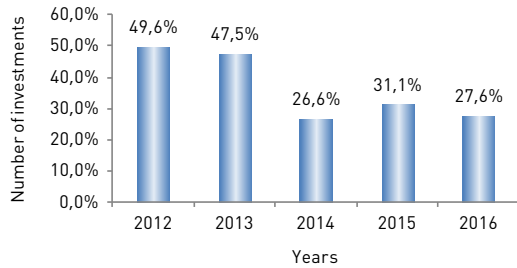


Average volume of PE-investments

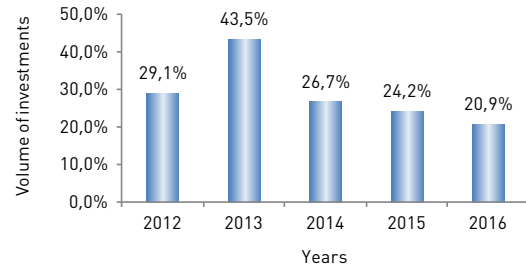


Activity of the funds with participation of the state capital in the VC investment segment: Total statistics

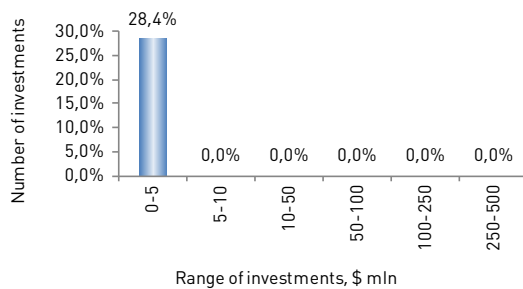
Share of number of VC-investments of funds with participation of the state capital



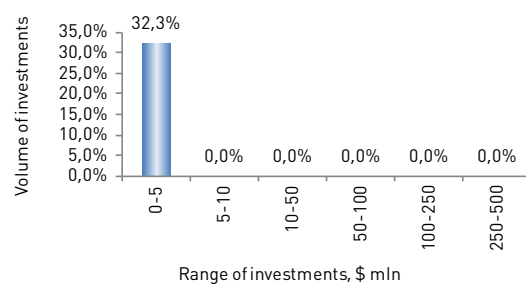
Share of volume of VC-investments of funds with participation of the state capital



Distribution of share of number of VC-investments of funds with the state capital participation by the investment ranges

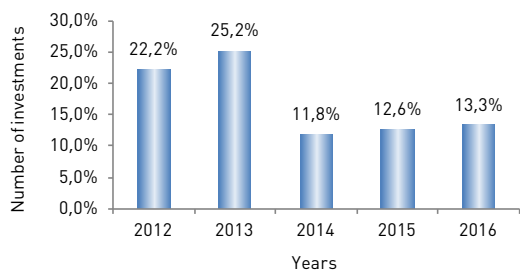


Distribution of share of volume of VC-investments of funds with the state capital participation by the investment ranges

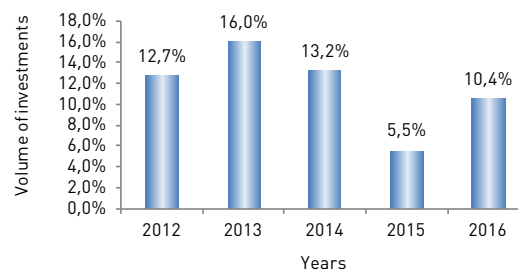


Activity of funds with the state capital participation in the segment of VC investments: Industry branches

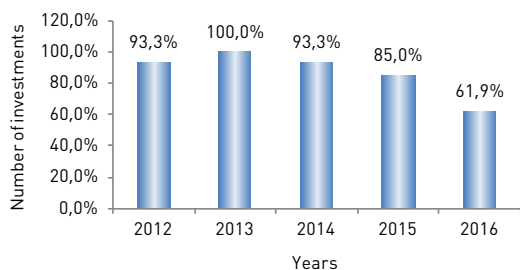
Share of number of VC-investments of funds with participation of the state capital in "ICT"* sector in total number of VC-investments



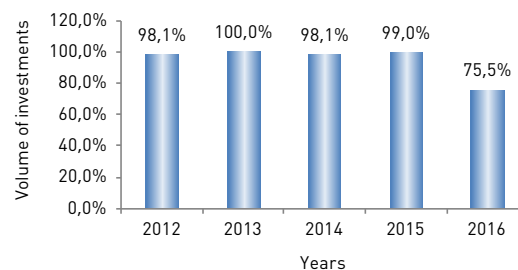
Share of volume of VC-investments of funds with participation of the state capital in "ICT" * sector in total volume of VC-investments



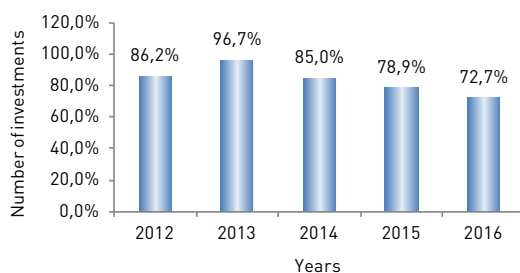
Share of number of VC-investments of funds with participation of the state capital in "Biotechnology/Medicine" sector in total number of VC-investments



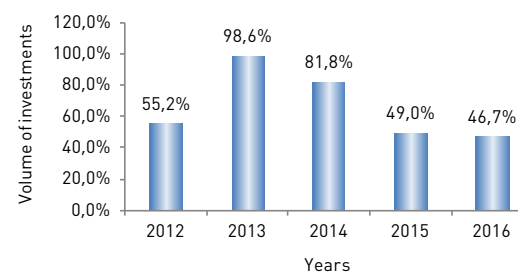
Share of volume of VC-investments of funds with participation of the state capital in "Biotechnology/Medicine" sector in total volume of VC-investments



Share of number of VC-investments of funds with participation of the state capital in "Industrial technologies" sector in total number of VC-investments



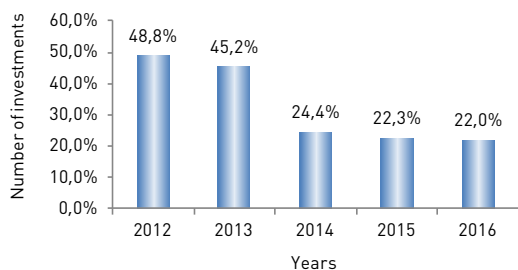
Share of volume of VC-investments of funds with participation of the state capital in "Industrial technologies" sector in total volume of VC-investments



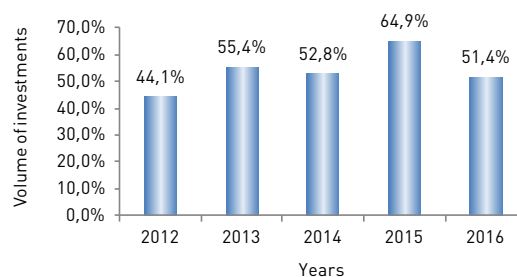
* The relative number of funds - in relation to the total number of active VC funds

Activity of funds with the state capital participation in the segment of VC investments: Stages

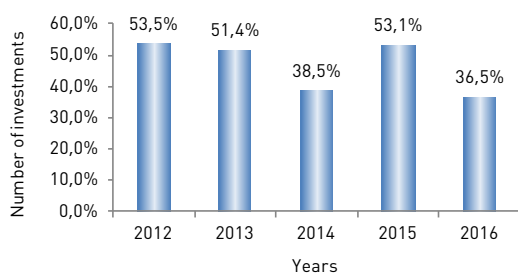
Share of number of VC-investments of funds with participation of the state capital in "Seed and startup" stage in total number of VC-investments



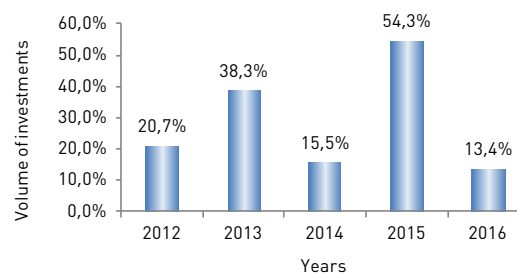
Share of volume of VC-investments of funds with participation of the state capital in "Seed and startup" stage in total volume of VC-investments



Share of number of VC-investments of funds with participation of the state capital in "Early growth" stage in total number of VC-investments

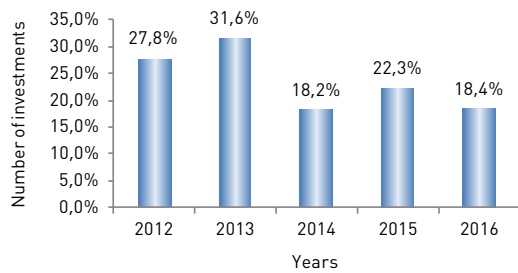


Share of volume of VC-investments of funds with participation of the state capital in "Early growth" stage in total volume of VC-investments

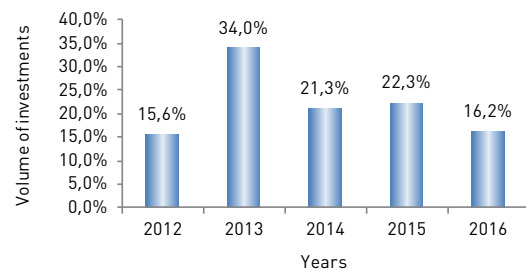


Activity of funds with the state capital participation in the segment of VC investments: Regions

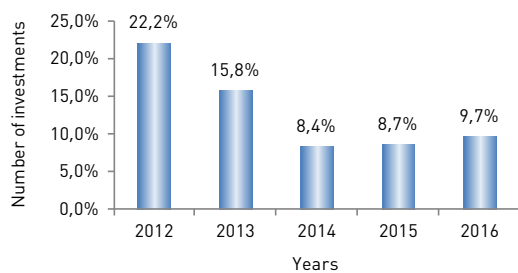
Share of number of VC-investments of funds with participation of the state capital in the Central FD in total number of VC-investments



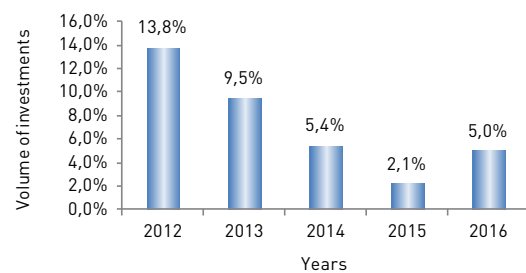
Share of volume of VC-investments of funds with participation of the state capital in the Central FD in total volume of VC-investments



Share of number of VC-investments of funds with participation of the state capital out of the Central FD in total number of VC-investments

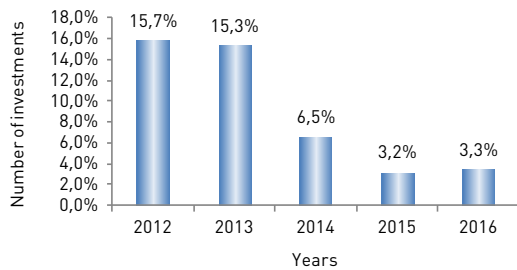


Share of volume of VC-investments of funds with participation of the state capital out of the Central FD in total volume of VC-investments

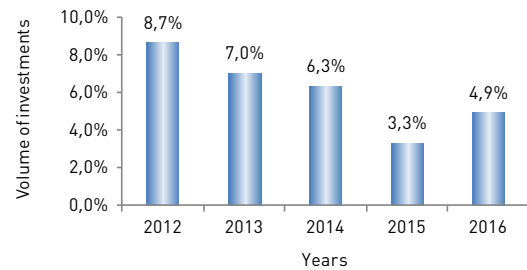


*Activity of corporate funds in the segment of VC investments:
Total statistics*

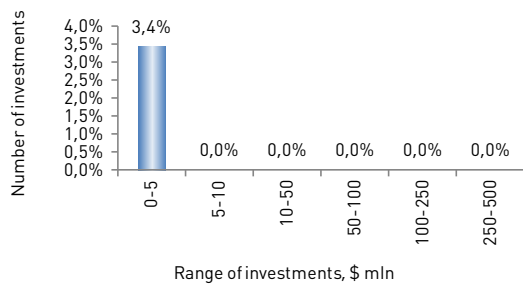
Share of number of VC-investments
of corporate funds
in total number of VC-investments



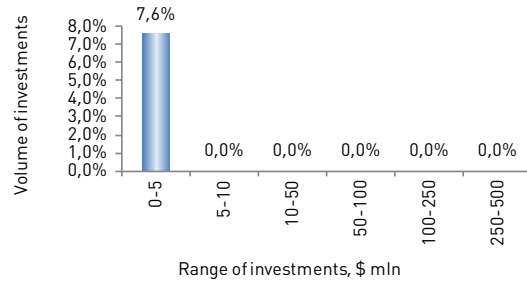
Share of volume of VC-investments
of corporate funds
in total volume of VC-investments



Distribution of share number of
VC-investments of corporate funds
by the investment ranges
in total number of VC-investments

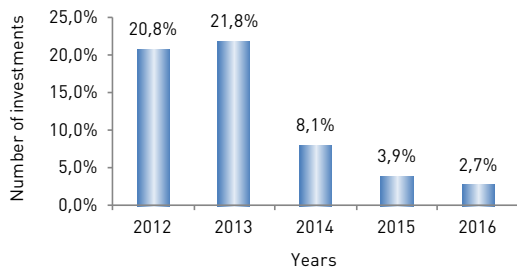


Distribution of share volume of
VC-investments of corporate funds
by the investment ranges
in total volume of VC-investments

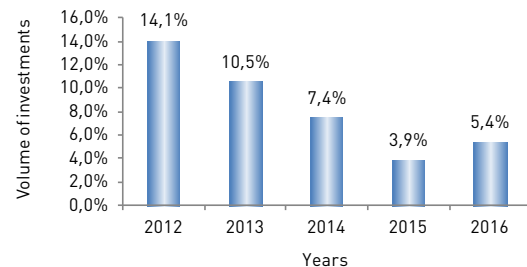


Activity of corporate funds in the segment of VC investments: Industry sectors

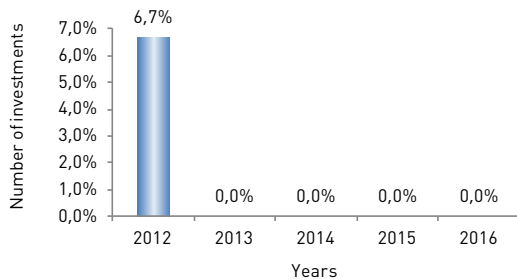
Share of number of VC-investments of corporate funds in "ICT*" sector in total number of VC-investments



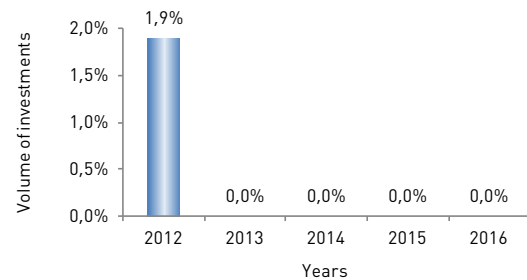
Share of volume of VC-investments of corporate funds in "ICT*" sector in total volume of VC-investments
в общем объеме VC-инвестиций



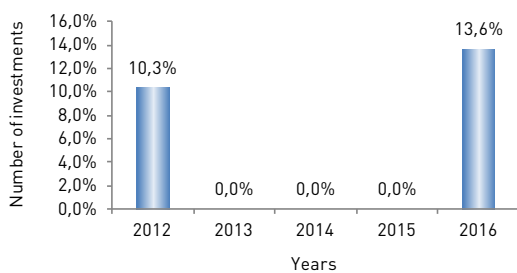
Share of number of VC-investments of corporate funds in "Biotechnology/Medicine" sector in total number of VC-investments



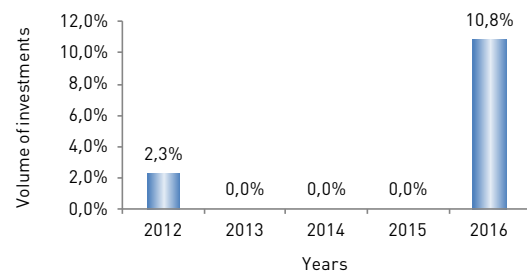
Share of volume of VC-investments of corporate funds in "Biotechnology/Medicine" sector in total volume of VC-investments



Share of number of VC-investments of corporate funds in "Industrial technologies" sector in total number of VC-investments



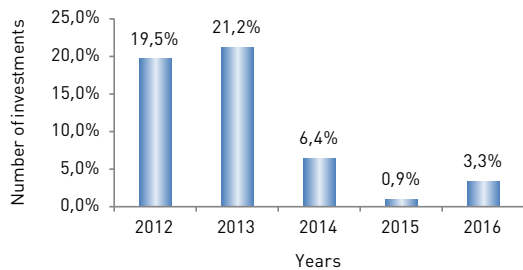
Share of volume of VC-investments of corporate funds in "Industrial technologies" sector in total volume of VC-investments



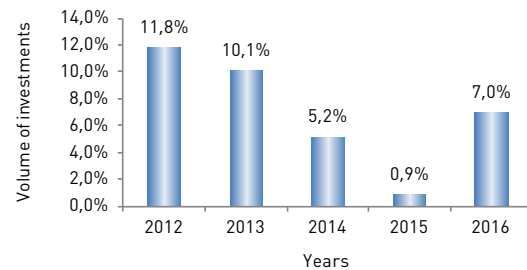
* The relative number of funds - in relation to the total number of active VC funds

Activity of corporate funds in the segment of VC investments: Stages

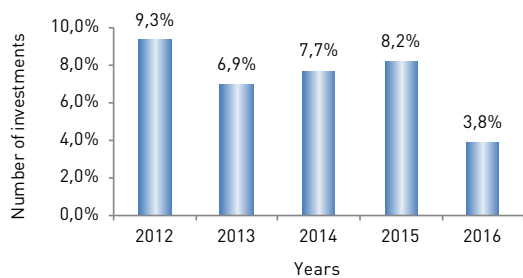
Share of number of VC-investments of corporate funds in "Seed and startup" stage in total number of VC-investments



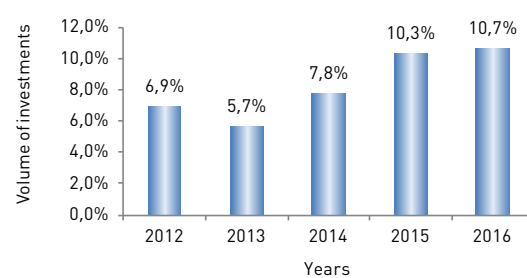
Share of volume of VC-investments of corporate funds in "Seed and startup" stage in total volume of VC-investments



Share of number of VC-investments of corporate funds in "Early growth" stage in total number of VC-investments

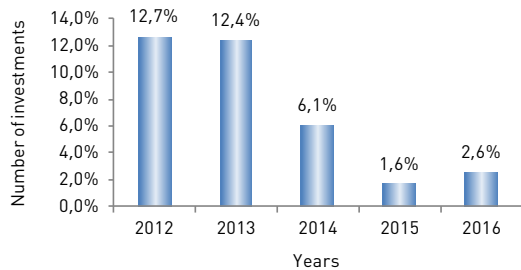


Share of volume of VC-investments of corporate funds in "Early growth" stage in total volume of VC-investments

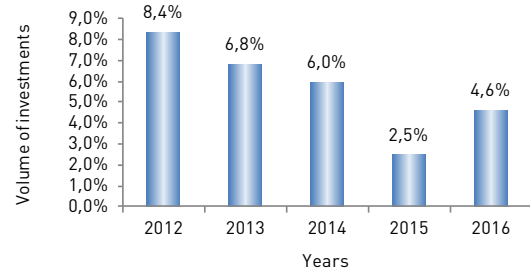


Activity of corporate funds in the segment of VC investments: Regions

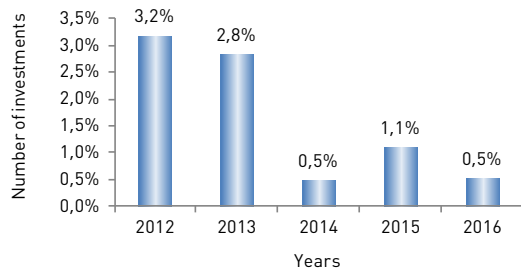
Share of number of VC-investments of corporate funds in the Central FD in total number of VC-investments



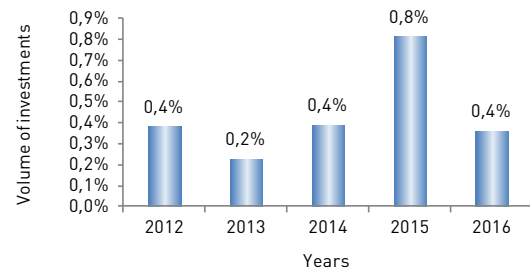
Share of volume of VC-investments of corporate funds in the Central FD in total volume of VC-investments



Share of number of VC-investments of corporate funds out of the Central FD in total number of VC-investments



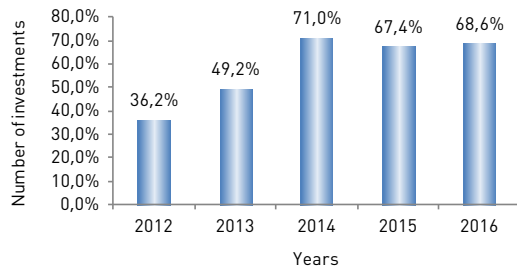
Share of volume of VC-investments of corporate funds out of the Central FD in total volume of VC-investments



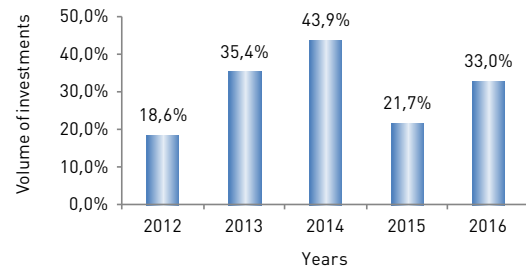
5.3.1. Seed funds investments

Total statistics

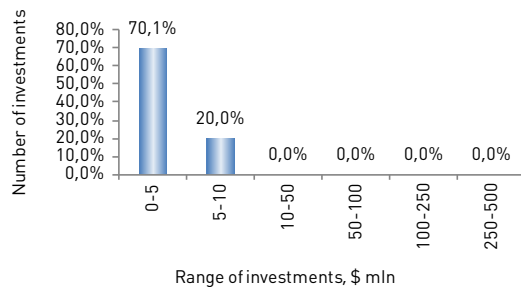
Share of number of investments of seed funds in total number of VC-investments



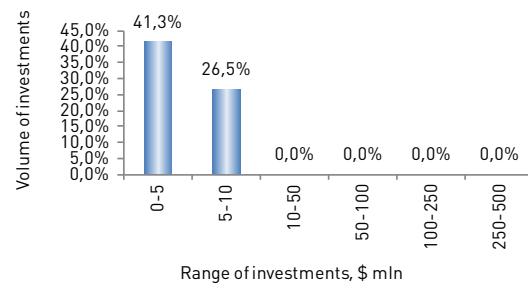
Share of cumulative volume of investments of seed funds in total volume of VC-investments



Distribution of share of number of investments of seed funds to the VC-investments number by the investment ranges

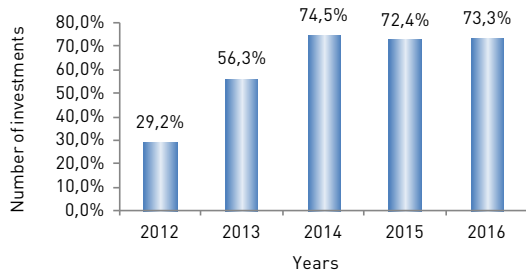


Distribution of share of volume of investments of seed funds to the VC-investments volume by the investment ranges

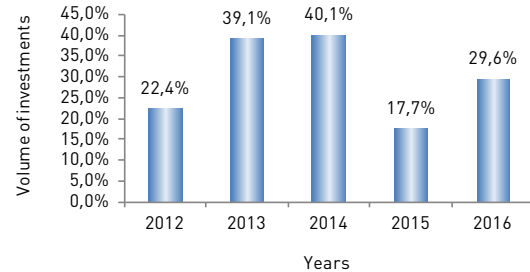


Activity of seed funds: Industry sectors

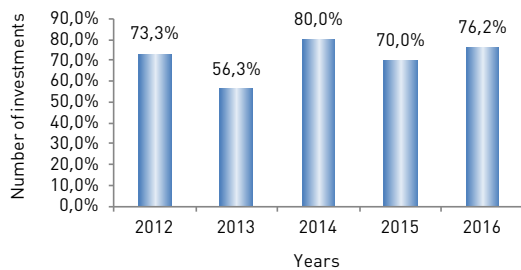
Share of number of VC-investments seed funds in "ICT*" sector in total number of VC-investments



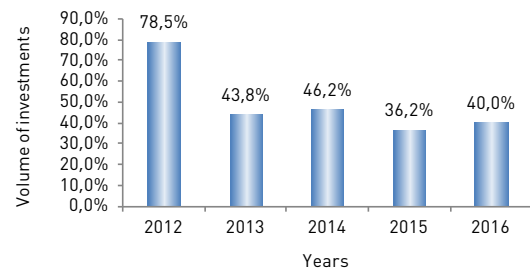
Share of volume of VC-investments seed funds in "ICT*" sector in total volume of VC-investments



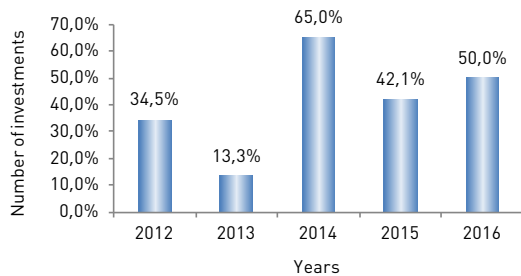
Share of number of VC-investments seed funds in "Biotechnology/Medicine" sector in total number of VC-investments



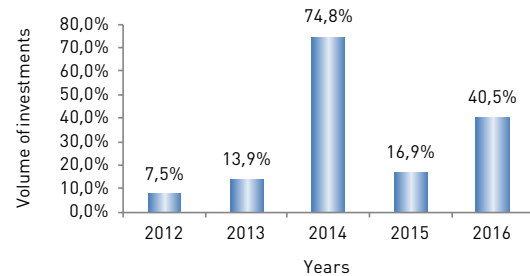
Share of volume of VC-investments seed funds in "Biotechnology/Medicine" sector in total volume of VC-investments



Share of number of VC-investments seed funds in "Industrial technologies" sector in total number of VC-investments



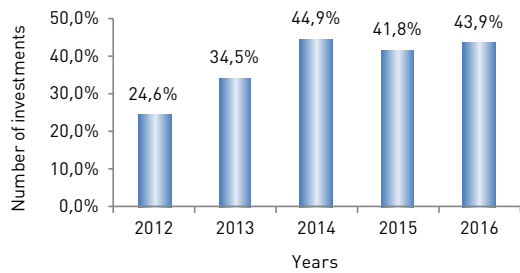
Share of volume of VC-investments seed funds in "Industrial technologies" sector in total volume of VC-investments



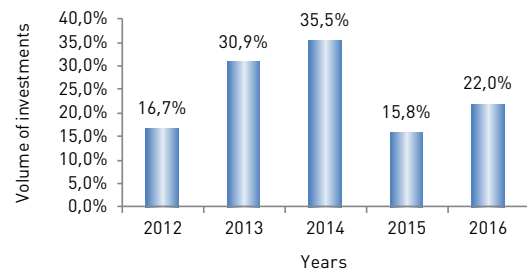
* ICT funds - funds that specifically invest only in the ICT sector

Activity of seed funds: Regions

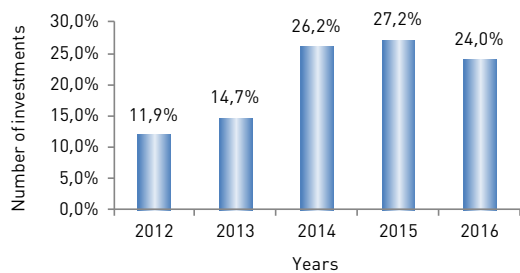
Share of number of VC-investments of seed funds in the Central FD in total number of VC-investments



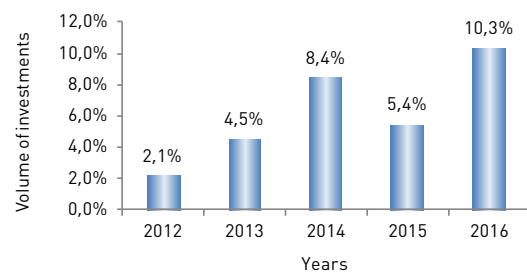
Share of volume of VC-investments of seed funds in the Central FD in total volume of VC-investments



Share of number of VC-investments of seed funds out of the Central FD in total number of VC-investments



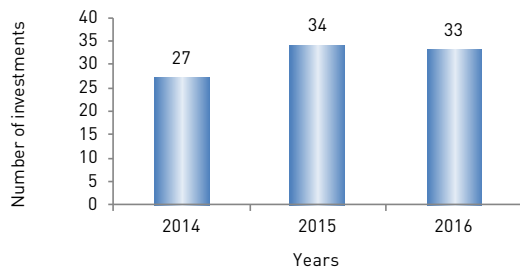
Share of volume of VC-investments of seed funds out of the Central FD in total volume of VC-investments



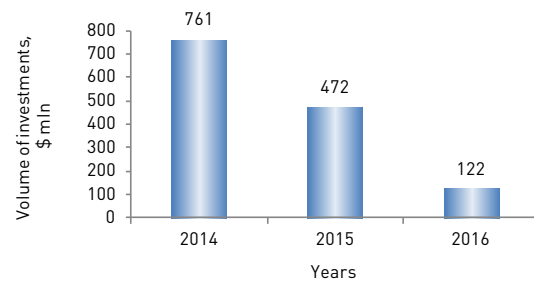
5.4.1. Investments* in foreign recipient companies with participation of Russian funds

Total statistics

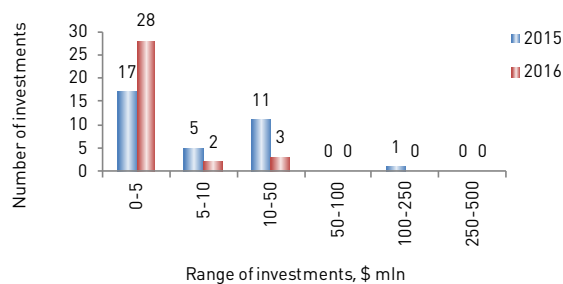
Cumulative number of investments with participation of russian VC- & PE-funds in foreign companies



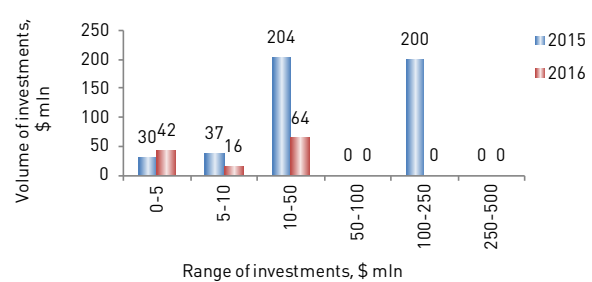
Cumulative volume of investments with participation of russian VC- & PE-funds in foreign companies



Distribution of number of investments with participation of russian VC- & PE-funds in foreign companies by the investment ranges



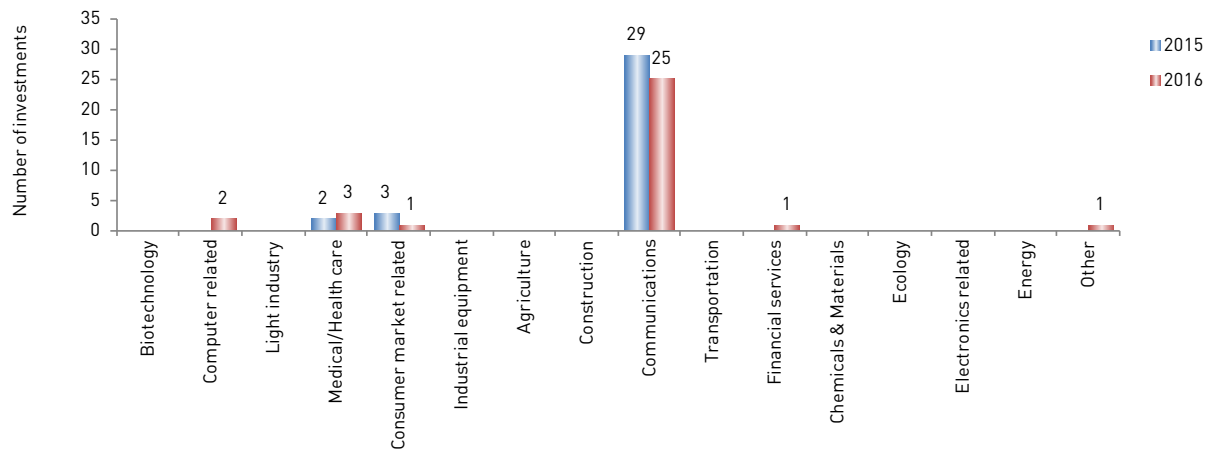
Distribution of volume of investments with participation of russian VC- & PE-funds in foreign companies by the investment ranges



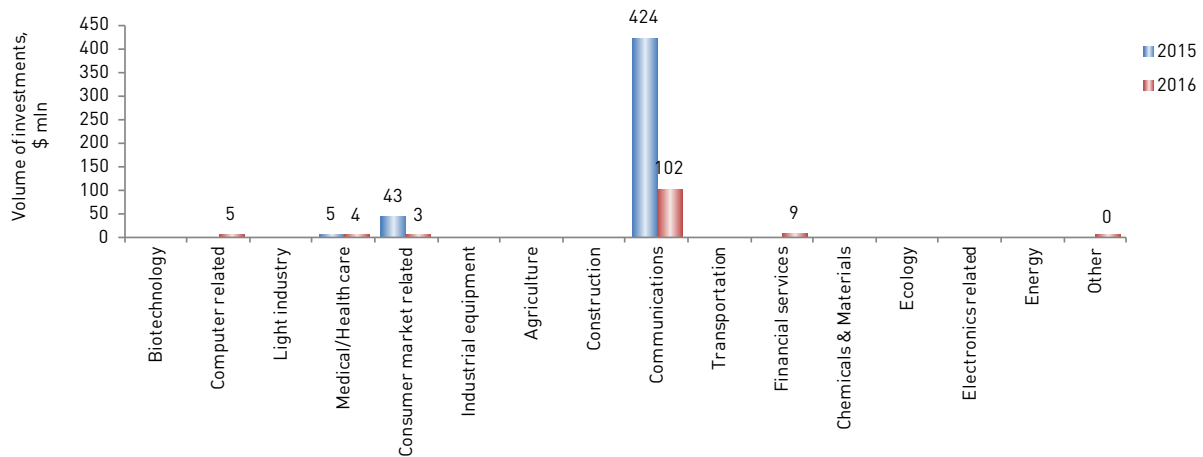
* Investments of Russian funds in foreign companies-recipients are not counted in the statistics of investment in the Russian market, presented in Section 5.

Investments by industry branches

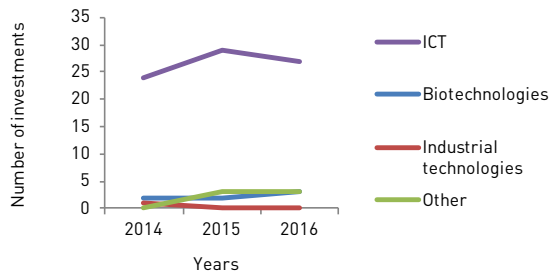
Number of investments with participation of russian VC- & PE-funds
in foreign companies by industry branches



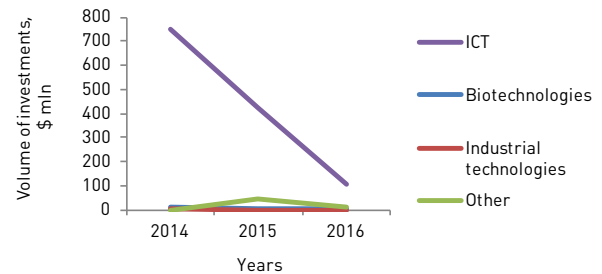
Volumes of investments with participation of russian VC- & PE-funds
in foreign companies by industry branches



Number of investments with participation of russian VC- & PE-funds in foreign companies by industry sectors

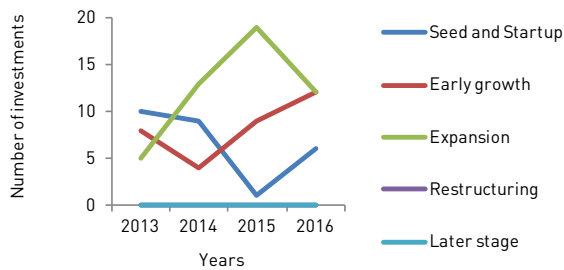


Volumes of investments with participation of russian VC- & PE-funds in foreign companies by industry sectors

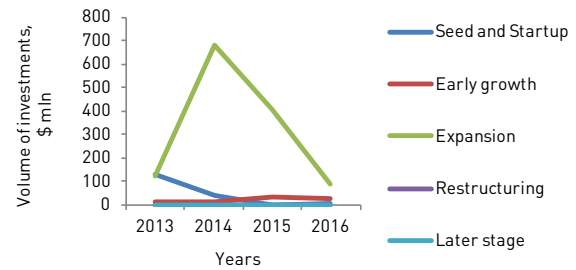


Investments by the stages of recipient companies

Number of investments with participation of russian VC- & PE-funds in foreign companies by stages

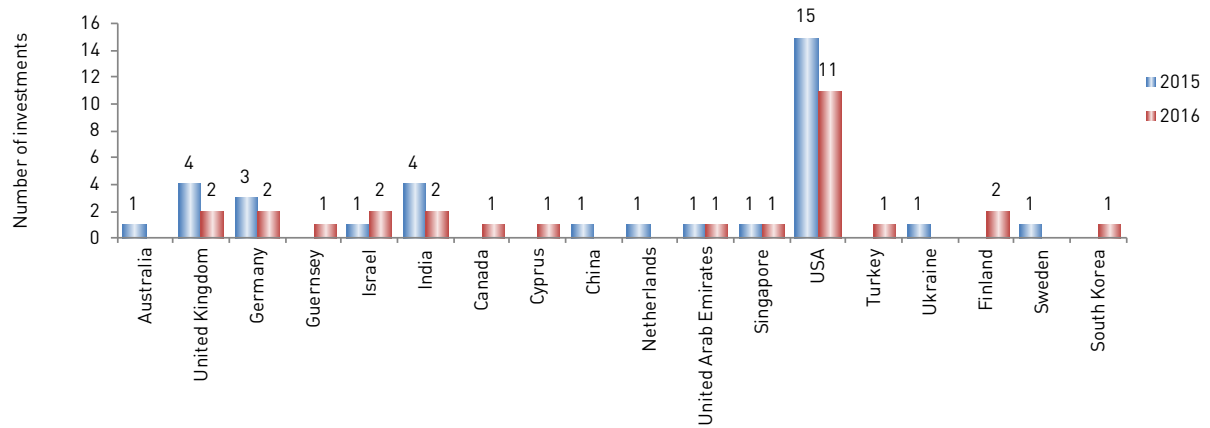


Volumes of investments with participation of russian VC- & PE-funds in foreign companies by stages

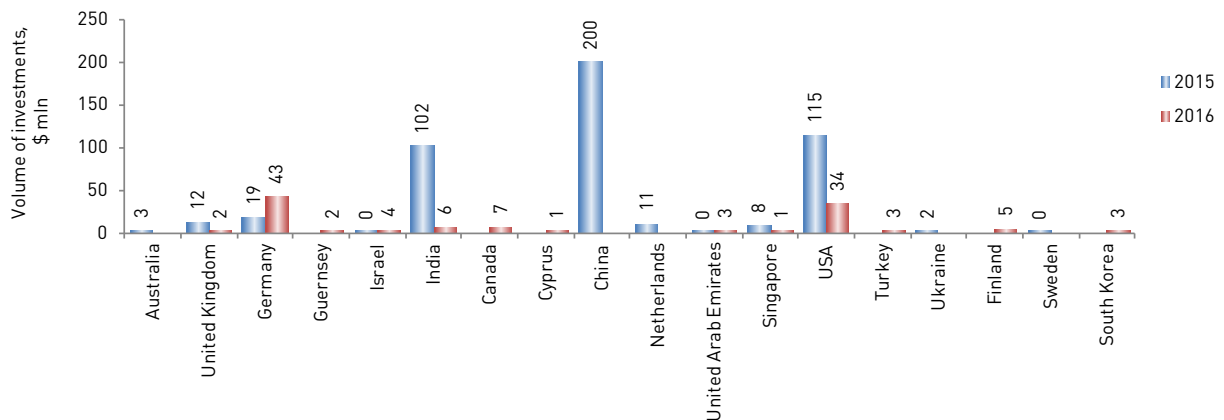


Investments by countries of the recipient companies

Number of investments of with participation of russian VC- & PE-funds in foreign companies by countries



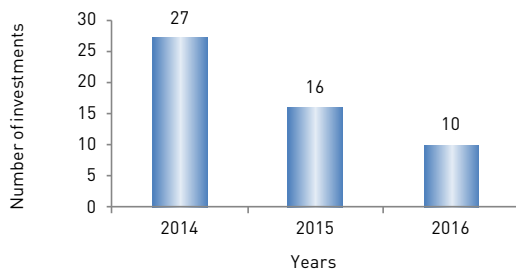
Volumes of investments of with participation of russian VC- & PE-funds in foreign companies by countries



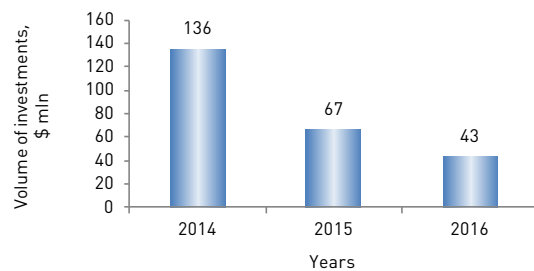
5.4.2. Investments* with participation of foreign funds in the Russian recipient companies

Total statistics

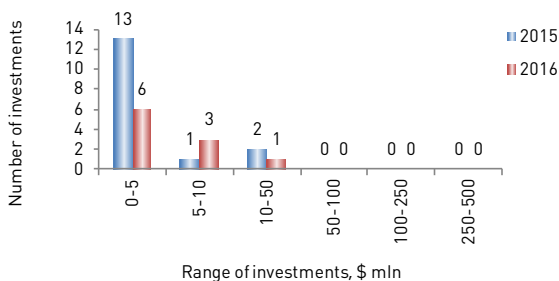
Cumulative number of investments with participation of foreign VC- & PE-funds in russian companies



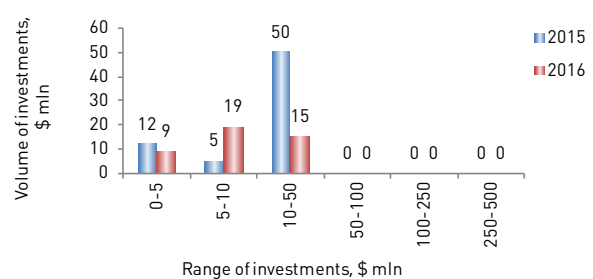
Cumulative volume of investments of with participation of foreign VC- & PE-funds in russian companies



Distribution of number of investments of with participation of foreign VC- & PE-funds in russian companies by the investment ranges



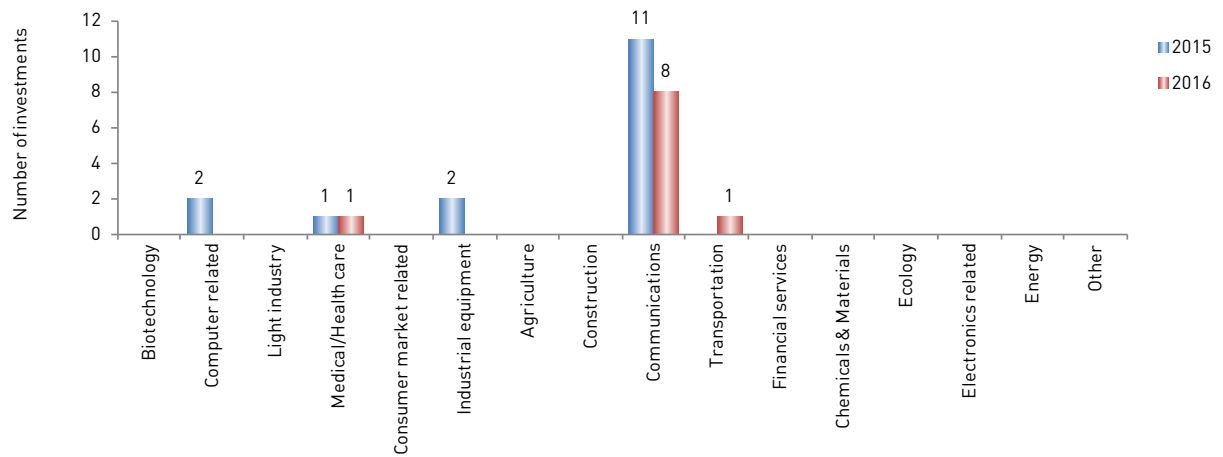
Distribution of volume of investments of with participation of foreign VC- & PE-funds in russian companies by the investment ranges



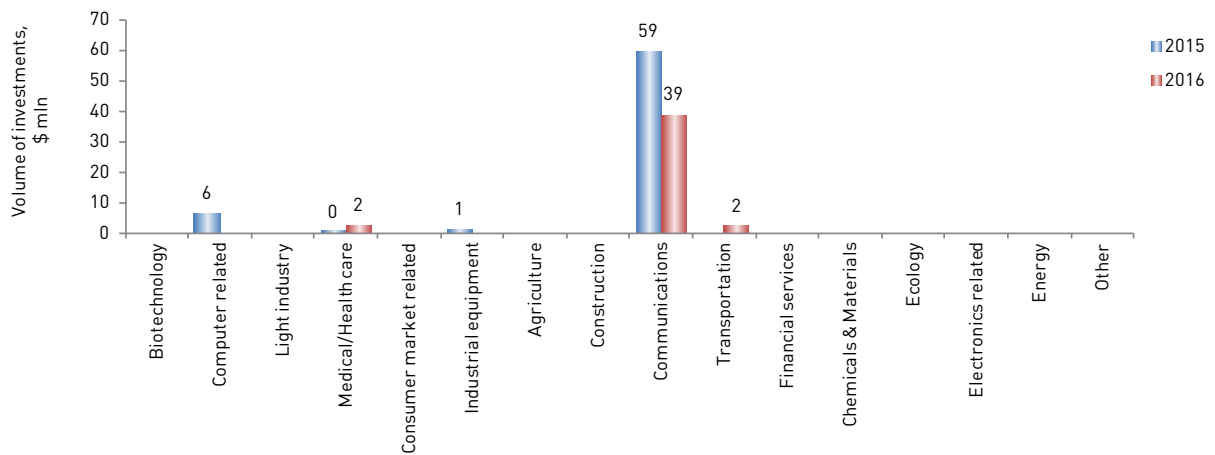
* Investments of foreign funds in Russian companies-recipients are counted in the statistics of investment in the Russian market, presented in Sections 5.1 – 5.5 (except 5.4.1.)

Investments by industry branches

Number of investments of with participation of foreign VC- & PE-funds
in russian companies by industry branches



Volumes of investments of with participation of foreign VC- & PE-funds
in russian companies by industry branches

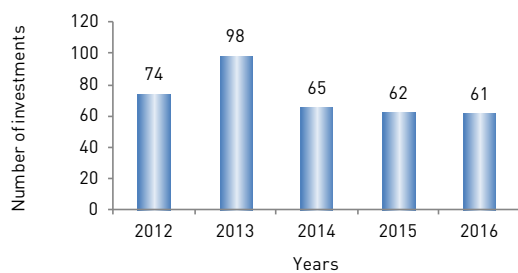


5.5. Investments of funds by type of investors

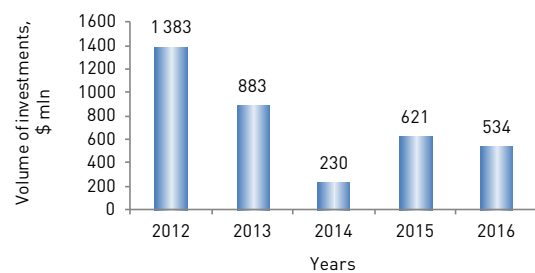
5.5.1. Investments of funds with the state capital participation

Total statistics

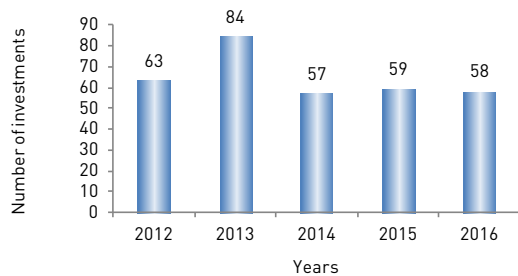
Cumulative number of VC- & PE-investments of funds with participation of the state capital



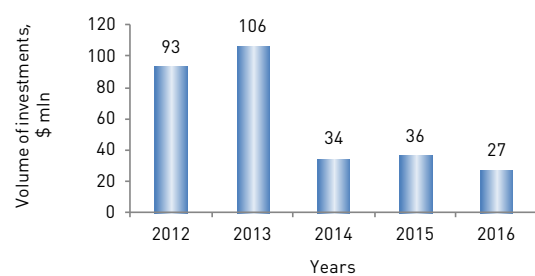
Cumulative volume of VC- & PE-investments of funds with participation of the state capital



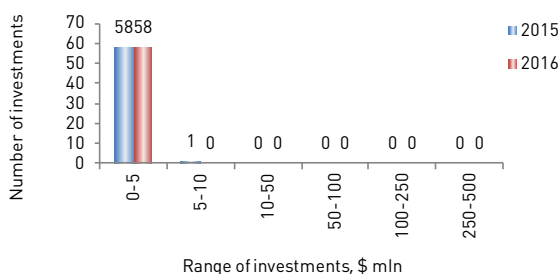
Cumulative number of VC-investments of funds with participation of the state capital



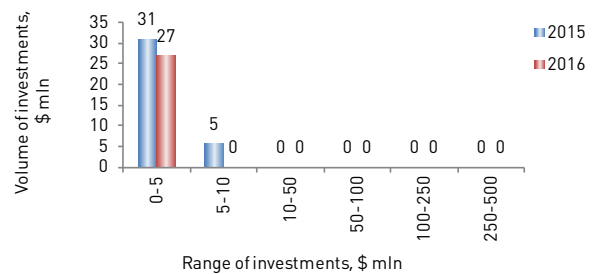
Cumulative volume of VC-investments of funds with participation of the state capital



Distribution of number of VC-investments of funds with participation of the state capital by the investment ranges

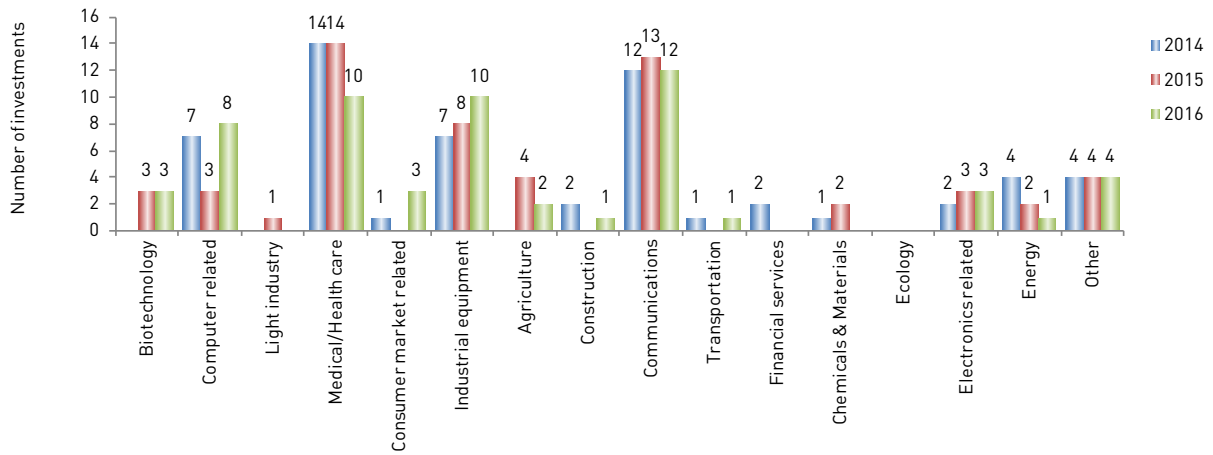


Distribution of volume of VC-investments of funds with participation of the state capital by the investment ranges

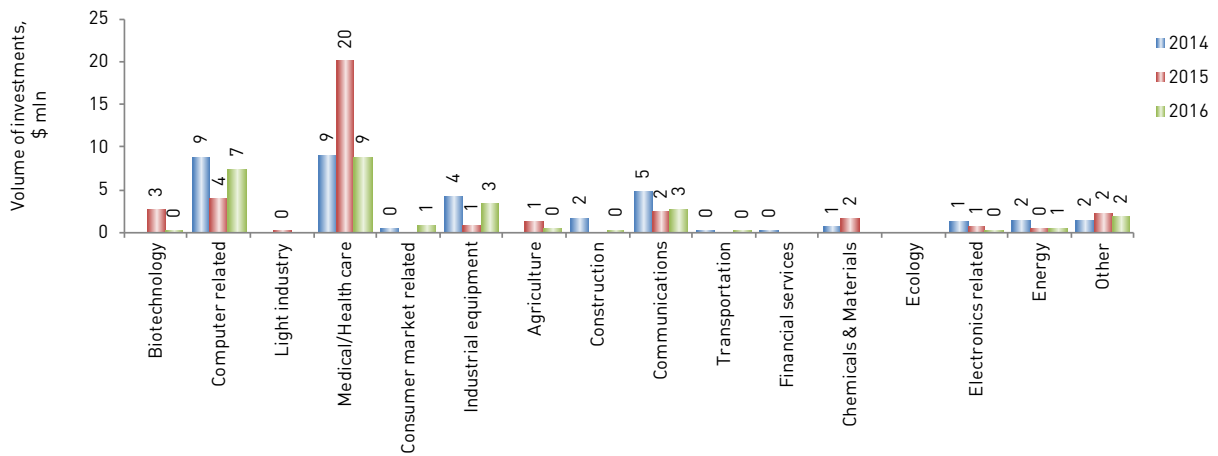


Investments by industry branches

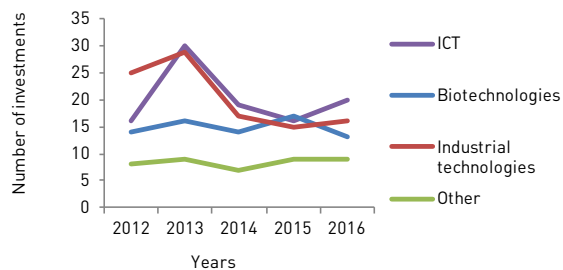
Number of VC-investments of funds with participation of the state capital by industry branches



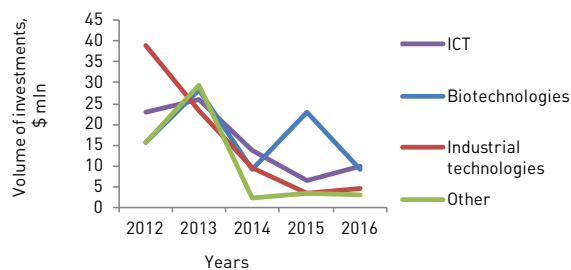
Volume of VC-investments of funds with participation of the state capital by industry branches



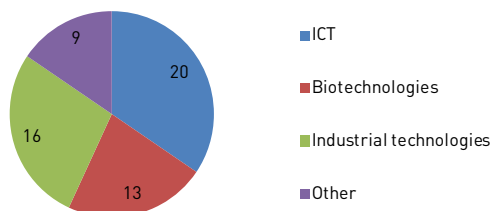
Number of VC-investments of funds with participation of the state capital by industry sectors



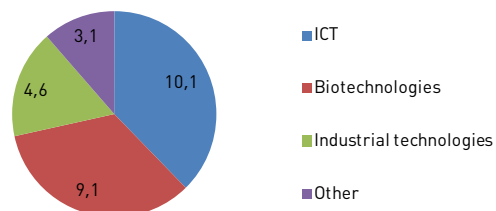
Volume of VC-investments of funds with participation of the state capital by industry sectors



Distribution of number of VC-investments of funds with participation of the state capital by industry sectors, 2016

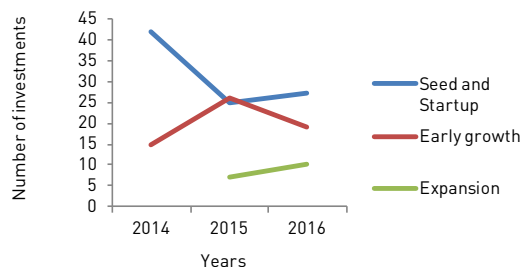


Distribution of volume of VC-investments of funds with participation of the state capital by industry sectors, 2016

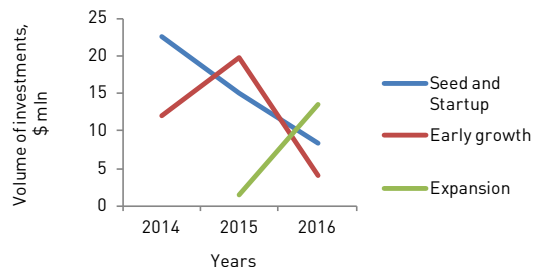


Investments by stages of recipient companies

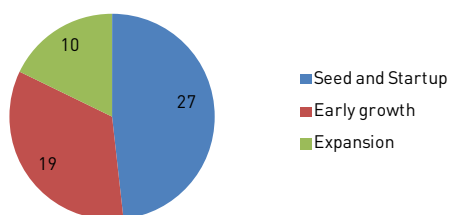
Number of VC-investments of funds with participation of the state capital by stages*



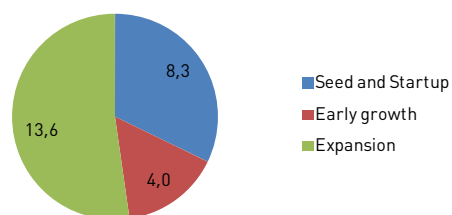
Volume of VC-investments of funds with participation of the state capital by stages*



Distribution of number of VC-investments of funds with participation of the state capital by stages*, 2016



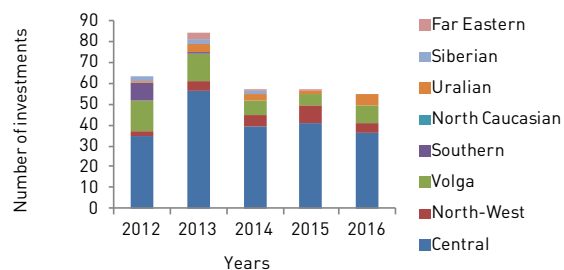
Distribution of volume of VC-investments of funds with participation of the state capital by stages*, 2016



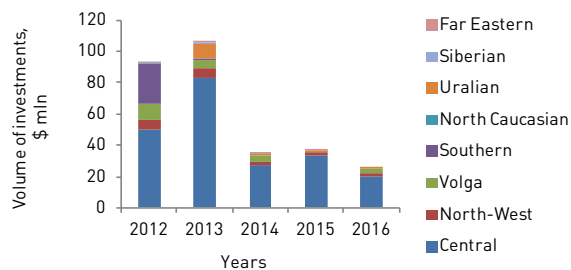
* According to the methodology part of the investment in the companies at the "Expansion" stage are assigned to the VC-Investments

Investments by regions

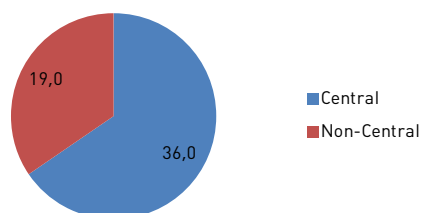
Number of VC-investments of funds with participation of the state capital by federal districts



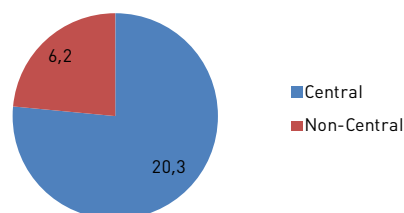
Volume of VC-investments of funds with participation of the state capital by federal districts



Distribution of number of VC-investments of funds with participation of the state capital by federal districts, 2016



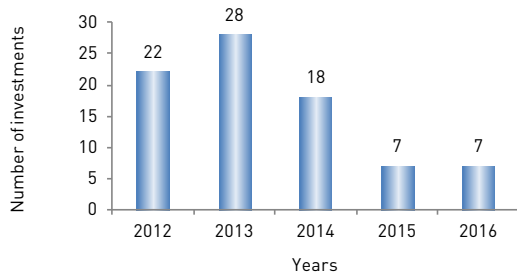
Distribution of volume of VC-investments of funds with participation of the state capital by federal districts, 2016



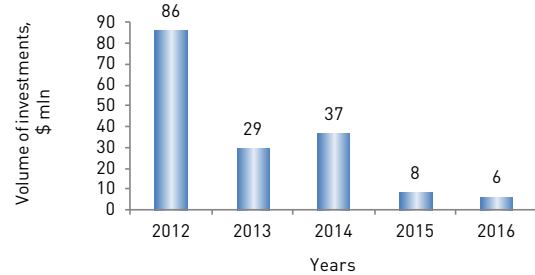
5.5.2. Investments of corporate funds

Total statistics

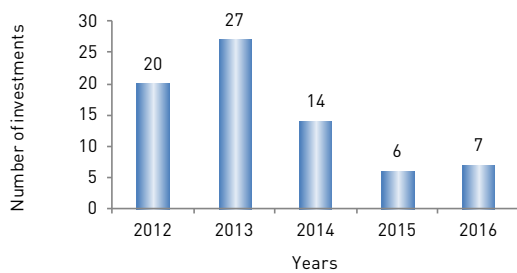
Cumulative number of VC- & PE-
investments of corporate funds



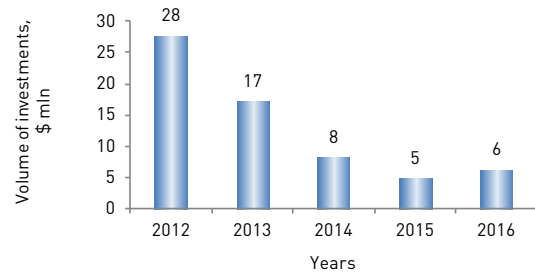
Cumulative volume of VC- & PE-
investments of corporate funds



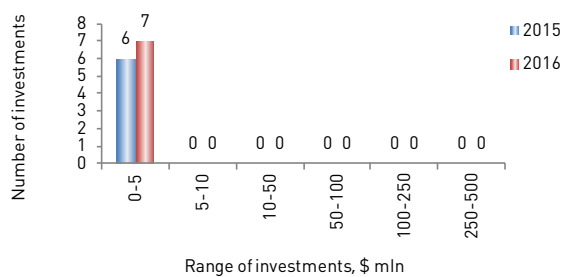
Cumulative number of VC-investments
of corporate funds



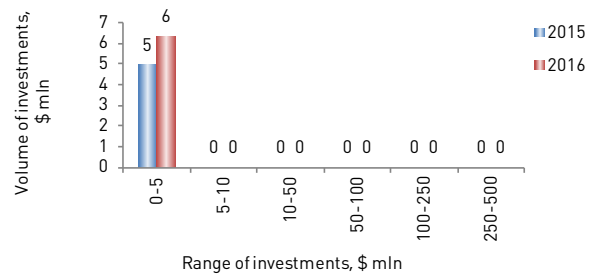
Cumulative volume of VC-investments
of corporate funds



Distribution of number of VC-investments
corporate funds by the investment ranges

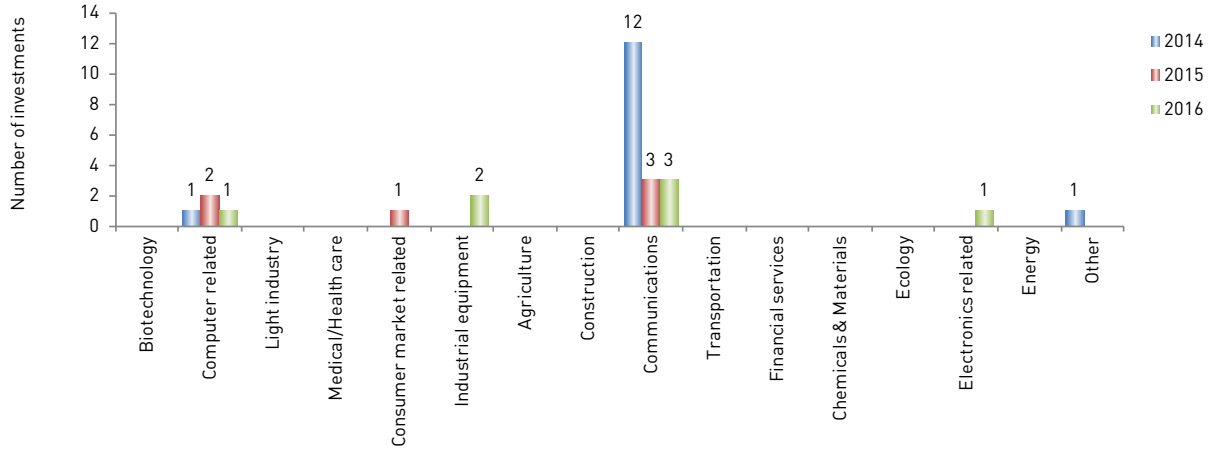


Distribution of volume of VC-investments
corporate funds by the investment ranges

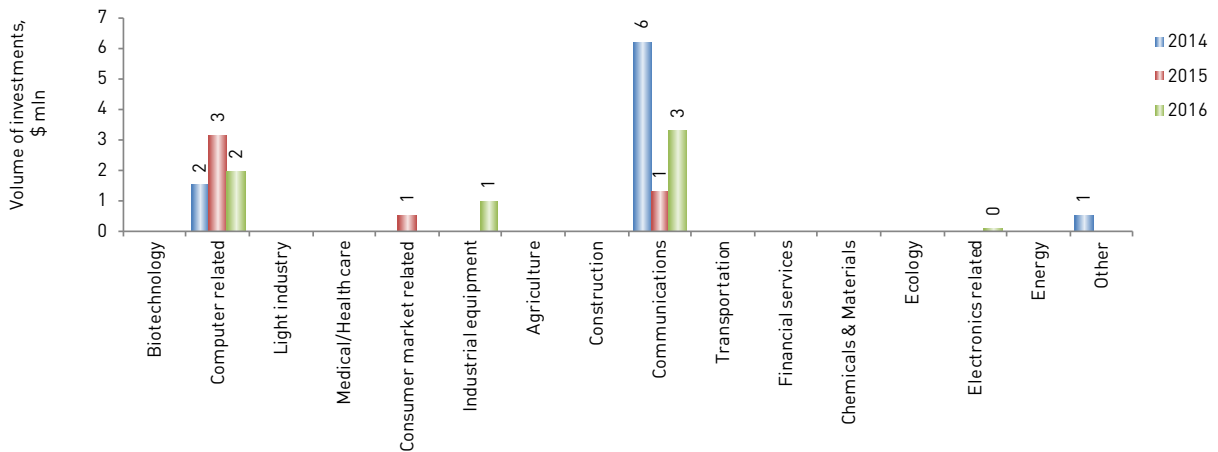


Investments by industry branches

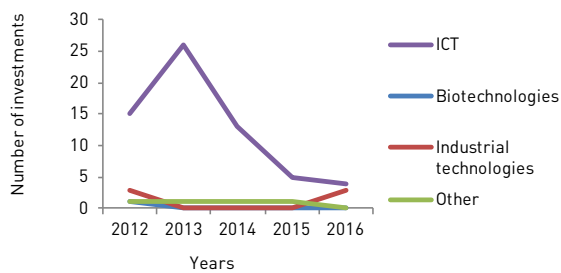
Number of VC-investments of corporate funds by industry branches



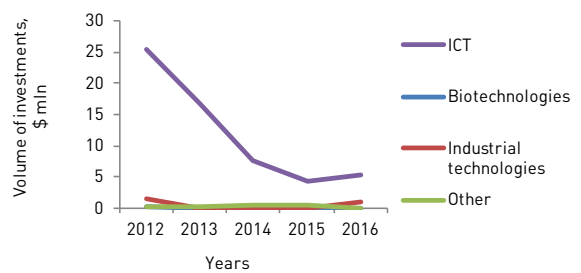
Volume of VC-investments of corporate funds by industry branches



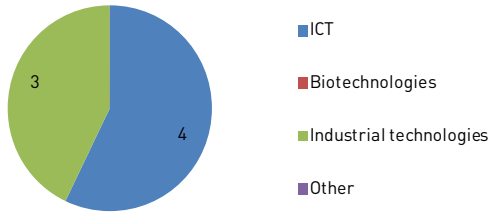
Number of VC-investments of corporate funds by industry sectors



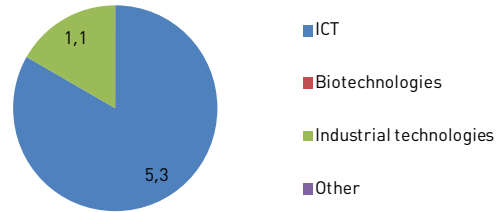
Volume of VC-investments of corporate funds by industry sectors



Distribution of number of VC-investments of corporate funds by industry sectors, 2016

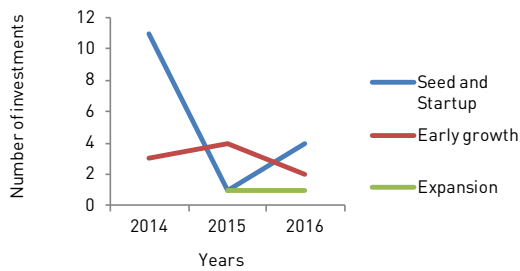


Distribution of volume of VC-investments of corporate funds by industry sectors, 2016

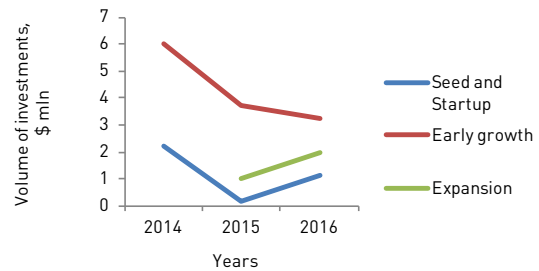


Investments by stages of development of the recipient companies

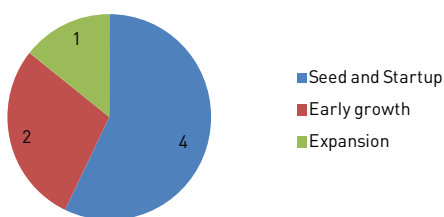
Number of VC-investments corporate funds by stages*



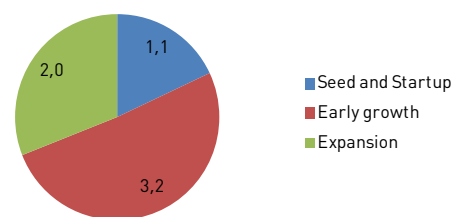
Volume of VC-investments corporate funds by stages



Distribution of number of VC-investments corporate funds by stages*, 2016



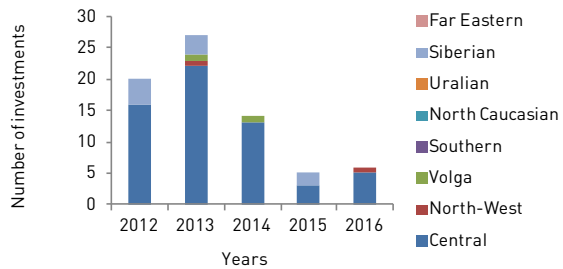
Distribution of volume of VC-investments corporate funds by stages*, 2016



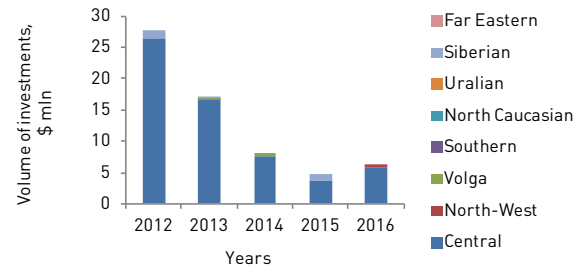
* According to the methodology part of the investment in the companies at the "Expansion" stage are assigned to the VC-Investments

Investments by regions

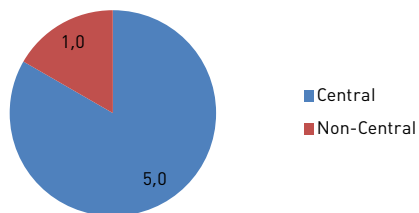
Number of VC-investments
of corporate funds by federal districts



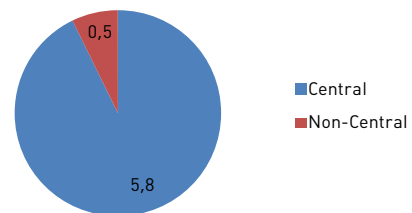
Volume of VC-investments
of corporate funds by federal districts



Distribution of number of VC-investments
of corporate funds by federal districts,
2016



Distribution of volume of VC-investments
of corporate funds by federal districts,
2016



6. Exits

Exits are not only a key indicator for the efficiency of fund management teams, they also serve as guidelines for potential investors assessing a market's potential.

In 2016, private equity and venture capital funds exited 46 companies, largely in line with 50 exits in 2015. 91% of exits were by venture funds, which is 20% higher than in 2015 (34 in 2015 compared to 42 in 2016).

It is worth noting that 71% of exits from venture funds were by funds with state participation (44% in 2015).

These figures evidence the state's role as a catalyst for "mass" venture investments by venture capital funds established with the support of the Ministry of Economic Development jointly with RVC.

The main recipients of investments in the previous years were in ICT companies. As a natural result, the majority of exits by venture funds in 2016 were from this sector (50% of the total number of exited companies). For comparison, in 2015, this share was 62%.

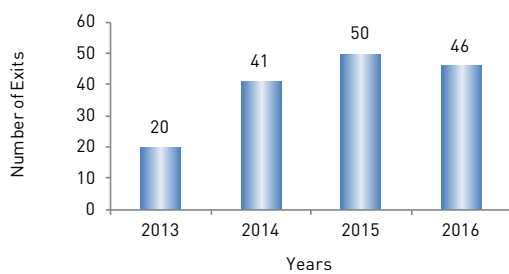
However, we should make a number of reservations in regards to the statistics used to draw conclusions.

Firstly, the statistics includes only the information on exits that is publically available information or which the funds decided to disclose. Hence, we should treat our data as "distorted", as funds tend not to reveal their setbacks. For instance, of 59 funds who provided data on key parameters (volume, jurisdiction, IRR etc.) only 29% confirmed existence or absence of distressed assets in their portfolios.

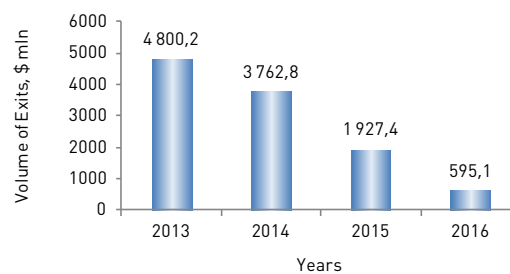
Secondly, talking about the quality of exits, one should remember that funds usually do not disclose parameters of exits majority of which may seem successful (i.e. excluding write-offs and distress sales). In addition, statistics for exits for which losses were recorded is provided not as zero value.

VC- and PE funds: Types of exit

Cumulative number
of exits of VC- & PE-funds



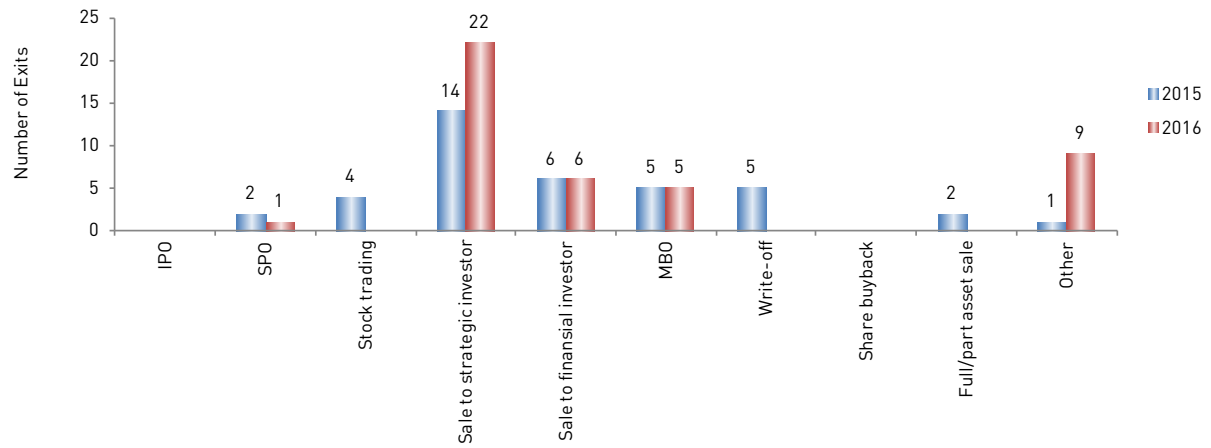
Cumulative volumes of exits
VC- & PE-funds from russian companies *



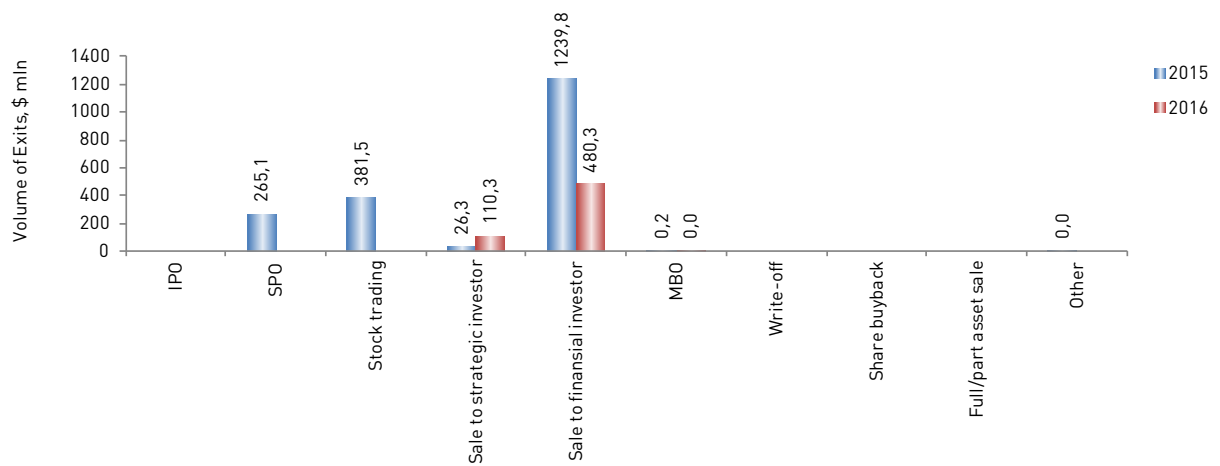
* Data on the volume of exits by each period of 62% of the portfolio companies were not available at the time of preparation of the report.

VC- and PE funds: Types of exit

Cumulative number of exits of VC- & PE-funds, by exit ways



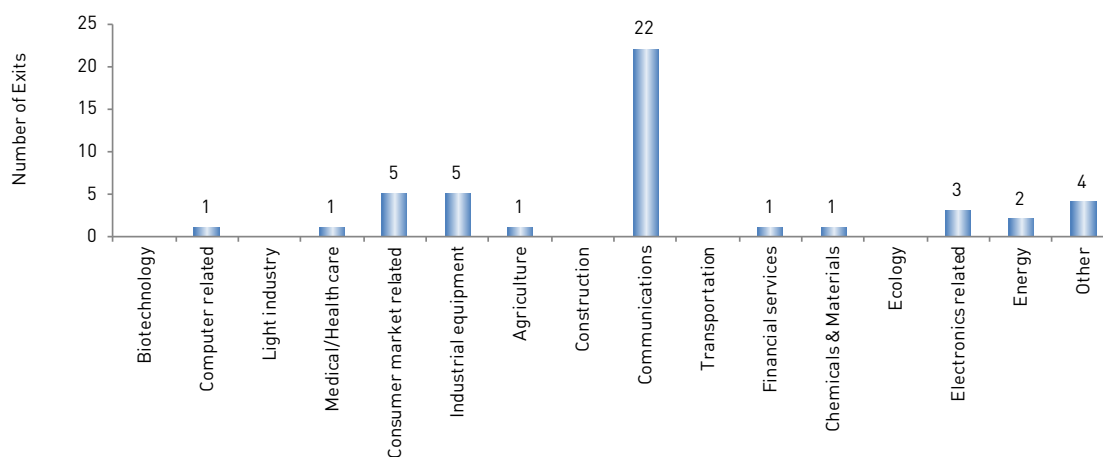
Cumulative volume of exits of by exit ways *



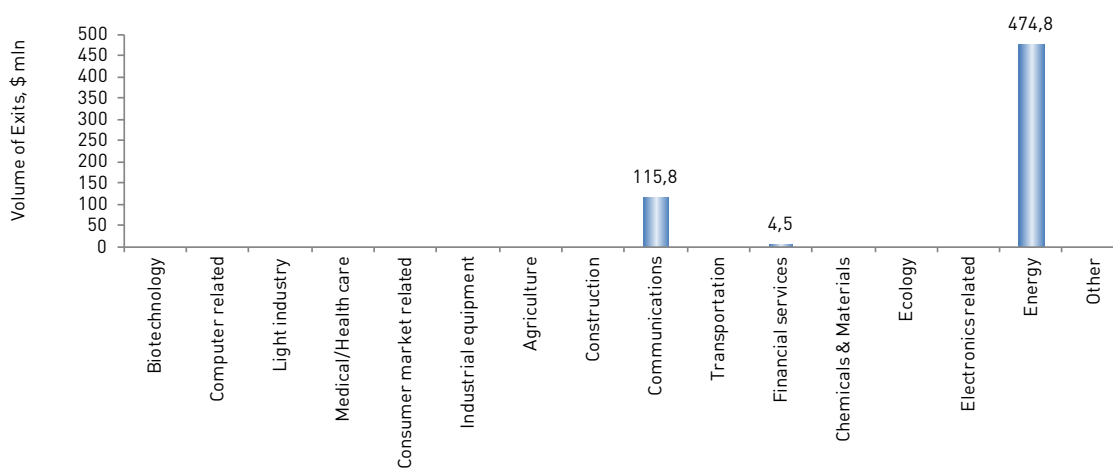
* Data on the volume of exits by each period of 69% of the portfolio companies were not available at the time of preparation of the report.

VC- and PE funds: exits by branches of recipient companies

Cumulative number of exits of VC- & PE-funds,
by industry branches



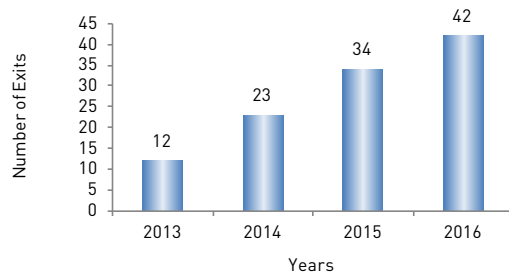
Cumulative volume of exits of VC- & PE-funds
by industry branches*



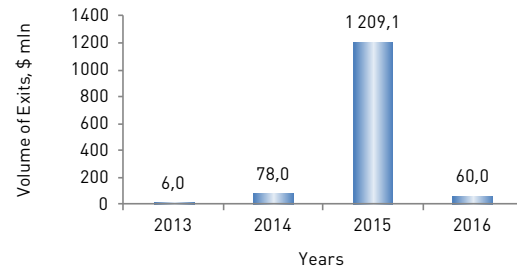
* Data on the volume of exits of 84% of the portfolio companies were not available at the time of preparation of the report.

VC funds: Total statistics of exits

Cumulative number of exits of VC-funds



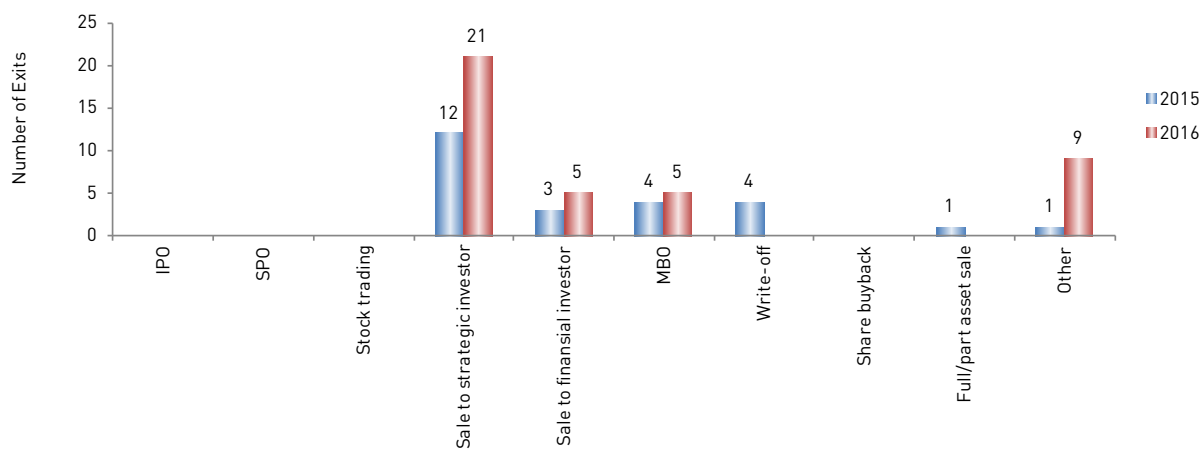
Cumulative volumes of exits of VC-funds *



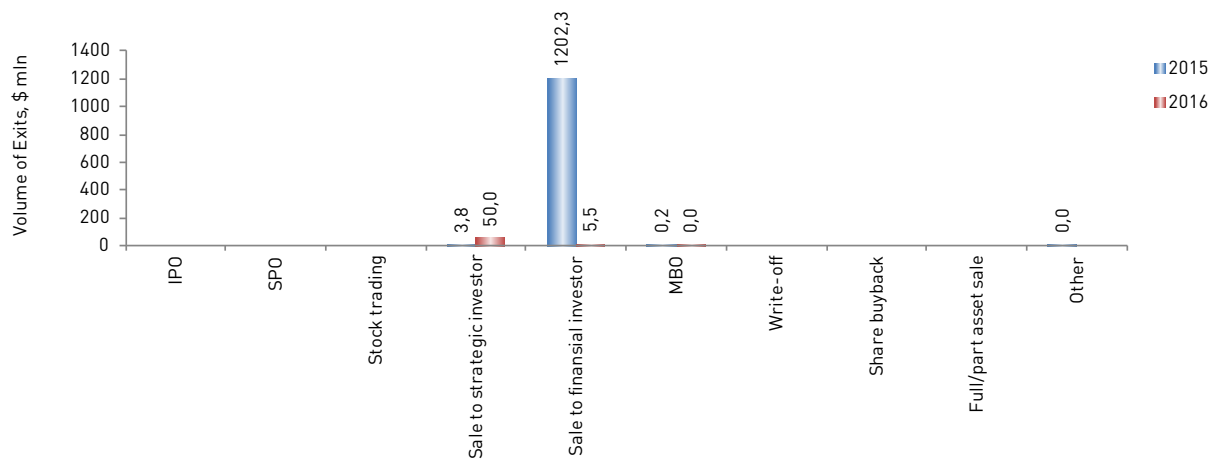
* Data on the volume of exits by each period of 75% of the portfolio companies were not available at the time of preparation of the report.

VC funds: types of exits

Cumulative number of exits of VC-funds, by exit ways



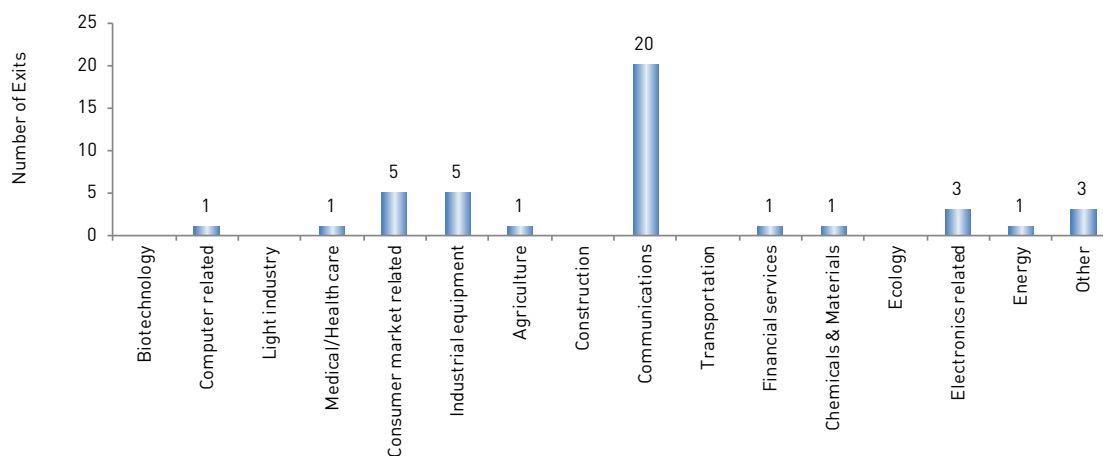
Cumulative volumes of exits of VC-funds by exit ways *



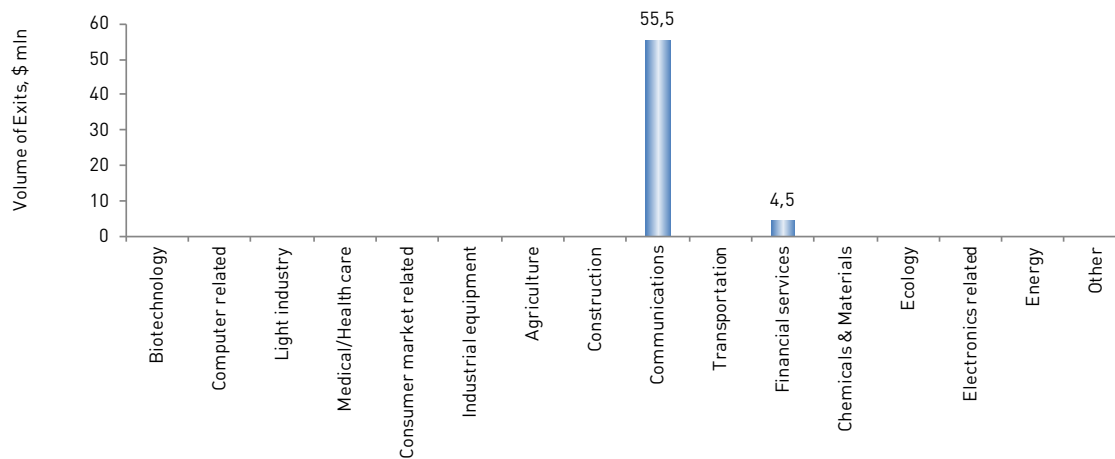
* Data on the volume of exits by each period of 76% of the portfolio companies were not available at the time of preparation of the report.

VC funds: exits by branches of the recipient companies

Cumulative number of exits of VC-funds by industry branches, 2016



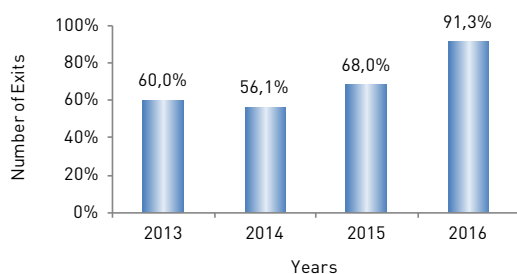
Cumulative volumes of exits of VC-funds of exits of by industry branches*, 2016



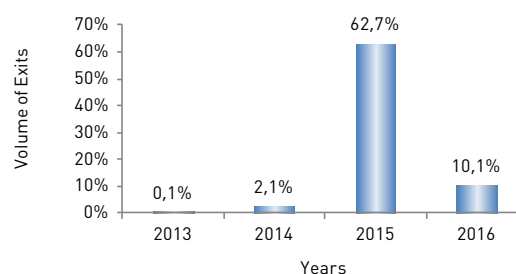
* Data on the volume of exits of 88% of the portfolio companies were not available at the time of preparation of the report.

VC- funds: share of exits

Share of number of exits with participation of VC-funds in total number of exits of VC-funds



Share of volume of exits with participation of VC-funds in total number of exits of VC-funds*



* Data on the volume of exits by each period of 62% of the portfolio companies were not available at the time of preparation of the report.

7. Summary

The data analysis for the Russian private equity and venture capital investments in 2016 reveals a number of positive themes, primarily as a result of the performance in the VC segment, largely supported by the private sector. This is despite the fact that many market indicators in 2016 evidence an impact of the macroeconomic crisis (especially noticeable in the PE segment).

Assets:

Investments:

- In 2016, private equity and venture capital funds concluded 217 deals (with known volume), slightly higher than 203 deals in 2015. The VC segment with 210 deals (11% higher than in 2015) made the main contribution to the total number of investments. In this segment, 28% of the deals were concluded by funds with state capital (31% in 2015), and approximately 45% by the IIDF (40% in 2015).
- The volume of VC investments totaled US\$128 million (85% of the 2015 level). Funds with state capital provided about 21% of the total volume of VC investments (about 24% in 2015).
- The number of investments by corporate funds remained unchanged from 2015. The volume of investments decreased by 23%.

Exits:

- In 2016, the number of exits (by the number of exited companies) by VC and PE funds declined by approximately 10% from 50 exits in 2015 to 46 in 2016. About 91% of exits were by VC funds (68% in 2015), 71% of which were by funds with state capital (44% in 2015).

At the same time, a number of indicators declined:

Fund capital¹:

- In line with a trend we observed in recent years, the aggregated capital of VC and PE funds experienced negative growth rate of 12% in 2016 (minus 14% in 2015).
- The number of new VC funds in 2016 reached 55% of the 2015 level (24 in 2015 and 13 in 2016).

Investments:

- The total volume of VC and PE investments reached US\$816 million in 2016, or 78% of the 2015 level.

In addition:

Fund capital:

- The sectoral preferences of VC funds remained shifted towards the ICT sector and a sector mix.
- The vast majority of VC funds (85%), as well as the aggregate capital of VC funds (96%), were concentrated in the Central Federal District.
- Among the total number of VC funds the share of funds with state capital was 30%.

Investments:

- The sectoral preferences of VC investments remained shifted towards the ICT sector: 75% by number and 71% by volume of all VC investments.
- The share of non-IT and non-e-commerce sectors in the venture capital segment (biotechnology, medicine and healthcare, industrial equipment, chemicals, environment, electronics and energy) was 15% of the total volume and 19% of the total number of VC investments.
- The Central Federal District remained the leader in the volume (83%) and the number (64%) of VC investments.

Exits:

- Half of exits by VC funds were from the ICT sector (62% in 2015).

¹ Funds' capital is recorded as at the end of (interim) reporting periods, or as net asset value at the end of fund raising, excluding investments. In case of a fund liquidation, capital is calculated as a share of the aggregated volume of participating funds.

Active funds

Number of cumulative capital of active VC- & PE-funds		Volume of cumulative capital of active VC- & PE-funds, \$ mln	
253 (269 in 2015) -5,9% of 2015 level		19916 (22502 in 2015) -11,5% of 2015 level	
Number of active VC-funds	Number of active PE-funds	Volume of cumulative capital of active VC-funds, \$ bln	Volume of cumulative capital of active PE-funds, \$ bln
178 (185 in 2015) -3,8% of 2015 level	75 (84 in 2015) -10,7% of 2015 level	3795 (3849 in 2014 г.) -1,4% от уровню 2015 level	16121 (18654 in 2015) -13,6% of 2015 level

New funds

Number of new VC- & PE-funds		Volume of cumulative capital of new VC- & PE-funds, \$ mln	
17 (26 in 2015) -34,6% of 2015 level		707 (280 in 2015) +153% to 2015 level	
Number of new VC-funds at the market	Number of new PE-funds at the market	Volume of cumulative capital of new VC-funds, \$ mln	Volume of cumulative capital of new PE-funds, \$ mln
13 (24 in 2015) -45,8% of 2015 level	4 (2 in 2015) +100% to 2015 level	201 (278 in 2015) -27,6% of 2015 level	506 (2 in 2015)

Investments			
Number of VC- & PE-investments		Volume of VC- & PE-investments, \$ mln	
217 (203 in 2015) +6,9%to 2015 level		816 (1043 in 2015) -21,8% of 2015 level	
Number of VC-investments	Number of PE-investments	Volume of investments of VC-investments, \$ mln	Volume of PE-investments of, \$ mln
210 (190 in 2015) +10,5% to 2015 level	7 (13 in 2015) -46,2% of 2015 level	128 (150 in 2015) -14,4% of 2015 level	687 (893 in 2015) -23% of 2015 level

8. Appendix: Tables

8.1. Tables

8.1.1. VC- & PE-funds

Number & cumulative volume of VC- & PE-funds

	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
All funds	267	269	253	26109	22502	19916
New funds	32	26	17	1270	280	707
Liquidated funds	25	24	33	847	1379	2936

Ratio of number and cumulative volume of VC- & PE-funds

Fund type	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
VC funds	177	185	178	4361	3849	3795
PE funds	90	84	75	21748	18654	16121
Total	267	269	253	26109	22502	19916

Number and cumulative volume of VC- & PE-funds by capital volume *

Range, \$ mln	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
0-5	75	88	89	89	123	134
5-10	25	20	16	183	132	105
10-50	64	73	72	1406	1671	1650
50-100	35	26	22	2452	1675	1525
100-250	41	37	30	5757	5157	4024
250-500	17	15	16	5415	4645	5064
500-1000	5	5	4	3249	2895	2386
1000+	5	5	4	7558	6204	5028
Total	267	269	253	26109	22502	19916

* This data does not include the information about the funds with unknown volume and funds capital estimated in the volume of investments made.

Regional distribution of volume of VC- & PE-funds, \$ mln

Federal districts	PE-funds			VC-funds		
	2014	2015	2016	2014	2015	2016
Central	20297	17556	15358	3849	3527	3661
North-West	488	488	300	89	86	26
Volga	100	100	0	293	170	92
Southern	0	0	0	23	14	0
North Caucasian	0	0	0	14	0	0
Uralian	0	0	0	11	7	6
Siberian	0	0	0	75	42	7
Far Easten	863	509	464	6	4	4
Total	21748	18654	16121	4361	3849	3795

Regional distribution of number of VC- & PE-funds

Federal districts	PE-funds			VC-funds		
	2014	2015	2016	2014	2015	2016
Central	86	80	73	140	150	151
North-West	2	2	1	7	6	3
Volga	1	1	0	16	15	14
Southern	0	0	0	1	1	0
North Caucasian	0	0	0	2	1	1
Uralian	0	0	0	3	2	2
Siberian	0	0	0	7	6	3
Far Easten	1	1	1	1	4	4
Total	90	84	75	177	185	178

8.1.2. Management companies

Number and cumulative volume of Management companies

Range, \$ mln	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
0-50	134	150	151	1363	1535	1598
50-150	43	40	35	3743	3304	2930
150+	35	29	26	21003	17664	15388
Total	212	219	212	26109	22502	19916

8.1.3. Investments

Cumulative number and volume of VC- & PE-investments

Number			Volume, \$ mln		
2014	2015	2016	2014	2015	2016
256	203	217	878	1043	816

Ratio of number and volume of VC- & PE-investments

Fund type	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
VC-investments	214	190	210	129	150	128
PE-investments	42	13	7	749	893	687
Total	256	203	217	878	1043	816

Distribution of number and volume of VC- & PE-investments by industry branches

Industry branch	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
Biotechnology	0	3	3	0	3	0
Computer related	10	7	11	12	8	14
Light industry	0	1	0	0	0	0
Medicine/Health care	15	17	18	9	20	12
Consumer market related	12	9	12	87	1	415
Industrial equipment	9	10	13	5	2	6
Agriculture	0	4	2	0	1	0
Construction	2	0	1	2	0	0
Communications	181	127	142	390	236	253
Transportation	2	3	3	0	386	102
Financial services	2	0	1	0	0	10
Chemicals & Materials	2	3	0	31	3	0
Ecology	0	1	0	0	0	0
Electronic related	3	3	4	3	1	0
Energy	5	5	2	38	381	1
Other	9	8	5	34	3	2
Unknown	4	2	0	267	0	0
Total	256	203	217	878	1043	816

Distribution of number and volume of VC-investments by industry branches

Industry branch	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
Biotechnology	0	3	3	0	3	0
Computer related	8	6	11	10	4	14
Light industry	0	1	0	0	0	0
Medicine/Health care	15	17	18	9	20	12
Consumer market related	9	9	10	1	1	7
Industrial equipment	8	10	13	4	2	6
Agriculture	0	4	2	0	1	0
Construction	2	0	1	2	0	0
Communications	153	121	139	93	110	83
Transportation	2	1	2	0	1	2
Financial services	2	0	0	0	0	0
Chemicals & Materials	1	3	0	1	3	0
Ecology	0	0	0	0	0	0
Electronic related	3	3	4	3	1	0
Energy	4	2	2	2	0	1
Other	7	8	5	3	3	2
Unknown	0	2	0	0	0	0
Total	214	190	210	129	150	128

Distribution of number and volume of VC- & PE-investments by industry sectors

Industry sector	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
ICT	191	134	153	402	243	267
Biotechnology/Medicine	15	20	21	9	23	12
Industrial equipment	23	25	23	78	772	110
Other	23	22	20	122	5	427
Unknown	4	2	0	267	0	0
Total	256	203	217	878	1043	816

Distribution of number and volume of VC-investments by industry sectors

Industry sector	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
ICT	161	127	150	103	115	97
Biotechnology/Medicine	15	20	21	9	23	12
Industrial equipment	20	19	22	12	7	10
Other	18	22	17	5	5	10
Unknown	0	2	0	0	0	0
Total	214	190	210	129	150	128

Distribution of number and volume of VC- & PE-investments by ICT sector branches

ICT sector branch	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
E-commerce	34	10	6	19	61	21
Aggregators and catalogs	9	22	16	58	2	11
Safety	2	4	4	0	5	20
Video Audio Photo	8	5	1	22	6	0
Games / Entertainment	5	1	5	32	0	1
Consulting	2	4	7	4	0	1
Media	4	2	1	1	64	0
Medicine	4	1	4	4	4	8
Education	15	8	5	11	4	0
Job	2	2	2	1	1	136
Software Development	0	8	7	0	19	11
Advertising	11	6	3	14	2	3
Reference services	5	2	3	10	0	1
Business Solutions	33	24	59	35	12	26
Communication	3	3	1	82	0	0
Social networks	10	2	1	8	2	0
Development environment	4	1	0	5	0	0
Tourism	8	4	2	27	10	5
Finances	7	5	2	5	9	1
Other	14	10	10	51	40	12
Unknown	11	10	13	12	3	9
Total	191	134	152	402	243	267

Distribution of number and volume of VC- & PE-investments by stages

Stage	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
Seed and startup	172	112	123	43	23	16
Early growth	39	49	52	77	36	30
Expansion	42	29	37	647	720	633
Restructuring	0	2	0	0	64	0
Later stage	2	3	1	107	182	132
Unknown	1	8	4	4	18	4
Total	256	203	217	878	1043	816

Distribution of number and volume of VC- & PE-investments by regions

Federal district	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
Central	177	125	131	554	351	517
North-West	19	35	24	16	370	285
Volga	25	12	20	8	1	8
Southern	2	2	4	0	0	0
North Caucasian	0	0	0	0	0	0
Uralian	15	7	9	31	0	2
Siberian	10	12	12	1	241	1
Far Easten	4	3	3	0	32	0
Unknown	4	7	14	267	47	3
Total	256	203	217	878	1043	816

Distribution of number and volume of VC-investments by regions

Federal district	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
Central	142	118	125	107	128	104
North-West	18	34	23	12	17	10
Volga	24	12	20	7	1	8
Southern	2	2	4	0	0	0
North Caucasian	0	0	0	0	0	0
Uralian	14	7	9	1	0	2
Siberian	10	10	12	1	1	1
Far Easten	4	1	3	0	0	0
Unknown	0	6	14	0	2	3
Total	214	190	210	129	150	128

8.1.4. Exits

Number and volume* of exits with participation of VC- & PE-funds

	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
All exits	41	50	46	3763	1927	595
Exits with VC-funds participation	23	34	42	78	1209	60
Exits with PE-funds participation	13	15	30	1	1	0

Distribution of number and volume** of exits with participation of VC- & PE-funds by industry branches

Industry branch	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
Biotechnology	1	0	0	0	0	0
Computer related	0	1	1	0	0	0
Light industry	0	0	0	0	0	0
Medicine/Health care	3	1	1	1	0	0
Consumer market related	10	4	5	1184	275	0
Industrial equipment	0	1	5	0	0	0
Agriculture	1	0	1	0	0	0
Construction	0	0	0	0	0	0
Communications	13	26	22	1675	1624	116
Transportation	0	0	0	0	0	0
Financial services	1	5	1	0	0	5
Chemicals & Materials	0	3	1	0	0	0
Ecology	0	0	0	0	0	0
Electronic related	1	1	3	0	0	0
Energy	0	1	2	0	27	475
Other	0	1	4	0	0	0
Unknown	11	6	0	903	1	0
Total	41	50	46	3763	1927	595

* Data on the volume of exits by each period of 62% of the portfolio companies were not available at the time of preparation of the report.

Distribution of number and volume * of exits with participation of VC- & PE-funds
by industry sectors

Industry sector	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
ICT	13	27	23	1675	1624	116
Biotechnology/Medicine	4	1	1	1	0	0
Industrial equipment	1	6	11	0	28	475
Other	12	10	11	1184	275	5
Unknown	11	6	0	903	1	0
Total	41	50	46	3763	1927	595

Distribution of number and volume* of exits with participation of VC- & PE-funds
by exit ways

Exit way	Number			Volume, \$ mln		
	2014	2015	2016	2014	2015	2016
IPO	1	0	0	952	0	0
SPO	0	2	1	0	265	0
Stock trading	4	4	0	361	382	0
Sale to strategic investor	16	14	22	207	26	110
Sale to financial investor	4	6	6	1640	1240	480
MBO	5	5	5	0	0	0
Write-off	4	5	0	0	0	0
Share buyback	0	0	0	0	0	0
Full/part asset sale	4	2	0	1	0	0
Other	0	1	9	0	0	0
Unknown	3	11	3	602	14	5
Total	41	50	46	3763	1927	595

* Data on the volume of exits by each period of 62% of the portfolio companies were not available at the time of preparation of the report.