



*Q1 2024 Pre-IPO Market Update:*  
**A broadening recovery**

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**April 2024**

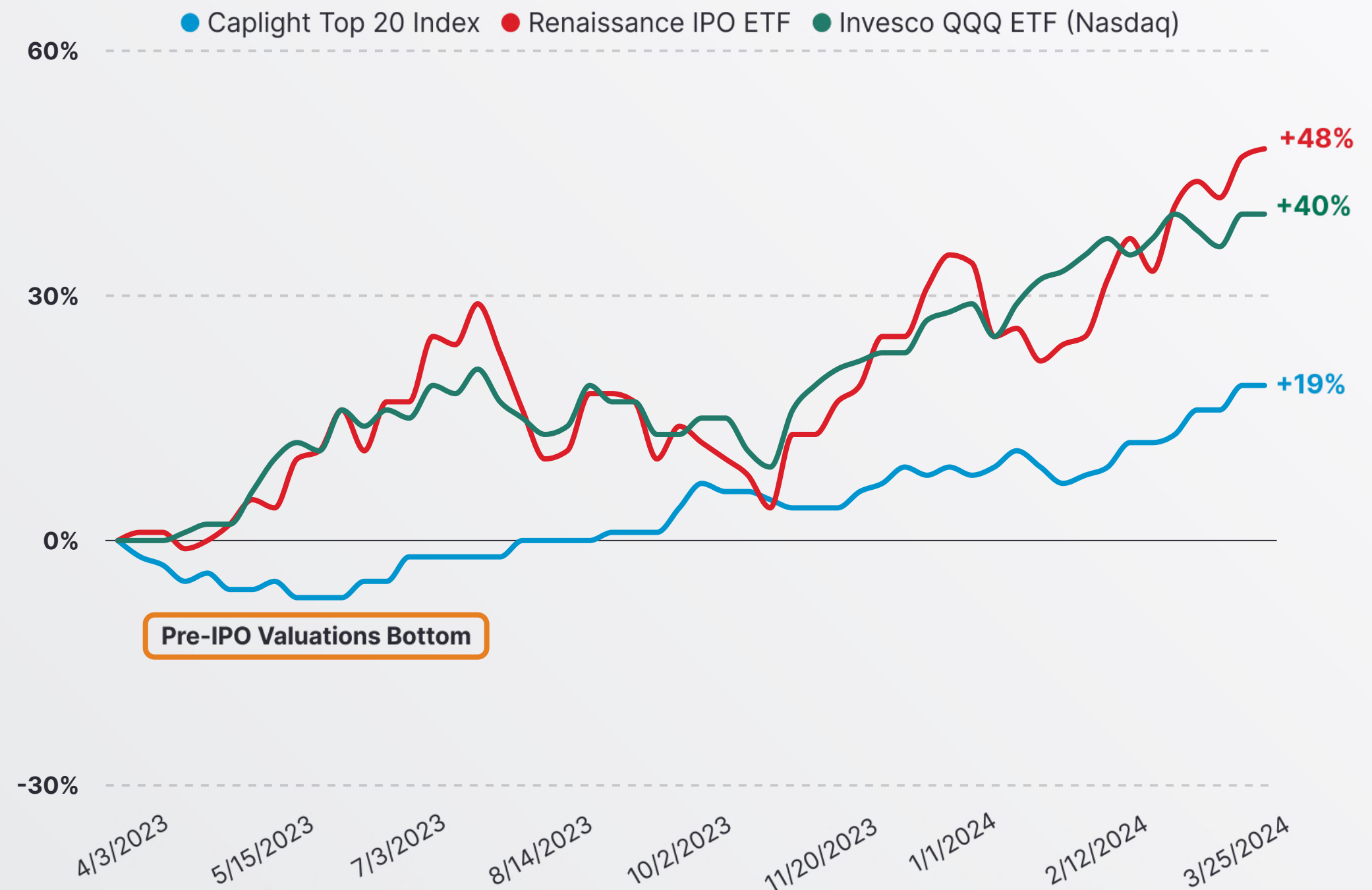
Q1 2024 Update

# Pre-IPO market continues to rebound off Q2'23 bottom driven by primary fundraising & IPO activity.

## Overview

- A "seller's market" exists for top companies.
- Overall volume remains lower than '21 peak levels, but investors are re-engaged.
- Market breadth widens with more companies trading.
- Companies in hot sectors are being targeted by investors.
- Unique SPV opportunities are coming to market.

## LTM price performance of private & public equities



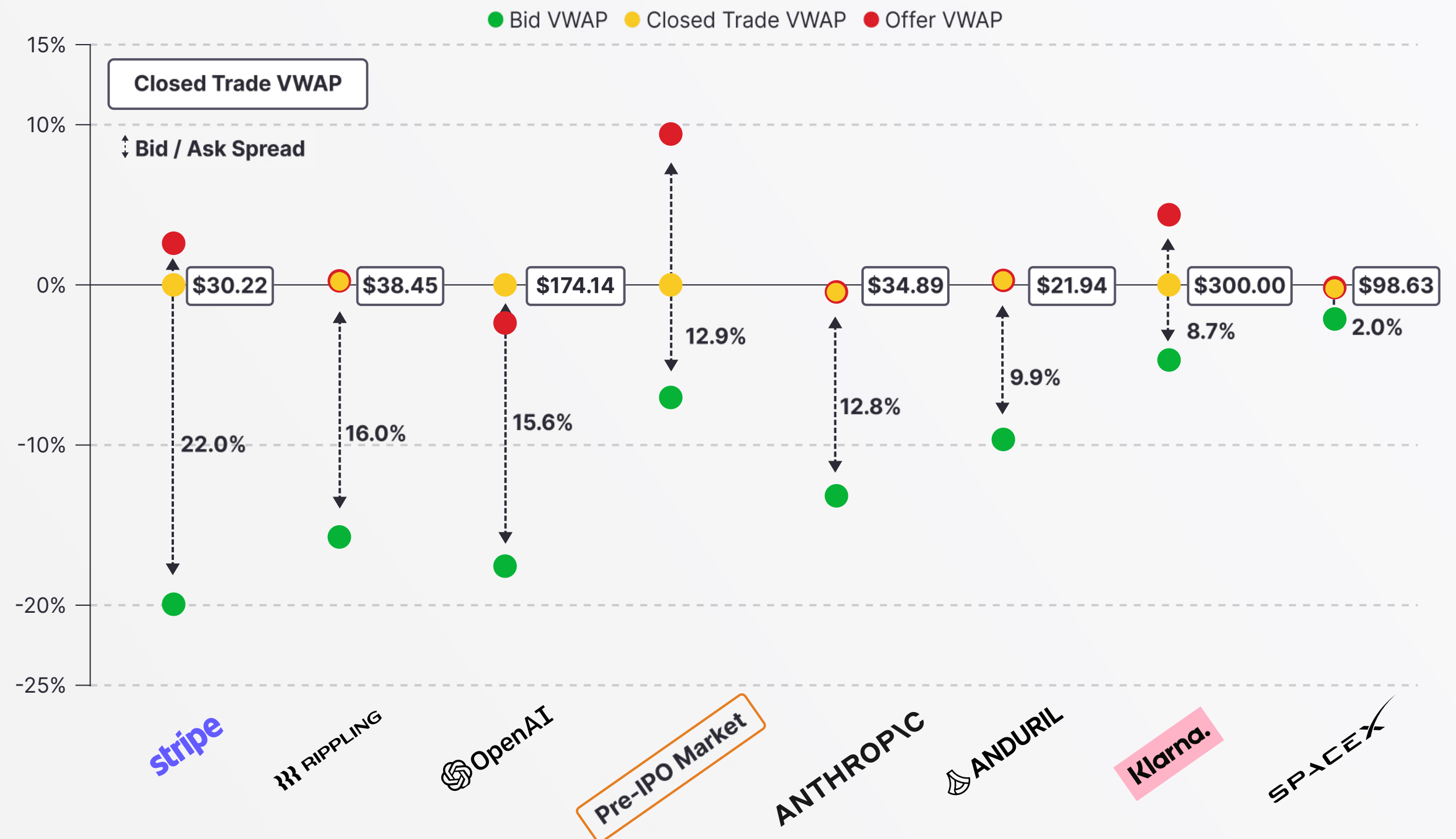
**Note:** Sourced from Caplight Data. The Caplight Top 20 Index is a financial index tracking the performance of the largest late-stage, venture capital-backed, private companies with active secondary markets. Please contact us to learn more about the index.

# 2024 is proving to be a "seller's market" for hot names.

Investors are flocking to 2024's hottest names and have been price takers, indicated by closed trade prices landing closer to open sell orders than open buy orders. In other words, **buyers have been forced to come off of their initial bids in order to secure stock in top companies.**

For the rest of the pre-IPO market, buyers and sellers are "meeting in the middle" to close trades. Overall, **the market's Bid-Ask Spread** in Q1 2024 was 12.9%, with closed transactions settling in between bid & ask.

Trades are closing closer to the Offer than the Bid for top companies, spreads remain wide across the market.



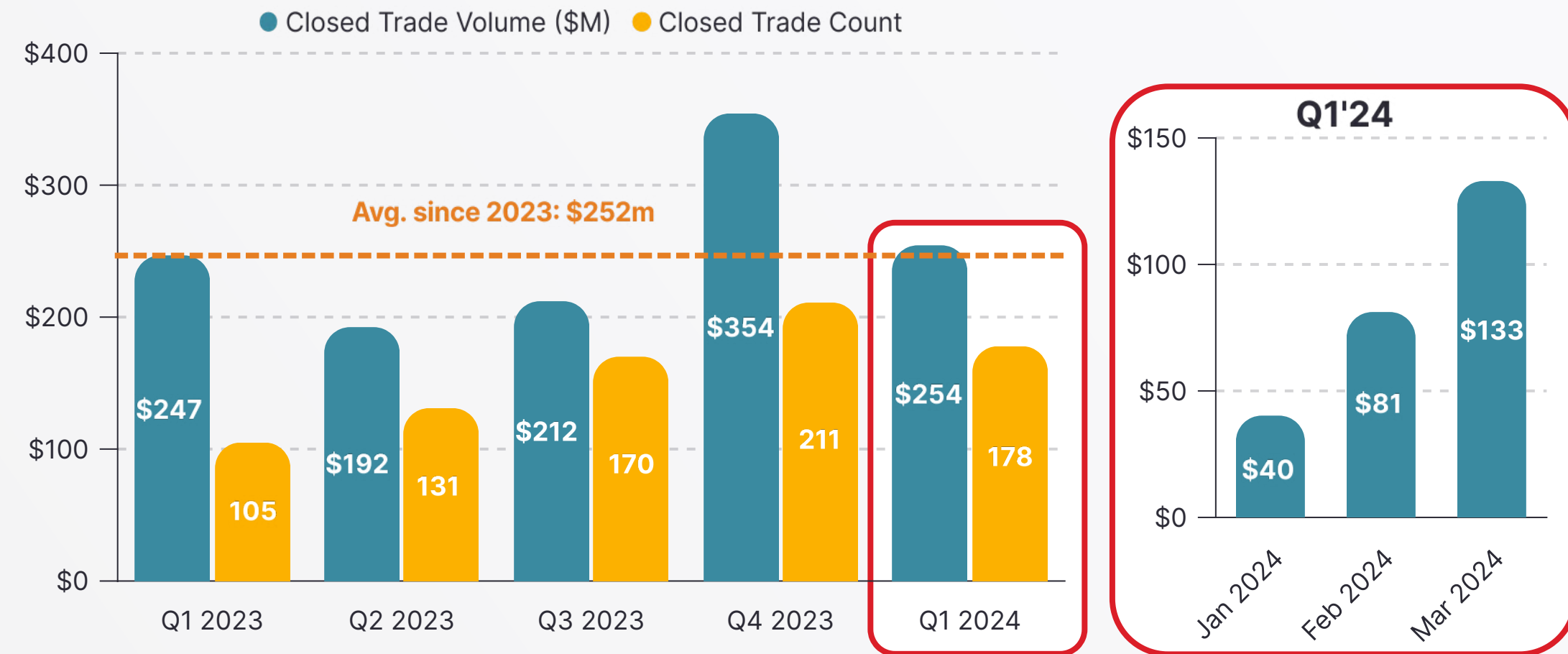


# Closed transaction volume accelerated through Q1'24.

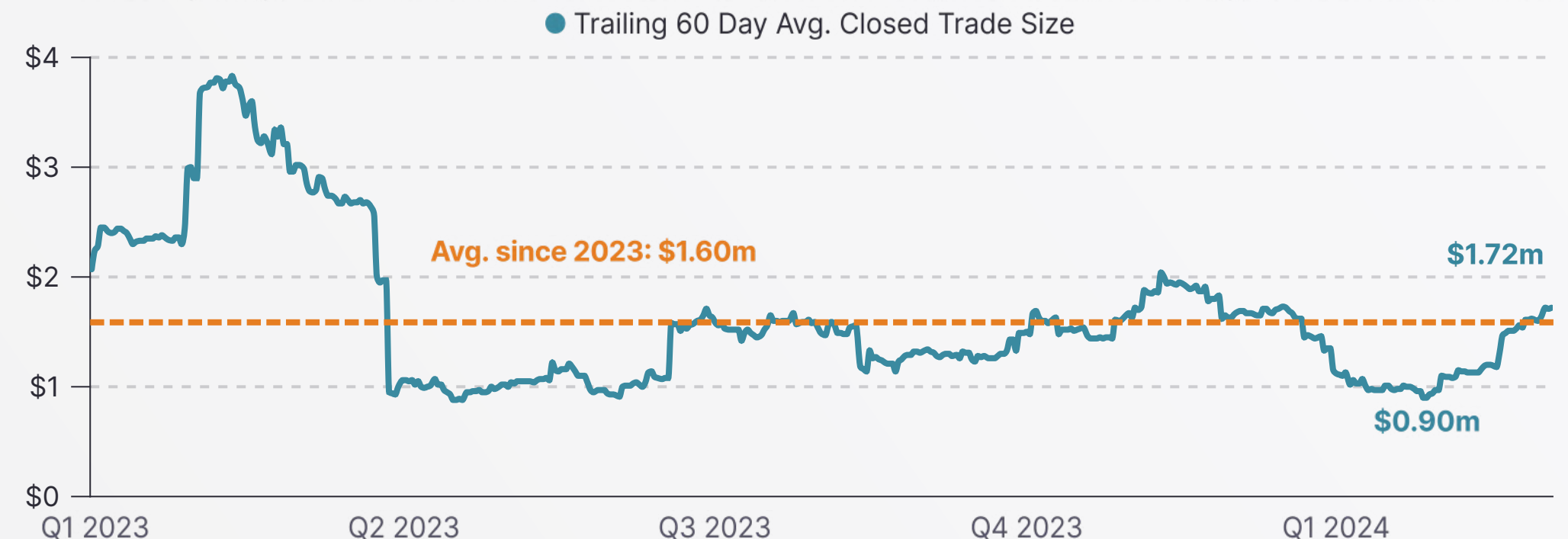
2024 got off to a slow start, with closed transaction volume in January accounting for just 16% of total Q1'24 volume. A slow January caused total quarterly trades and volume to fall in line with recent averages. **But volume has more than doubled each month since January 2024, indicating the market has regained momentum seen in Q4'24.**

Trailing 60 day avg. closed transaction size has increased since the low of \$0.90m in February 2024 and is now at \$1.72m. **Investors took bigger swings to close out Q1, as indicated by the rising trade size.**

## Closed transaction volume in January '24 was low, but momentum picked up in February and March



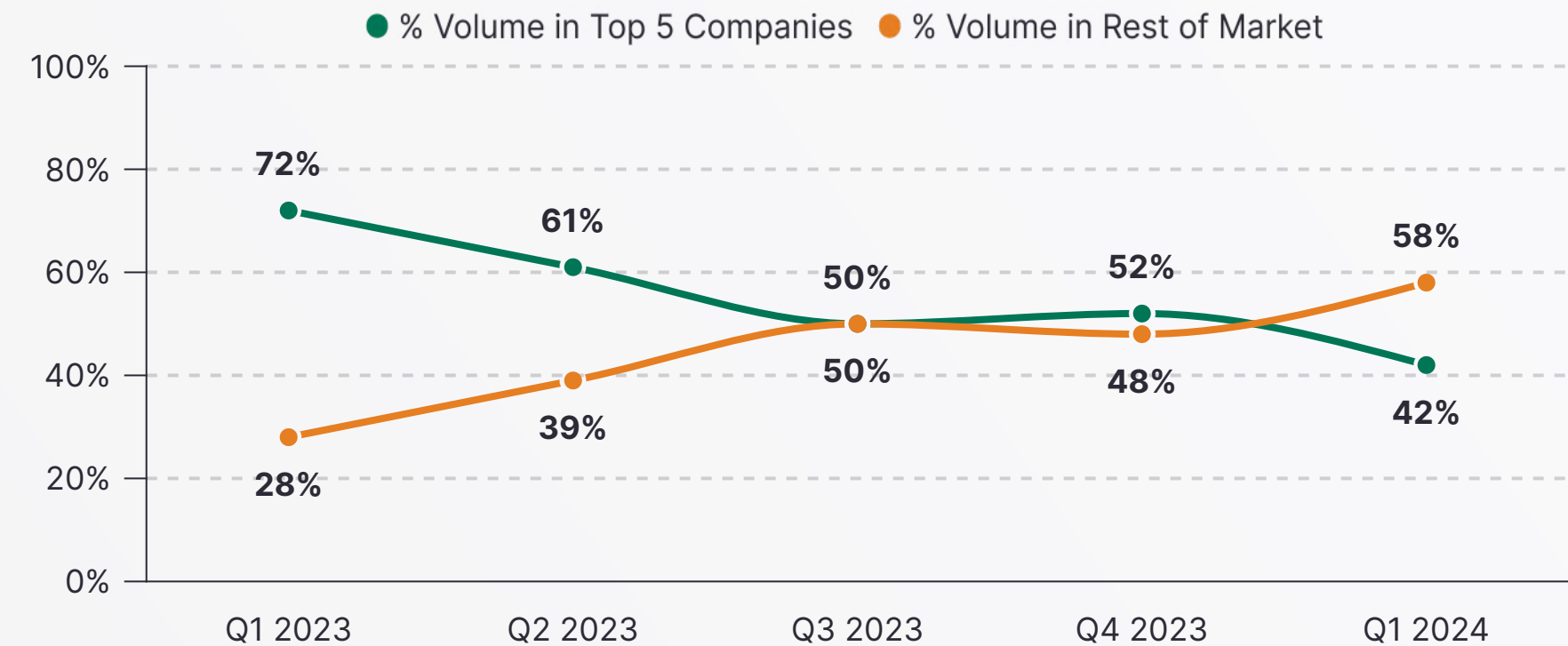
## Trailing avg. trade size fell to start the year, but picked up through February and March



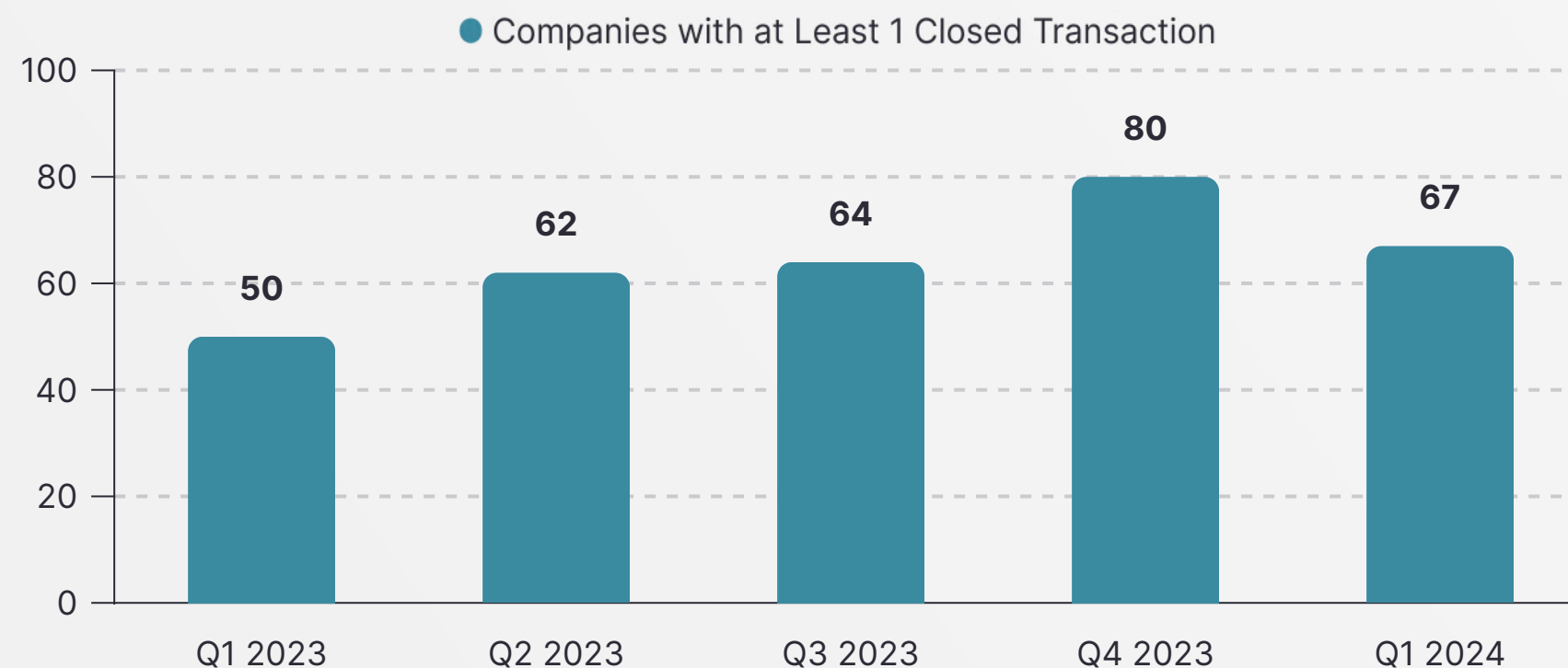
# Market breadth has expanded since Q1'23; more companies are trading.

- Investors are looking beyond the top pre-IPO assets (ie. Caplight Private Magnificent 7) and have been buying shares of less liquid companies.
- These purchases have helped push overall valuations higher.

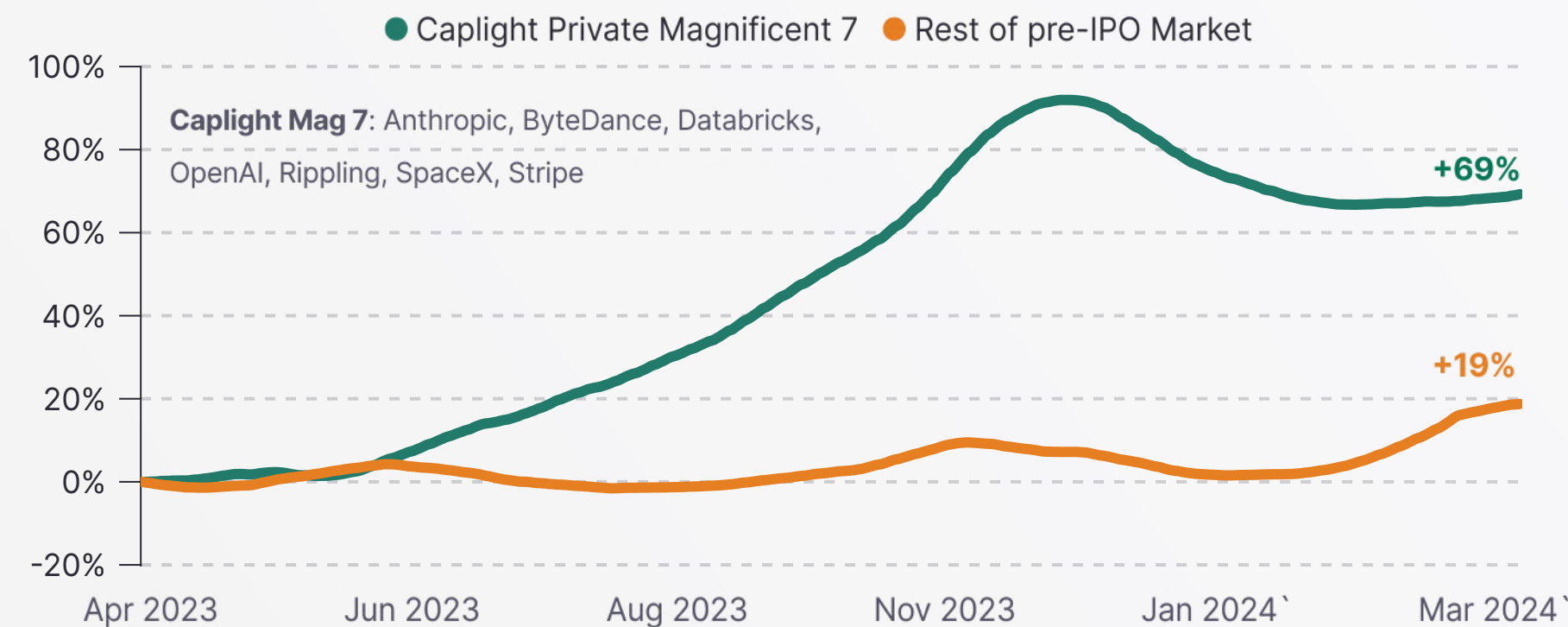
## Closed transaction volume is less concentrated in the top 5 companies for the first time since 2022



## Investors are purchasing shares of additional, smaller companies signaling a higher appetite for risk



## Pre-IPO performance since April 2023 shows the rest of the market continues to play catch-up to top names, but is outperforming in 2024



**Note:** Sourced from Caplight Data. Caplight Private Mag 7 is an equal weighted index that tracks the average price performance 7 companies with the most indicative bid volume in 2023.



# Staples of the secondary market remain active, while investors pile into hot sectors.

While trading activity remains high in staples like SpaceX and Databricks, we have seen an expansion of breadth into new issuers.

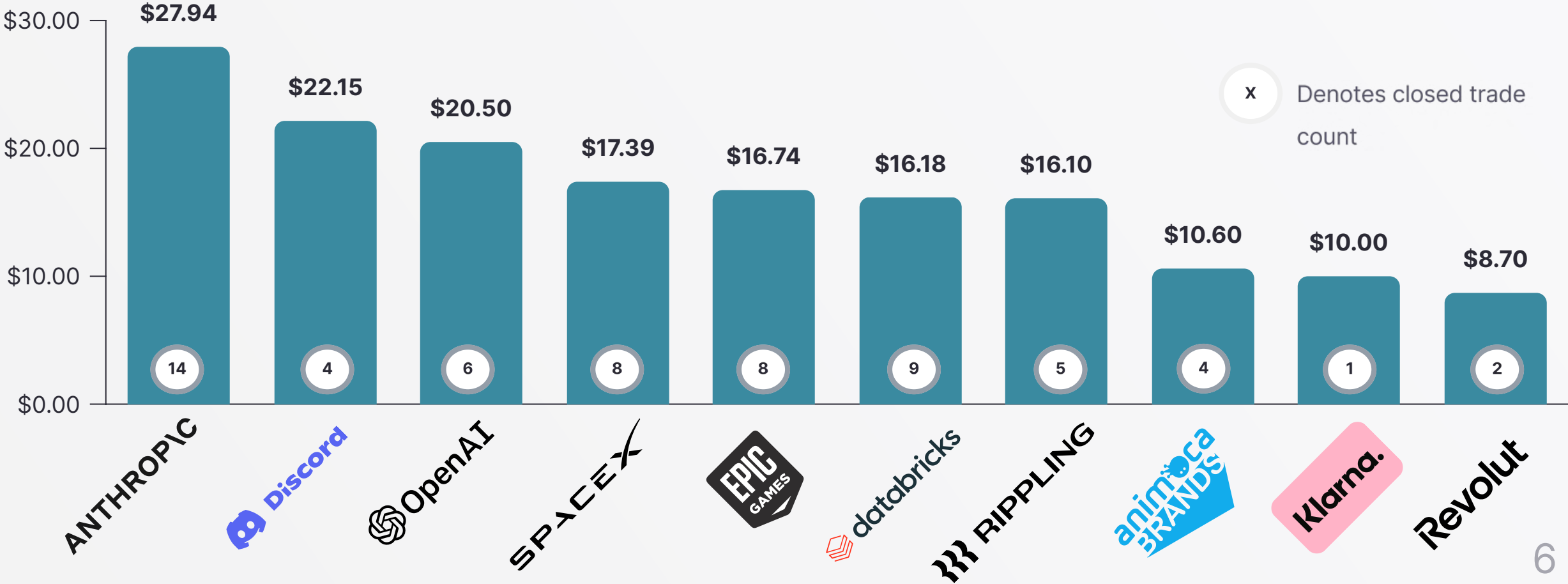
In Q1 2024, we saw a significant uptick in trading activity for companies in the AI, FinTech/Crypto, Cyber, and Gaming sectors, driven by several market forces:

- AI explosion
- Rebound in FinTech / Crypto
- Macro tailwinds behind cyber

Select issuers with uptick in trading volume in Q1



Secondary market staples remain among the most traded names (\$M)

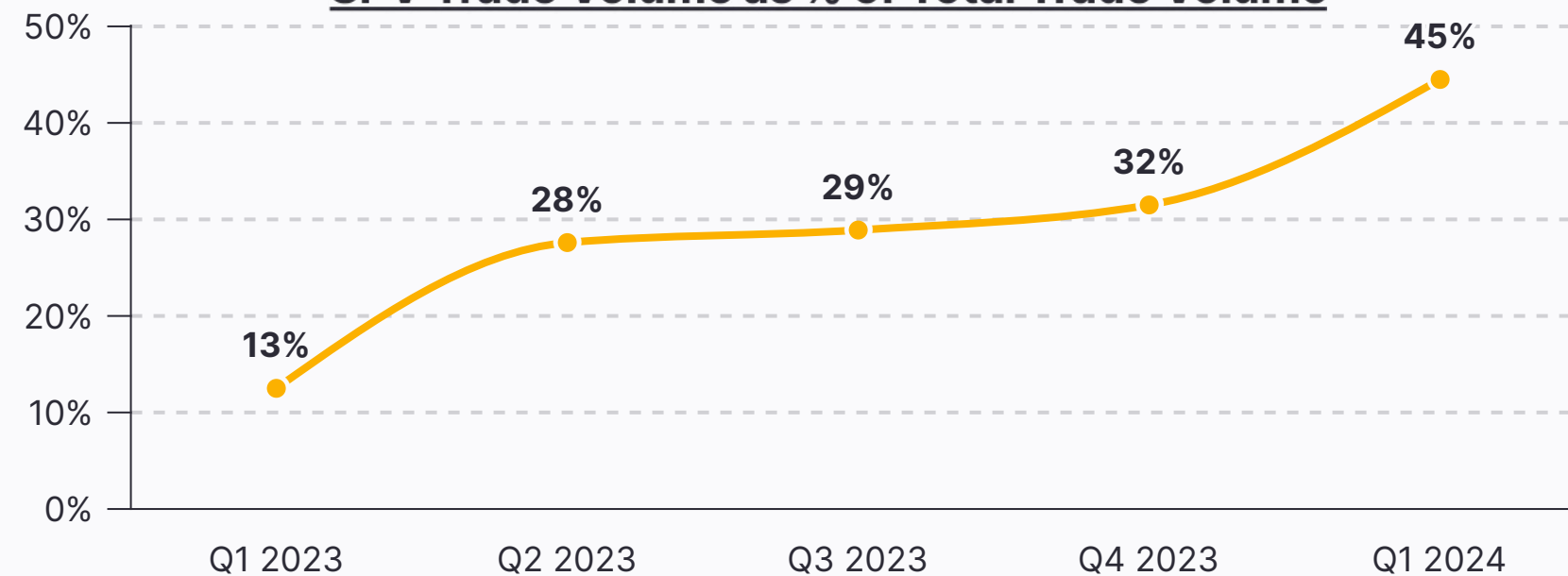


# Increasing appetite for SPVs has *carried* into 2024.

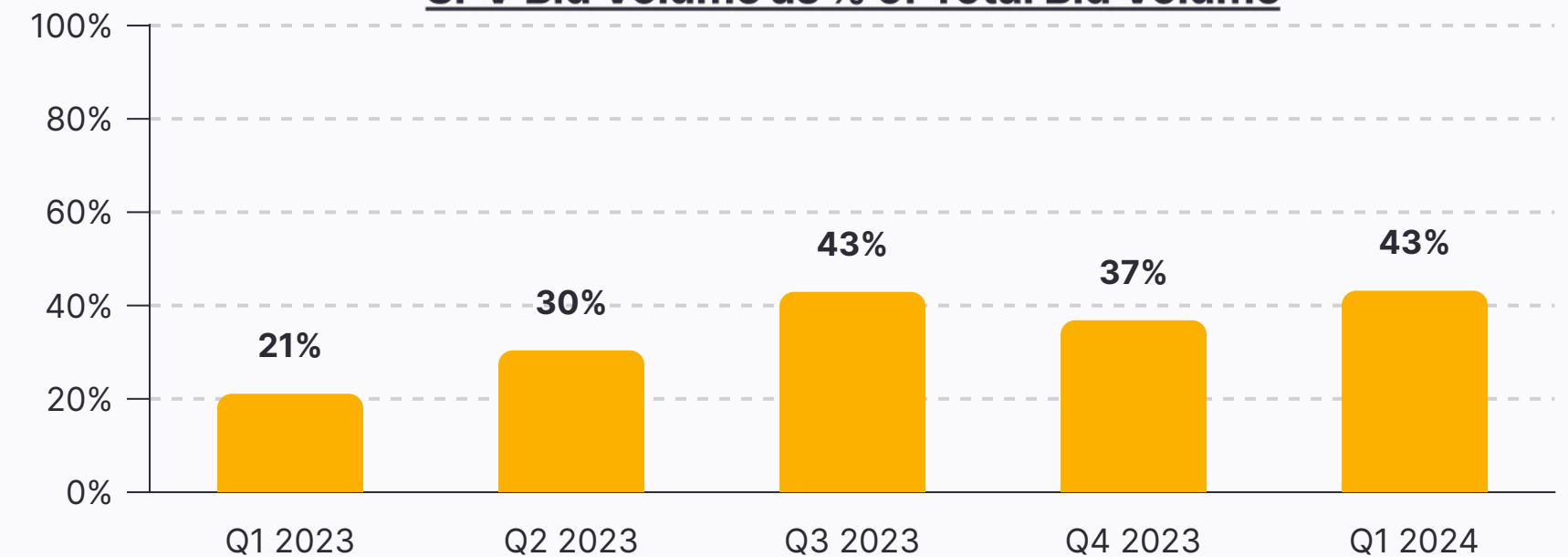
We have seen a significant uptick in closed SPV trade volume and continued demand for SPVs

- More SPV opportunities have come with diligence, including through Caplight's new Deal Syndicator tool.
- Several SPV transactions have closed in tandem with primary round fundraisings or company sponsored secondaries.
- Since Q3 2023, SPVs have accounted for the largest average closed trade size vs. other structures.

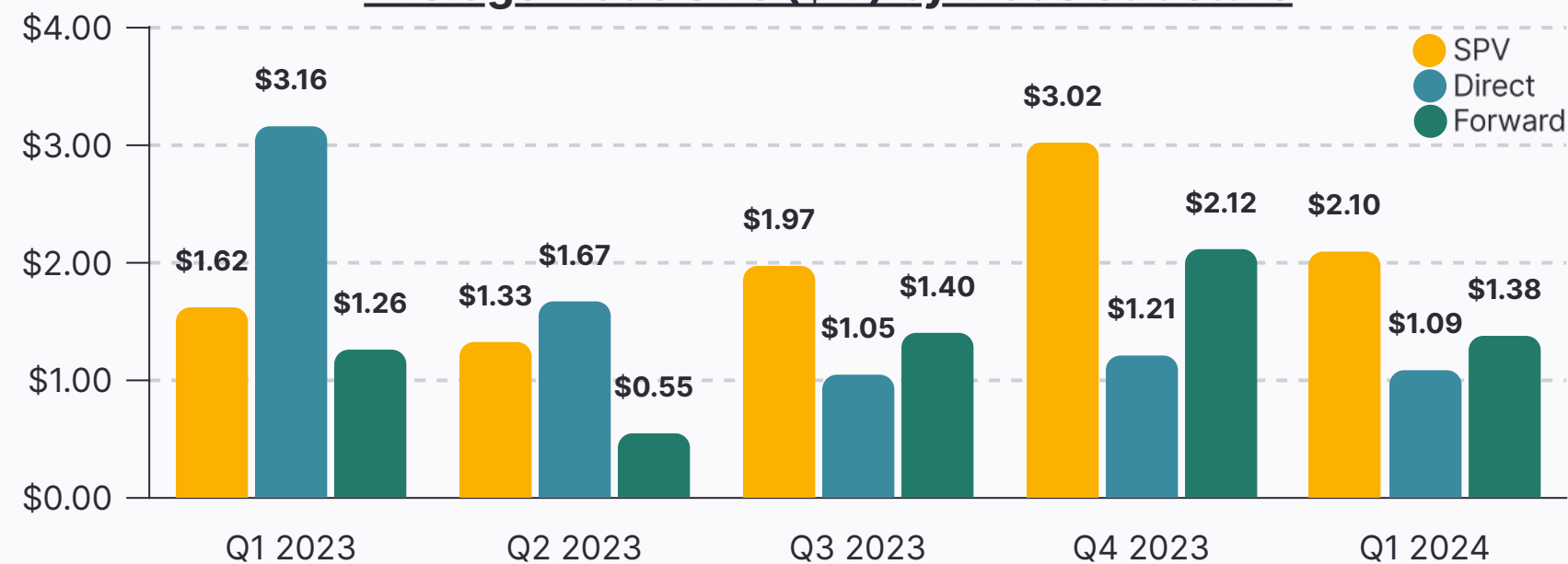
**SPV Trade Volume as % of Total Trade Volume**



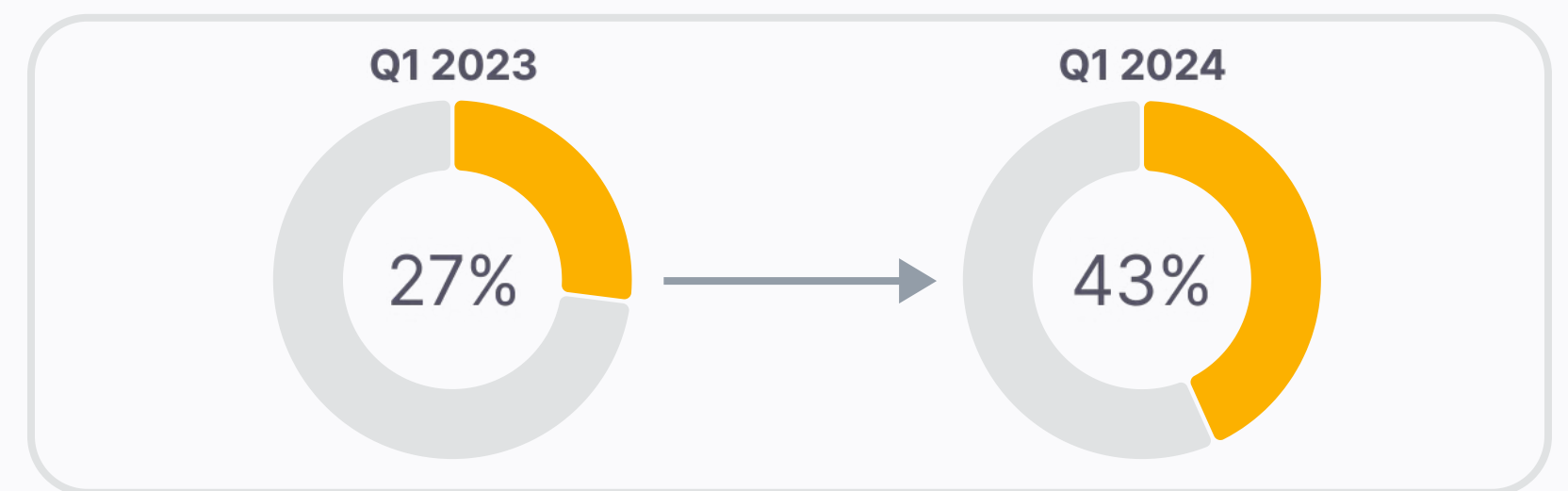
**SPV Bid Volume as % of Total Bid Volume**



**Average Trade Size (\$M) by Trade Structure**



**SPV Order Volume as % of Total Order Volume**



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