



40  
YEARS

# Annual Review

2022-23

Taking Private Capital Forwards



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Celebrating 40 years

[Watch the video here >](#)



# Foreword

## A disrupted world...

Since I joined the BVCA nearly four years ago, it has been a period of near constant change. Late 2019 seems like another era: before the general election which gave Boris Johnson a significant parliamentary majority, before the pandemic which changed everyone's lives, before the formal moment when the UK left the European Union, before last year's economic downturn and 'cost of living crisis', exacerbated by the energy impact of the Ukraine war.

## ... and a recent crisis averted

The transfer of Silicon Valley Bank to HSBC ended a dramatic weekend for the industry and staved off serious consequences for members and those working in hundreds of portfolio companies. At the BVCA we worked with Council members, the Venture Capital

Committee, other leading members and the wider VC/PE ecosystem, to ensure the Treasury, Number 10 and other government stakeholders understood the urgency of finding a solution to the bank's collapse.


I, along with the wider team, presented data provided to us by our members to the Government and this was key to enabling ministers and Government officials to understand the scale of the issue and was vital to achieving a swift solution. As part of our response, we also led a Parliamentary briefing for cross-party MPs and Peers to highlight the impact of the collapse on the UK's tech community and what more can be done to support UK innovation.

The co-ordinated and rapid response, and the successful outcome, demonstrated the UK's ability to act and reach a resolution at a time of volatility, and importantly, the ability of the BVCA and its members to act quickly and decisively.

## A growing industry under increased scrutiny...

The industry, on whose behalf we serve, has been resilient and continues to adapt to fast-changing circumstances very quickly. At the BVCA, we remain agile and continue to adapt the Association to the needs of our members and the expectations of our external stakeholders. As private capital has continued to grow, it has inevitably become part of the mainstream economy and therefore the intensity of our activity on members' behalf has grown considerably. This is set to grow further.

The economic and fiscal outlook has brightened somewhat since the end of 2022 and the near-term economic downturn is set to be shorter and shallower. However, this does not reverse the cost of the energy and persistent supply-side challenges which are being felt on top of post-pandemic costs.



Listen to the BVCA Reflections Series, our new podcast series to mark the 40th anniversary of the BVCA:

[Ep 1: Reflections from Charlie Troup >](#)

[Ep 2: Reflections from Garry Wilson >](#)



# Foreword

## ...but stakeholder engagement drives positive outcomes

Against this backdrop, the Chancellor announced in his [Spring Budget](#) a wave of measures to support households, businesses and the economy. We welcomed the Chancellor's focus on economic growth and ambitions for making the UK a science and technology superpower and confirmation that the Government will continue to develop Long term Investment for Technology and Science ('LIFTS'), support British Patient Capital and to reform capital markets.

We were also pleased to see a sharper focus on knowledge intensive sectors for R&D tax credits, having [engaged](#) with the Treasury on recent proposals. The measures announced go some way to reducing the impact of changes but do not address imminent funding cuts for many companies. We will continue to engage with Treasury officials and the Shadow Cabinet on these issues.

## The Association is addressing the industry's agenda...

Looking ahead, we will continue to focus on key policy areas – ranging from retailisation and accessing DC pension capital, to the competitiveness of the UK's tax and regulatory frameworks for the private capital industry. Other key areas include national security transaction screening, the ever-evolving UK, EU and US sustainability rules, new OECD tax rules, reforms to R&D tax relief and our ongoing campaign to remove the sunset clause for the EIS and VCT schemes. Our policy agenda is increasingly wide-ranging and requires deeper and deeper expertise. We have continued to invest in our team, and special reports, in the past year and to engage with our members on a range of issues, including sustainability, diversity and inclusion.

We continue to support the industry's licence to operate through our [committee](#) work, and to

connect the industry with our wide range of [events](#) and [training](#) courses providing opportunities for networking, exchanging knowledge and sharing best practice.

We would like to thank Charlie Troup, Managing Partner of Duke Street for chairing the BVCA over the past year, and we welcome Garry Wilson, Managing Partner of Endless as the chair for 2023-24.

## Our work depends on our close engagement with members...

None of this would have been achieved without your engagement and support. We look forward to advancing our agenda to support you and your peers. If you would like to discuss any areas please do contact me at [michael.moore@bvca.co.uk](mailto:michael.moore@bvca.co.uk).





# Maintaining and shaping our licence to operate

Private equity

Venture capital

## Policy

Our policy work focuses on shaping the tax, legal, and regulatory environment that our members operate in, both in the UK and internationally. That environment continued to grow in complexity over the past year, as a range of domestic and international policy agendas were developed that risked being inappropriately designed for our industry including our members' portfolio companies.

In addition, we continued advocating on key issues that would encourage more private capital to flow into UK businesses, with positive outcomes for our members and their portfolio companies.

Our policy team engages closely with our Tax, Legal and Accounting, and Regulatory Committees to shape our engagement with Government and Regulators, and our additional Committees and Advisory Groups also provide input. We are grateful to all members who are actively engaged in these processes, along with our fellow trade associations worldwide who help join the dots on the direction of international policy.

The following pages summarise the key highlights of that effort over the past year. Visit our website for more detail on the vast number of consultation responses submitted in 2022/23.

The BVCA's monthly Technical Updates and bi-annual Policy and Technical Bulletins are the best way to keep up to date on how our technical work is benefiting members.



# Maintaining and shaping our licence to operate

## Regulation

Find out more about our work in this area >

### DC pension schemes investing in PE/VC funds

Private equity

Venture capital

Following years of advocacy on this issue, we were pleased to see positive Government and regulatory developments this year aimed at facilitating UK defined contribution (DC) pension scheme investment in our members' funds. Chief amongst these was the Government's finalisation of new regulations that will, from April 2023, exclude "specified performance-based fees", including carried interest, from the regulatory charge cap. This has long been identified as a key barrier to DC scheme investment in our industry, and its removal is a hugely positive step.

Further success was achieved following our engagement with the FCA on this topic, where the regulator brought forward [proposals](#) to broaden retail investor and DC scheme access to [Long-Term Asset Funds](#) (LTAFs), a new type of authorised fund designed specifically to invest in illiquid assets, including PE and VC funds.

As a member of the Productive Finance Working Group, the BVCA further contributed the private

capital industry perspective to a [new guide](#) on investing in less liquid assets. The guide is designed to provide an overview of the key considerations that illiquid investments raise for DC schemes and to help inform dialogue between industry, investment consultants and the trustees and managers of DC schemes. It offers helpful insights for BVCA members that are thinking of DC schemes as potential LPs.

### Encouraging proportionate sustainability regulation in the UK

Private equity

Venture capital

The BVCA responded to several key consultations proposing new rules and regulations for sustainability and ESG this year, including the FCA's proposals for Sustainability Disclosure Requirements (SDR) and investment labels.

The BVCA [welcomed](#) SDR's retail focus and the voluntary nature of the proposed UK sustainable investment labels, which align to [recommendations](#) made by the BVCA earlier in the year. While broadly pleased with the direction of travel, we raised concerns about

the impact of the proposed marketing rules and the challenges for PE and VC firms in adopting investment labels for their funds. The BVCA will continue to engage with the FCA to help address members' concerns in the final rules, expected later in 2023.

We have further been working closely with Invest Europe to ensure that our industry and members are effectively represented from a non-EU/third country perspective in key EU files related to sustainability, including the Corporate Sustainability Due Diligence Directive (CS3D).

As new FCA rules on climate reporting regulations start to impact large BVCA members this year, we are proud to have worked with Initiative Climat International (iCI) and KPMG to publish a highly practical [guide](#) on how private capital firms can implement the recommendations of the Taskforce for Climate-Related Financial Disclosures (TCFD). The guide supports BVCA members' and the broader private capital industry's role in the climate transition by helping firms to navigate the specific challenges that TCFD reporting (voluntary or under regulation) poses for private markets.



# Maintaining and shaping our licence to operate

## Regulation

Find out more about our work in this area >

### Addressing the regulatory challenges of retailisation

Private equity

Venture capital

The [strong performance](#) of our industry makes it an increasingly attractive investment proposition for retail investors seeking greater diversification and strong returns. Whilst this trend presents a growing fundraising opportunity for our members, there are several areas of regulation specific to retail investors that firms need to consider. As interest from, and in, retail investors has grown, so too has our engagement with the FCA and other stakeholders on relevant developments, including the FCA's recent changes to the [Financial Promotion rules](#) and the [LTAF](#).

We welcomed HM Treasury's [announcement](#) that it will scrap the Packaged Retail Investment and Insurance Products (PRIIPs) Regulation to introduce a new, less prescriptive, and more flexible retail disclosure framework in the UK. We subsequently responded to consultations from [HM Treasury](#) and [the FCA](#) to help ensure that any replacement UK regime is proportionate and does not unduly hinder retail investment in our members' funds.

Following our engagement with the FCA and Government in March, the regulator will not (for now) progress a proposal to remove an exemption to its burdensome [Consumer Duty](#) rules for retail investments of over £50,000. This will be particularly welcome news for firms working with the wealth management industry.

### Influencing FCA proposals on strengthening UK marketing rules

Private equity

Venture capital

This year, the BVCA responded to key consultations from the [FCA](#) and [HM Treasury](#) proposing changes to the law and regulations governing marketing and distribution activities. This included raising industry views and concerns on proposed changes to the [Financial Promotion Order exemptions](#), which facilitate marketing to certain retail investors, and on FCA proposals to strengthen the [financial promotion rules](#).

### Shaping a more practical framework for appointed representatives

Private equity

Venture capital

We also responded to FCA [proposals](#) to modernise the Appointed Representative (AR) regime. The AR rules provide a valuable and flexible alternative to full FCA authorisation and are used by BVCA members in a variety of circumstances. In our [response](#), we raised concerns about the proportionality and relevance of some of the FCA's proposals and successfully argued for a 50% reduction in the proposed 60-calendar day notification requirement for firms appointing ARs. We were pleased to see several of our recommendations in the [final rules](#), which helped to retain some flexibility in the regime and reduce burdens on firms.



# Maintaining and shaping our licence to operate

## Tax

Find out more about our work in this area >

### Making Qualifying Asset Holding Companies work for our industry

Private equity

Venture capital

The BVCA has over the last 12 months [worked closely](#) with HM Treasury and HMRC on every stage of the development of the new qualifying asset holding company (QAHC) regime, which has been in operation since April 2022.

The regime has been widely welcomed as one of the most positive tax developments in the funds industry for many years and is seen as enhancing the attractiveness of the UK as a location for establishing funds. Over 100 QAHCs have already been set up. The BVCA and others have identified aspects of the rules that need to change to increase the range of fund structures that can benefit from the regime. We have continued working constructively with Government to shape these changes, and the Finance Bill and accompanying guidance contain significant improvements to the QAHCs rules for funds setting up in the UK.

### Re-instating R&D tax relief for science and technology start-ups

Venture capital

The Autumn Statement 2022 announced changes to R&D tax relief that are damaging to R&D intensive innovative companies and are affecting companies' growth plans. Science and technology focused start-ups would previously have planned on receiving SME R&D tax relief providing 33p for every £1 the company invests in R&D. Following the Autumn Statement, from April 2023 companies can expect 18p or as little as 12p.

The BVCA wrote to the Chancellor in November 2022 to draw attention to the importance of this relief and the damage caused by the change in policy. The letter was co-signed by 34 industry leaders and supported with quotes from VCs and their portfolio companies.

In the 2023 Spring Budget, the Chancellor announced that a higher rate of relief would apply to companies for which R&D represents 40% of their expenditure. This would help many in the life sciences and deeptech sectors, but still excludes many in the tech sector and does not address imminent funding cuts for many companies. The [BVCA will continue to engage](#) with Treasury officials and the Shadow Cabinet on this issue.





# Maintaining and shaping our licence to operate

## Tax

Find out more about our work in this area >

### Avoiding collateral damage from OECD Pillar Two tax rules

Private equity

Venture capital

The UK is introducing rules to implement [OECD](#) Pillar Two, which is part of the international programme of work to address the tax challenges related to digitalisation of the economy. The rules introduce a 'multilateral top-up tax' on UK parent companies where a subsidiary is located in a non-UK jurisdiction, and the group's profits in that jurisdiction are taxed at below 15%. Draft legislation was published in July 2022, with the BVCA responding in September 2022. The BVCA's key submission request was that investment funds should not be within the rules, as they are not conglomerates. The new rules are due to become law in 2023 and to take effect from January 2024. The rules, and accompanying guidance, are expected to include improvements recommended by the BVCA.

### Ensuring EU tax frameworks are tailored to private funds

Private equity

Venture capital

The BVCA continues working closely with our colleagues at Invest Europe to contribute to their responses to recent EU tax initiatives. These include BEFIT (a proposal for a standard set of corporate tax rules for all EU Member States), ATAD 3 (also known as Unshell, this is intended to combat tax avoidance involving EU-resident entities which claim benefits under double tax treaties and EU Directives, but which lack a minimum level of economic substance), and SAFE (which introduces measures, such as a code of conduct, for tax avoidance 'enablers' or advisers). Invest Europe and the BVCA will continue arguing that the funds industry should be carved out of any new rules where this is feasible, and where it is not, will press the case for rules that involve maximum certainty and minimum compliance costs for our members.



# Maintaining and shaping our licence to operate

## Legal & Accounting

Find out more about our work in this area >

### Protecting the UK's private fund vehicle

Private equity

Venture capital

In September 2022, the Government published its long-awaited Bill on Economic Crime and Corporate Transparency. The Bill included a section on limited partnership (LP) reform, which is very important to the industry and to the BVCA.

Members of the Legal and Accounting Committee and the LP reform working group have been [working with the Government](#) to ensure that the important UK private fund structure remains competitive, and that the changes to the Limited Partnerships Act are clear, beneficial to the functioning of the industry, and do not disadvantage the UK as a place to establish and manage private funds. In January, we provided comments on Government amendments to the Bill, which were positive for the industry and clarified several contentious issues.

### Representing private capital to the Takeover Panel

Private equity

Over the past few years, the BVCA has represented the PE and VC industry in discussions with the [Takeover Panel](#) on a wide range of matters of importance to the industry.

More recently, the Legal and Accounting Committee has engaged in significant and regular dialogue with the Takeover Panel and its Code Committee on the definition of 'acting in concert' and other related matters. This has involved numerous meetings with members of the Panel and responding to a consultation.

Under the UK Takeover Code, the definition of 'acting in concert' is a fundamental concept, pursuant to which the Panel effectively treats persons 'acting in concert' as a single person for the purposes of the Code. The consultation was launched in May 2022 and followed by extensive BVCA engagement with the Panel.



# Maintaining and shaping our licence to operate

## Legal & Accounting

Find out more about our work in this area >

### Updating the IPEV Guidelines

#### Private equity

The [IPEV Guidelines](#) were updated following an extensive review. The BVCA has hosted multiple working group meetings, submitted consultation responses to proposed changes, and provided comment on proposed amendments.

As a result of the advocacy, the final Guidelines include a new section on ESG, further information on governance, and additional guidance on valuations during market dislocation and distress.

The Guidelines were previously updated in 2018 and the publication of the renewed Guidelines before year end was vital as members and their portfolios began valuating assets.

### Supporting the development of global sustainability standards through ISSB

#### Private equity

The introduction of IFRS S1, S2 and future sustainability standards will require companies and asset managers to invest further to evolve their investment and reporting processes, which will entail significant costs.

The BVCA supports the ISSB's work in creating a global baseline for sustainability disclosures that relate to an entity's enterprise value, as this will enable consistency in reporting and better comparability across businesses which in turn should support the functioning of capital markets internationally. We supported the priority work on these Exposure Drafts (ED) and have been involved with the work on their implementation, including dialogue with IFRS and responding to relevant consultations.

[Our feedback](#) during the last year has set out general points to consider as the standards are implemented, and we will work with, when applicable, the standard setters (e.g. the FRC) and others on detailed drafting points.





# Building awareness of private capital's public value

Private equity

Venture capital

## Building the industry's reputation

In a year of three different Prime Ministers, a newly energised Labour Party ahead in the public opinion polls, and increasing scrutiny of the industry by the press, the importance of promoting and defending the value of private capital has never been more important. Alongside intense engagement in Westminster with both the Government and the Labour Party, the BVCA has demonstrated how private capital is helping to address some of the biggest challenges facing society, from economic and regional growth to tackling climate change.

The collapse of Silicon Valley Bank in March and successful and swift resolution was a critical moment for the industry. The BVCA's work with members to understand the impact of the collapse on their portfolios and swiftly communicating it to Government and through the press, was vital in ensuring Government understood the implications and helped to achieve the rapid resolution.

More broadly, the BVCA's external affairs work has been focused on promoting the industry's role in driving economic and regional growth. A BVCA commissioned [EY report](#), published in April, into the economic contribution of private equity and venture capital to the UK provided findings – including 2 million jobs backed by our industry and a 5%

contribution to GDP - that have sat at the heart of the BVCA's work to promote the value of the industry. National, regional and constituency statistics have allowed the BVCA to discuss the role and value of the industry to press and parliamentarians across the UK.

Over the last 12 months, the BVCA has continued investing in its portfolio of reports to represent the contribution of the industry. Along with the EY report, the BVCA's own proprietary research programmes on industry [investment activity](#) and [performance](#), have continued to evolve and innovate. The [Public Market Equivalent report](#), now in its second year, extended its analysis with an additional public market source to prove more categorically the outperformance of PE and VC investments when compared to public markets.





# Building awareness of private capital's public value

Private equity

Venture capital

## Political engagement

Engagement with politicians across all main political parties is a core part of the BVCA's work to raise awareness of the role and value of the industry. Over the last 12 months we have hosted several government Ministers and Labour Party Shadow Ministers at BVCA events and meetings, providing them with the opportunity to discuss their priorities, how the industry can support their goals, as well as the industry's own priorities.

Minister for Science, Innovation and Research, **George Freeman MP** recognised the industry's value at the BVCA's Parliamentary Reception.

“*The sector is key to getting the UK onto a sustainable footing. Thank you for everything you do.*”

Shadow City Minister, **Tulip Siddiq MP** spoke about the importance of the industry at the 2022 BVCA Summit.

“*Your sector will be our future government's key partner for growth.*”



## Select Committee appearances

BVCA Chief Executive, Michael Moore, gave evidence to the Treasury Select Committee's inquiry on the Venture Capital landscape, outlining the role of the industry and recommendations to help the industry further drive innovation and high growth businesses.

Former BVCA Deputy Director General, Gurpreet Manku, gave evidence to the Economic Crime and Corporate Transparency Bill Committee on Limited Partnership Reforms, welcoming the reforms but calling on Government to ensure there were no unintended consequences harming legitimate users of limited partnerships.

## MP Connect:

### Connecting portfolio companies with Members of Parliament

The BVCA arranged more visits for cross-party MPs to portfolios in their constituencies. The visits demonstrate the value of private capital to Members of Parliament on their doorstep, showcasing innovation, job creation, growth and how private capital is making a positive difference to their constituents. Visits included the former Minister for Small Business, **Paul Scully**, the Deputy Leader of the Labour Party, **Angela Rayner**, Shadow Chancellor **Rachel Reeves** and former Liberal Democrat Party leader, **Tim Farron**, among many others.



# Building awareness of private capital's public value

Private equity

Venture capital



## Political Party Conferences

At the 2022 Party Conferences the BVCA discussed the industry's value across the UK with Government Ministers and Shadow Ministers.

We sponsored the *Business Day Breakfast* at the Conservative Party Conference in Birmingham, where we spoke to the **Chancellor of the Exchequer** and ministers in the Treasury, Business and Science departments about the value of private capital investment in every part of the UK.

At the Labour Conference in Liverpool, the BVCA partnered with the *New Statesman* magazine to hold a panel discussion on how private capital helps deliver regional growth. Michael Moore was joined on the panel by Liverpool City Mayor **Steve Rotheram** and spoke with the **Shadow Chancellor**.

## Labour Party start-up review

As the political parties prepare for the next General Election, the BVCA welcomes the opportunity to work with all of them in their policy consultations, including current Government consultations.

The BVCA worked with the Labour Party on their startup review, and we were pleased to see private capital at the heart of their recommendations for driving high growth startups.

The Party's main areas of interest included unlocking capital, incentives for growing businesses, the role of Universities, and boosting diversity among founders and entrepreneurs. The Party published its recommendations at its London Business Conference in December, which was sponsored by the BVCA. The BVCA welcomed the recommendations, which included drawing on the French "Tibi" scheme to unlock capital, maintaining and building on EIS/SEIS/VCT incentives and fostering clusters around groups of Universities to drive growth.



## Roundtables with Government Ministers and Shadow Ministers

Roundtable discussions between Ministers, Shadow Ministers and members are an important way to help politicians understand detailed issues impacting the industry, along with how the industry can help them achieve their political goals. The BVCA was delighted to host several Conservative MPs at a roundtable hosted by The Spectator, as well as a roundtable with the Shadow Minister for Science, Innovation and Research, **Chi Onwurah**, and Shadow City Minister, **Tulip Siddiq**.



# Building awareness of private capital's public value

Private equity

Venture capital

## Media engagement

Media coverage of the industry has historically often been unbalanced, negative and misinformed. The BVCA has worked with national, regional and trade press to help educate and inform, leading to more balanced and positive coverage over the last 12 months.

The [EY report](#) on the economic contribution of the industry provided several media opportunities throughout the year to promote the role of the industry in job creation and driving national and regional growth, including appearances on Sky News and coverage by various national titles.

The refresh of the UK Private Equity Reporting Group reports ([see page 18](#)) and launch of a new website in January was met by national and trade media enthusiastically, with outlets focusing on the narrative that the BVCA is campaigning to increase transparency. Numerous broadcast appearances by Michael Moore (including on the BBC and Bloomberg), combined with additional coverage of the BVCA's engagement and work to help swiftly resolve the collapse of Silicon Valley Bank, also demonstrated the BVCA's industry leadership during that challenging time.

Roundtables with BVCA members and journalists from national titles have been held on general topics as well as specialist issues, such as continuation funds. These briefings have helped educate journalists and shape more balanced coverage, as well as building the reputation of the BVCA as a trusted source for opinion and evidence on the industry.

The BVCA has worked with several political media outlets to promote the value of the industry, including an advertorial alongside an article by Labour Party leader, Sir Keir Starmer, in the monthly *House Magazine*, which is distributed to all parliamentarians.



### Nationwide focus

We engaged with the industry's external stakeholders across the UK, demonstrating the industry's contribution nationwide.

Our nationwide events included dinners, receptions and roundtables.

Our reports captured key industry data.

### Scotland Report

Published 3 November 2022

• **£895m**  
invested in 2021

• **133,000**  
jobs supported

[Read the report here >](#)





# Private capital at a glance

## Key stats from recent BVCA publications

15 reports published in 2022-23  
32,000+ downloads

### Jobs

# 2 million

people were employed by companies backed by private capital right across the UK in 2021, representing 6% of all UK jobs

### UK investment

# £17.3bn

was invested in UK companies in 2021 by BVCA members - an increase of 82% from 2020

### UK Economic contribution

# £208bn

contributed to GDP by businesses backed by private capital in 2021, 5% of total UK GDP in 2021

### Regional employment

# 56%

of jobs in private capital backed businesses in the UK are outside London and South East England

### Investment across the regions

# 65%

of companies receiving investment are outside of London

### Focus on SMEs

# 9 in 10

UK businesses receiving private capital investment in 2021 were small and medium sized businesses

### Total return since 2012

# 2.01x

Across the industry as a whole since 2012, investors own assets which, if realised at their 31 December 2021 values, would mean investors receive more than double their original investment

### Industry return since 2012

# 22.6% p.a.

Overall industry since inception internal rate of return since 2012



Figures from BVCA's Growing Great British Businesses report, BVCA Performance Measurement Survey 2021, BVCA Performance and Public Market Equivalent Report 2021, and Measuring the contribution of Private Equity and Venture Capital to the UK economy in 2021





# Demonstrating private capital's strong returns

Private equity

Venture capital

Each year the BVCA obtains proprietary performance data from our members for a major study of the performance of private capital and the returns generated for investors.

The analysis shows that investors in private equity and venture capital have benefitted from a collective industry return of 22.6% per annum from funds which started investing in the decade to December 2021. This means annual returns are equivalent to more than doubling an initial investment, generating a 2.01x return on capital invested across the past decade and

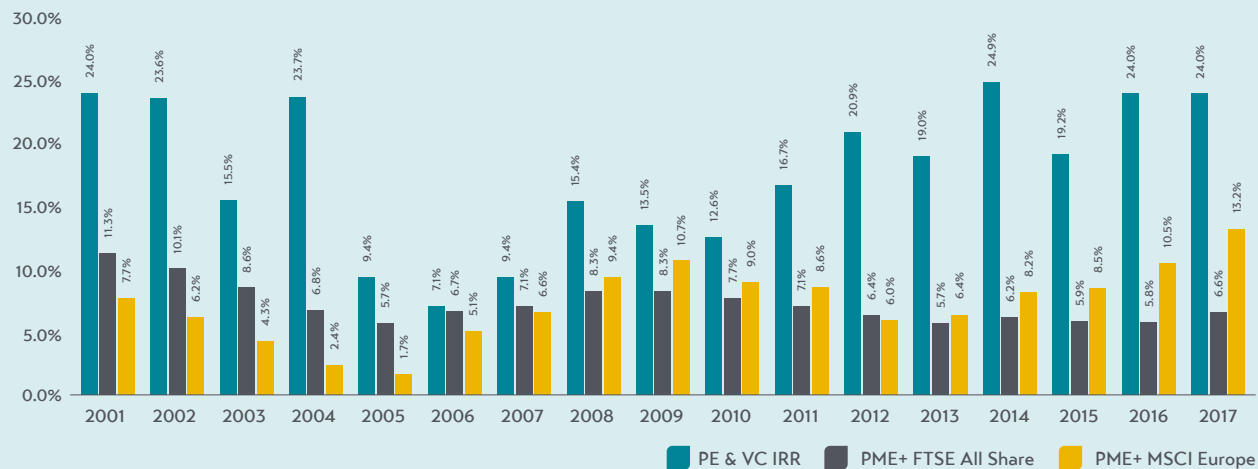
1.85x capital invested since 1980, including the value of unrealised investments as at 31 December 2021.

These figures and further analysis, can be found in the BVCA's [Performance Measurement Survey](#) produced in association with PwC.

In addition, we have conducted an analysis of the performance of funds managed by our members compared to equivalent investments in the FTSE All Share index and, for the first time, the MSCI Europe index as well.

A Public Market Equivalent (PME) analysis compares these private capital returns to equivalent investments in a public index. BVCA analysis using two different PME measures shows that the returns generated for investors by funds managed by BVCA members have been better than those of equivalent investments in the FTSE All-Share and MSCI Europe indices every year since 2001, the first year for which both indices are available. This new analysis can be found in the BVCA's [Performance and Public Market Equivalent Report 2021](#).

## Since Inception Capital Dynamics IRR and PME+ by vintage year



Source: BVCA Performance and Public Market Equivalent Report 2021



# Developing the transparency of private capital

Private equity

## Private Equity Reporting Results

February 2022 saw the launch of the new UK Private Equity Annual Reports. The reports, which are more transparent and accessible than previously, demonstrate the industry's commitment to transparency and disclosure and underline the importance of the industry to the UK economy.

The findings from the Private Equity Reporting Group's (PERG) annual reports have been made available on a [new website](#). The reports are based on disclosure and transparency guidelines established by Sir David Walker, which are overseen by the independent PERG. The new website brings together three dedicated reports and the annual reports of the **73 portfolio companies** (comparable with the FTSE250) that fall within scope of the Guidelines. The website showcases the year's increased reporting on sector breakdowns, including changes in growth, productivity, and financial leverage.

The Guidelines were last updated in July 2014 to incorporate new reporting requirements applying to quoted companies in the Strategic Report of the annual audited financial statements. Given the period since the last update, the PERG recommended to the BVCA that a fuller review begin in 2022 to ensure that our external stakeholders understand the requirements of the Guidelines, and to promote the PE industry's approach to increased transparency and disclosure.

The review has taken into consideration both current and forthcoming changes to the reporting landscape, as well as increased stakeholder interest in the private equity industry, following high-profile transactions involving well-known businesses in the UK. This work will be a useful springboard for further consultation with members in 2023/24.

As we conclude the first phase of the refresh, we have achieved several outcomes. We have updated the [PERG website](#) with a new identity and more accessible content that explains the Guidelines, the PERG and the process in a clearer way. We have refreshed the [PERG report](#) and the structure of the [EY report on the performance of portfolio companies](#). The programme was supported with a media moment so that the BVCA and PERG could engage with members and the media.

Over the next two years, we will consider changes in the broader reporting landscape for both private and listed companies and the increased focus on climate change and societal challenges. The review is to be accompanied by a broader programme of engagement with interested and relevant stakeholder groups such as Government departments, regulators, trade unions and the media.



# Advancing the industry's ESG agenda

Private equity

Venture capital

The BVCA continues to promote and support private capital's role in developing sustainable businesses with a greater focus on diversity and inclusion. In recognition of this, the BVCA now has a designated Head of Sustainability to support and ensure that ESG receives the attention required to engage with its members and the wider community.

## Regulation

[Sustainability regulation](#) continues to evolve globally. Ensuring that overlapping rules are proportionate and navigable for private capital firms was a focus area for the BVCA during 2022. Our UK highlights included engaging with the FCA on its Sustainability Disclosure Requirements and helping private capital firms to implement the FCA's new TCFD-based climate disclosure rules.

## Training and research

Our [training](#) and [research](#) offerings continue to be a crucial knowledge and insight channel with our members. BVCA members place a high priority on climate change and Net Zero and we responded with the creation of a 'Carbon Reduction Planning for Your Portfolio' training course in 2022.



## New report

In March, we published our, '[Creating Sustainable Growth: Private Capital at Work](#)' report. This report provides an overview of the sustainability finance landscape and showcases what our members are doing on ESG via real life examples and data from our first ESG KPI survey.

## Events

During 2022 we delivered our first dedicated ESG conference, in addition to our ESG focused Impact Forum events and sessions at the BVCA Summit.

## ESG in practice at the BVCA

We have invested in the training and development of our talent in areas of diversity and inclusion and our new office was designed with sustainability in mind. See our [Diversity and Inclusion page](#) for further information.



## D&I Survey 2023 findings

Following the success of earlier collaborations, we have once again partnered with Level 20 on the next edition of our Diversity and Inclusion Study. With survey responses gathered from over 150 private capital firms, supplemented by data in the public domain, our forthcoming Diversity & Inclusion report promises to present the most comprehensive data set available in the UK on the representation of people of different genders and ethnicities working in private equity and venture capital.

The report, which will be released in April, will incorporate feedback from a series of focus groups which highlight the challenges facing firms as they look to diversify their workforces and create more inclusive workplaces. The report will be accompanied by a comparison tool which will enable firms to compare themselves to their peers by size.





# Our commitment to the path to Net Zero

Private equity

Venture capital

## Reaching Net Zero

Climate Change continues to remain high on members' agendas with both new regulation and policy driving organisations to transition and disclose on their associated risks and opportunities. October 2022 saw the call for evidence in relation to the [Chris Skidmore Independent Net Zero Review](#) of the government's approach to reaching Net Zero by 2050. The BVCA supported this by hosting a member roundtable with BEIS representatives for the review and submitting evidence. The findings of the review were published in early January 2023, with BVCA evidence directly referenced in the response.

## TCFD Implementation guide

Industry leader engagement and collaboration remained a priority during 2022, helping our community to respond to some of the key ESG issues the industry is currently facing. The BVCA has been supporting this movement, by working with both the [Initiative Climat International](#) (iCI) and [ESG\\_VC](#) to promote and develop their work. As referenced in the Regulatory section, a key achievement in the last year is the BVCA's involvement with iCI and KPMG with the development of the Task Force for Climate Change Financial Disclosures (TCFD) [Implementation Guide for Private Equity](#). This publication ensures that our industry plays a leading role in the global efforts to eliminate the causes and effects of climate change and respond to the wider global and UK specific Net Zero agenda.

## Excellence in ESG

The BVCA held its third '[Excellence in ESG](#)' programme with organisations receiving recognition at the Summit. The BVCA received a record number of entries for 2022, confirming the increasing importance of ESG to the industry.



GP, AUM of above £1bn:  
Permira



GP, AUM of below £1bn:  
ETF Partners



LP: Neuberger Berman



Portfolio: Reconomy Group





# Celebrating business performance

Private equity

Venture capital

The BVCA has been championing exceptional management teams, backed by our members, for over a decade through the Management Team Awards initiative. The initiative has evolved to the Vision Series, produced in collaboration with Grant Thornton, reflecting the changing world that we live and work in.

Vision 2022 is a celebration of great teams building businesses. The initiative demonstrates that BVCA members invest in businesses of all shapes and sizes, across all parts of the economy and the nations & regions of the UK. The 15 companies recognised have performed exceptionally well against the four recognition themes of competitiveness, growth, innovation and ESG commitments.

Read more about the businesses recognised across the last 12 months, and why, by clicking on the logos to the right.

Learn more about BVCA Vision 2022 in our video

## Special accolades

Early stage

HEALTH & HER



Scale-up

faradion



Medium

Chambers AND PARTNERS



Large

Sterling



## Recognition

AgilityEco

Anthesis

bio:ascent

cts

Delio

iam property



Reconomy Group

Rosemont

SPARTA GLOBAL

Veincentre



# Learning and development: building skills for the future

Private equity

Venture capital

The BVCA's training service responded to changes in post-pandemic learning approaches by offering a hybrid approach to classroom training. With many delegates still preferring in-person study and networking, some now choose to join sessions remotely, which is especially an advantage for those outside of London.

The classroom syllabus expanded to reflect member firms' commitment to responsible investment and sustainability. New courses introduced include Developing an ESG Strategy for your Portfolio and Carbon Reduction: Planning for your Portfolio.

Further changes to member firms' approaches to learning and development, along with recruitment drives, saw member demand increase for both digital and bespoke in-house learning.

“

*“I found the course highly beneficial and wish I'd done it years ago! I will be recommending it to others in the team when I feedback next week.”*

Intro to PE/VC – The Essentials  
2022 course delegate, Earth Capital

## New courses:

- How to Build and Execute an Effective Strategy
- How to Plan an Optimal Exit
- Carbon Reduction: Planning for Your Portfolio
- Developing an ESG Strategy for Your Portfolio

“

*“The combination of hard facts in the regulation section and the real-life examples and opportunities to hear from LPs/ GPs and learn from their experience was excellent. Conversational/ fireside chat format can often fall short on useful content, but all the sessions were packed with gems of information.”*

How to Build and Execute an Effective Strategy  
2022 course delegate, Inflexion

## BVCA Training in numbers:



1,400

People trained from 277 firms



550

Classroom-based course learners



850

e-Learning enrolments



35

Classroom-based courses dates



13

Bespoke in-house programmes



137

Expert speakers



# Industry leading events: delivering insight and expertise

Private equity

Venture capital

2022-2023 marked the return to in-person events, following the digital/hybrid approach undertaken during the pandemic. Across over 30 events, the BVCA connected members and the industry's wider stakeholder ecosystem to explore the key challenges and opportunities facing the industry in the post-pandemic world.

In October 2022 we delivered our first fully in-person Summit since 2019. Speakers included Tulip Siddiq MP, Shadow Economic Secretary to the Treasury, James Brocklebank, Managing Partner, Advent International and Lord Jim O'Neill. Other key speakers across our events programme included Chris Philp MP, then Minister for Tech and the Digital Economy, Douglas Alexander MP and George Parker, Political Editor, Financial Times.

As per the ESG section, ESG was a key theme in 2022-23 with sessions across events exploring the issue. The BVCA launched our first dedicated ESG conference which explored the sustainability related issues impacting our industry. Over 200 delegates joined the conference to learn and discuss how to build effective ESG frameworks, the differences between Impact and ESG, the benefits of adopting strong ESG performance and more.

The 2022-23 events programme was attended by over 3,500 delegates, demonstrating the appetite across our membership for the return to in-person events.



3,500

Delegates attended  
BVCA events





# One ecosystem, working for all

Private equity

Venture capital

Our 700 members drive sustainable growth and innovation across all regions of the UK, creating jobs and transforming the economy and society. At the BVCA, we celebrate this success and continue to demonstrate the industry's public value to policy makers, the media, and the wider public, to build and promote the industry's reputation.

## Supporting Emerging Managers

The BVCA serves as a vital forum to help support emerging managers, with a wealth of information on best practice and events dedicated to new managers.

### What BVCA members say:

“

“BVCA membership provides a range of benefits, from the various training courses available throughout the year and delivered by a team of industry professionals, to the technical committees who work tirelessly to ensure feedback is given on a range of consultations across tax, legal, regulatory and ESG impacting the industry. There are also numerous networking events held regionally and the opportunity to raise issues and concerns about anything affecting the industry more broadly. The BVCA works with numerous stakeholders to ensure that the industry is seen as a force for good in the UK.”



**Maria Carradice**

Managing Director, Specialist – Environmental, Social and Governance, Mayfair Equity Partners

“

“As a venture capital fund, the big driver for us joining the BVCA was to give access to its wide and valuable network, relevant events and industry insights to ensure that we stay at the forefront of developments in our industry. In particular, we are keen to leverage the BVCA's connections to a wide range of life science and healthcare focused investors and fund limited partners. The BVCA serves a crucial role in the venture capital and private equity industries by serving as a key conduit between the government, investors, and other key stakeholders. This helps to ensure that the UK remains competitive and the place of choice for European tech and life sciences companies and entrepreneurs.”



**Daniel Rooke**

Co-Founder, Chief Operating Officer, Start Codon

“

“Becoming members of the BVCA has provided us with invaluable industry insight, opportunities to expand our network and a broad and relevant training programme. As a development Bank we are designed to encourage the private sector to invest alongside us, and making connections across the investor community is clearly key to this. Attending BVCA events over the course of the year has not only enabled us to deliver key messages and updates on the Bank's priorities but has also given us the opportunity to build important relationships that are helping us drive positive collaboration around our missions; achieving a just transition to net zero, harnessing innovation and improving place-based inequality.”



**Mark Munro**

Interim Head of Investment Origination, Scottish National Investment Bank





# Looking ahead

Follow us on LinkedIn and join over 30,000 followers to discover the latest insight, industry news, networking and professional development opportunities



Listen to Garry discuss his ambitions for the year as Chair in this episode of the BVCA Reflections Podcast



## Welcome to Garry Wilson

Managing Partner, Endless, and BVCA Chair 2023-24

Garry has over 20 years of business and private equity experience. He is managing partner at Leeds-based Endless LLP, which specialises in investing in turnarounds, special situations and buyouts.

The Chair has the responsibility for the oversight of the strategy and management of the affairs of the BVCA and we look forward to his contribution across the year ahead.

## Looking ahead to 2023-24

Research, events & training courses

- **Research:** Measuring the contribution of private equity and venture capital to the UK economy in 2023
- **Research:** Diversity and Inclusion Study
- **Research:** Report on Investment Activity 2022
- **Research:** Performance Measurement Survey 2022
- **Research:** Performance and Public Market Equivalent Report 2022
- **Vision 2023:** Leaders driving growth
- **Event:** ESG Conference | 23 May
- **Event:** High Growth: Trailblazers - Building the Innovation Nation | 27 June
- **Event:** National Dinner Series | Leeds, Belfast, Manchester and Edinburgh | Throughout the year
- **Event:** Summit 2023: Private Capital. Public Value. | 5 October
- **Event:** Tax, Legal and Regulatory Conference | 21 November
- **Training:** Foundation | 12-16 June
- **Training:** Developing an ESG Strategy for Your Portfolio | 6 September





40  
YEARS

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