

# Performance Measurement Survey 2020

## Highlights

A survey of the returns generated by independent UK-based funds that raise capital from third-party investors



# UK private equity and venture capital returns at a glance



The British Private Equity and Venture Capital Association ('BVCA'), in association with PwC, is pleased to be able to publish this highlights paper to accompany our full Performance Measurement Survey report.

Please [click here](#) to access the full report, including details of calculations, commentary and methodology.

Industry return since 1980

14.6% p.a.

Overall industry since inception internal rate of return since 1980

Industry return since 2011

19.6% p.a.

Overall industry since inception internal rate of return since 2011

10 year horizon return

13.9% p.a.

vs 5.6% p.a. achieved by the FTSE All Share index

Realised returns

143%

Across the industry as a whole since 1980, investors have received back distributions equal to 1.43x their original invested capital. This excludes the additional value in their as yet unrealised portfolios

Total returns

180%

Across the industry as a whole since 1980, investors own assets which if realised as at 31 December 2020, would mean investors receive 1.80x their original investment

Total return since 2011

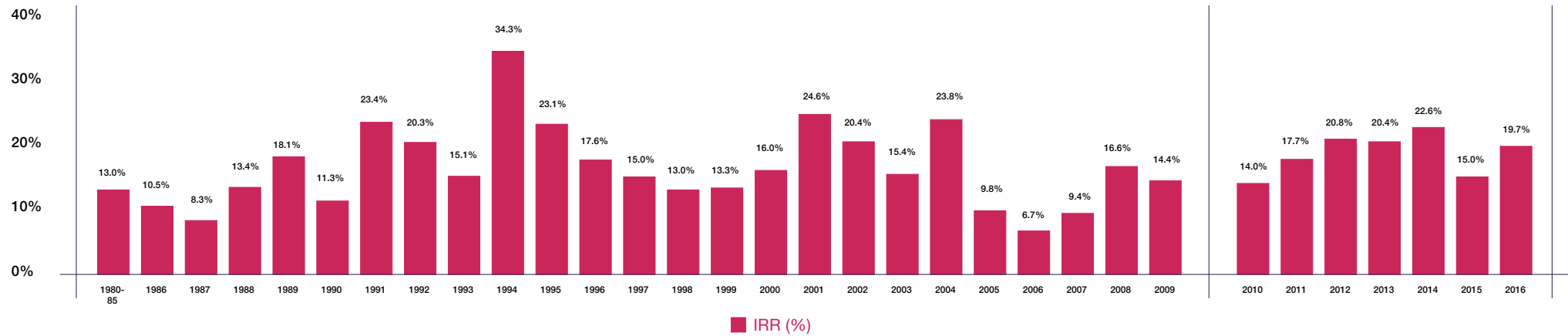
188%

Across the industry as a whole since 2011, investors own assets which if realised as at 31 December 2020, would mean investors receive 1.88x their original investment

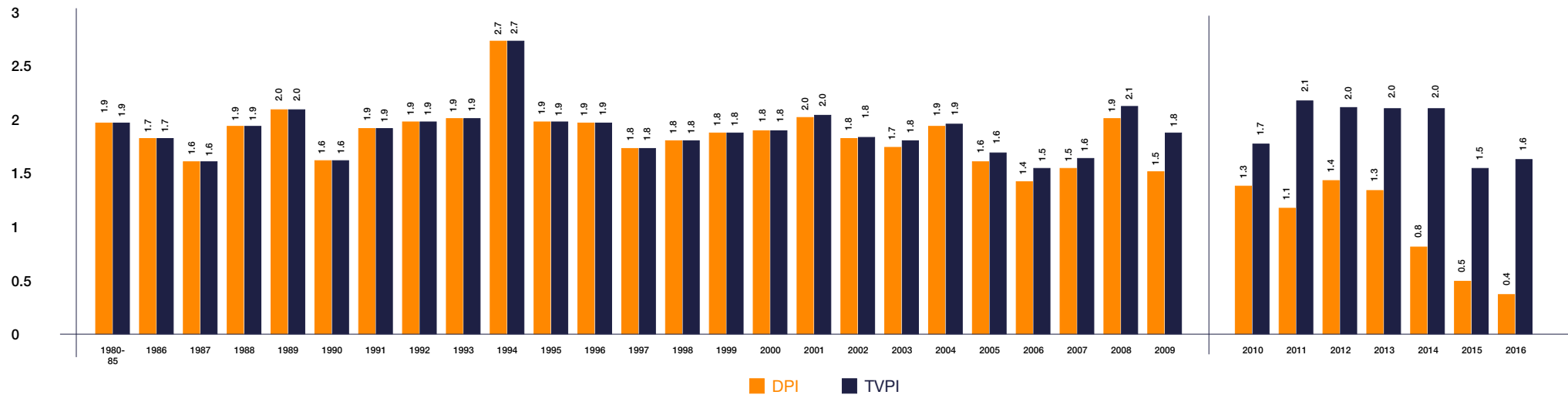
# Since inception performance

IRR and Multiples // by vintage year

Since inception IRR (%) by vintage year to December 2020



Since inception multiples of invested capital by vintage year to December 2020



# Since inception performance

IRR and Multiples // by investment stage and subcategory

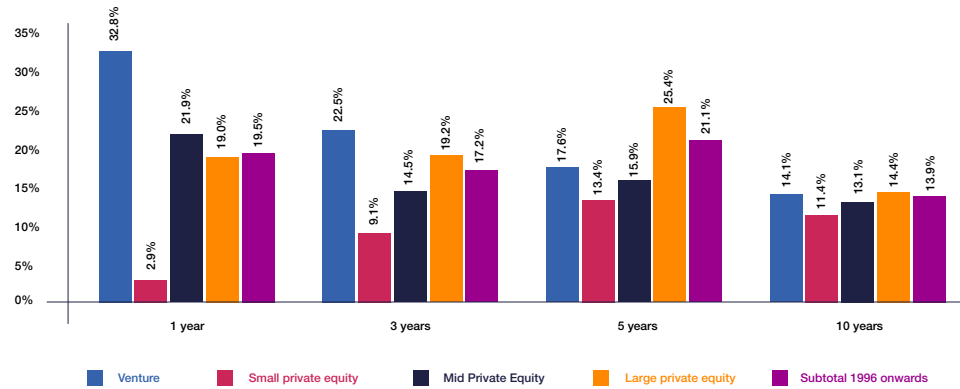
	No. of funds	IRR to Dec' 20	Distributions Multiple (DPI)	Total Value Multiple (TVPI)
<b>Pre-1996 vintage funds</b>				
Early stage	24	9.3%	1.7x	1.7x
Development	35	10.2%	1.7x	1.7x
Mid private equity	33	15.8%	1.8x	1.8x
Large private equity	26	18.2%	1.9x	1.9x
Generalist	35	15.8%	2.4x	2.4x
<b>Subtotal pre-1996</b>	<b>153</b>	<b>15.6%</b>	<b>2.0x</b>	<b>2.0x</b>
<b>1996 vintage funds onwards</b>				
Venture	166	7.3%	0.9x	1.6x
Pre-2002 vintage funds	42	-0.6%	0.9x	1.0x
2002 vintage funds onwards	124	11.2%	0.9x	1.9x
Small private equity	117	13.9%	1.2x	1.8x
Mid private equity	212	11.2%	1.1x	1.6x
Large private equity	65	16.5%	1.6x	1.9x
<b>Subtotal 1996 onwards</b>	<b>560</b>	<b>14.3%</b>	<b>1.4x</b>	<b>1.8x</b>
<b>Grand total all funds</b>	<b>713</b>	<b>14.6%</b>	<b>1.4x</b>	<b>1.8x</b>
<b>Subcategories (all vintages)</b>				
UK	472	13.3%	1.2x	1.6x
Non-UK	241	15.3%	1.5x	1.8x
Pan-European	237	16.2%	1.5x	1.8x
Technology	183	12.6%	1.4x	2.1x
Non-Technology	530	15.1%	1.4x	1.8x



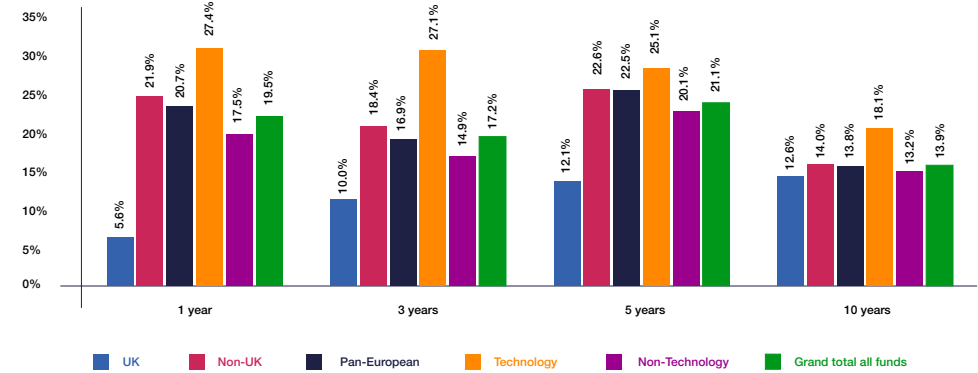
# Horizon performance

## IRR by investment stage and subcategory

Horizon performance – IRR (%) by investment stage



Horizon performance – IRR (%) by investment subcategory



Horizon performance – IRR (%) for BVCA members and FTSE indices

No. of funds	1 year	3 years	5 Years	10 Years	Since Inception
PE and VC	19.5%	17.2%	21.1%	13.9%	14.6%
FTSE ALL-SHARE INDEX	-9.8%	-0.9%	5.1%	5.6%	n/a
FTSE 100 INDEX	-11.5%	-1.8%	4.8%	4.8%	n/a
FTSE 250 INDEX	-4.6%	2.2%	6.0%	8.8%	n/a
FTSE 350 INDEX	-10.3%	-1.1%	5.0%	5.4%	n/a

Source: FTSE Russell

# Definitions

## Return metrics

### IRR

The annualised internal rate of return (IRR) achieved over a period of time, based on the portfolio cash flows and valuations.

### DPI

The distributed (DPI) multiple is the total amount distributed to investors as a percentage of paid-in/committed capital.

### TVPI

The total value multiple (TVPI) is the total amount distributed plus the residual value attributable to investors as a percentage of paid-in capital.

## Time periods

### Vintage year

Governed by the date of the fund's first drawdown, that is, the earlier of either: (i) the first payment by the investor to the fund; or (ii) the first investment made by the fund.

### Since inception

From the actual start of the fund (i.e. from the first drawdown) up to a particular point in time. This measure of return most closely reflects the return a primary investor would have achieved.

### Horizon

Horizon IRRs look backwards at specific time horizons. This measure includes cashflows from all funds that were active at some point during horizon period, regardless of which part of the life cycle the fund is in.

## Investment stage

### Pre-1996 vintage funds

#### Early stage

Invests in companies in the seed (concept), start-up (within three years of a company's establishment) and early stages of development.

#### Development

Invests in expansion stage companies, that is, established companies that raise private equity to make acquisitions, fund working capital, buy new plant, etc. and small management buyouts and buy-ins (MBOs) with less than £10 million of equity invested per transaction.

### Mid private equity

Invests in private equity with £10 million to £100 million of equity invested per transaction.

### Large private equity

Invests in private equity with more than £100 million of equity invested per transaction.

### Generalist

Invests across all stages of private equity.

### 1996 vintage funds onwards

#### Venture

Invests in companies in the seed (concept), start-up (within three years of a company's establishment) and early stages of development.

#### Small private equity

Invests in private equity with less than £10 million of equity invested. This category also includes development capital for expansion stage companies, that is, established companies that raise private equity to make acquisitions, fund working capital, buy new plant machinery and the like.

Note: The same definitions of mid-private equity and large private equity apply throughout the life of the survey.

## Fund Subcategories

[\(apply to all vintages\)](#)

### UK

Invests primarily (at least 60% of the fund) in companies outside the UK.

### Non-UK

Invests primarily (at least 60% of the fund) in companies outside the UK.

### Pan-European

Invests in more than two European countries.

### Technology

Invests primarily (at least 60% of the fund) in technology companies.

### Non-Technology

Invests primarily (at least 60% of the fund) in non-technology companies.

# About the Performance Measurement Survey

This report has been produced by the British Private Equity and Venture Capital Association (“BVCA”), in association with PwC to demonstrate the returns generated for investors by our members to 31 December 2020. The statistics in this report are the results of the BVCA's Performance Measurement Survey, an annual survey of fund level cash flows and valuations collected from our members.

For the 2020 survey we received responses from 119 members out of a total eligible pool of 158 members, a response rate of 75%. For comparison, for the 2019 survey we received responses from 117 members out of a total of 154 who were eligible.

Further information, detailed calculations and commentary can be found in the full report [here](#).

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The BVCA would like to thank the individuals who served on the Performance Measurement Survey Review Board during the preparation of this report.

We would also like to extend our thanks to all firms who responded to our Performance Measurement Survey.

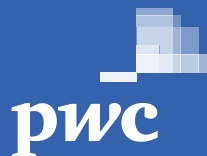
Please contact [research@bvca.co.uk](mailto:research@bvca.co.uk) for any enquiries.

## About the BVCA

The British Private Equity & Venture Capital Association (BVCA) voices the private equity and venture capital industry's economic and social benefits to the UK. We represent the industry to politicians, policymakers, media, institutional investors, the business community, and the general public - our external stakeholders.

Our work enables the Government to have a deeper understanding of the value we provide when shaping new policy and how our industry operates. We have 750 members, including 470 private equity and venture capital firms and their investors, as well as advisers and financial institutions. We help our members develop best practice, develop relationships, and make informed decisions by sharing the latest knowledge and expertise. We provide training for the industry to ensure the highest standards of skills and competencies.





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The data within this report was collated and analysed by the BVCA and PwC Research. While PricewaterhouseCoopers LLP (PwC) and the BVCA have made every effort to ensure the reliability of the data included in this report, they do not assume any responsibility for any inaccuracy in the data nor for the accuracy of the underlying amounts submitted by the participating private equity and venture capital funds. The survey is based on valuations provided by each participating fund. Neither the BVCA nor PwC have independently checked the valuation data, or independently confirmed that the International Private Equity and Venture Capital Valuation Guidelines have been adhered to

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