

VINTAGE

Built on Values. Delivering Value.

StartUp Nation?

Presentation by Alan Feld, Founder and
Managing Partner, Vintage Investment Partners

May 2023



Snapshot of Vintage Investment Partners



\$3.6B+

Under Management



14

Active Funds



60+

Team Members



5,500+

Companies With Direct or Indirect Exposure



3,600+

Funds Tracked



21,400+

Companies Tracked



1,000+

Deals



550+

Strategic Relationships



Main Geos



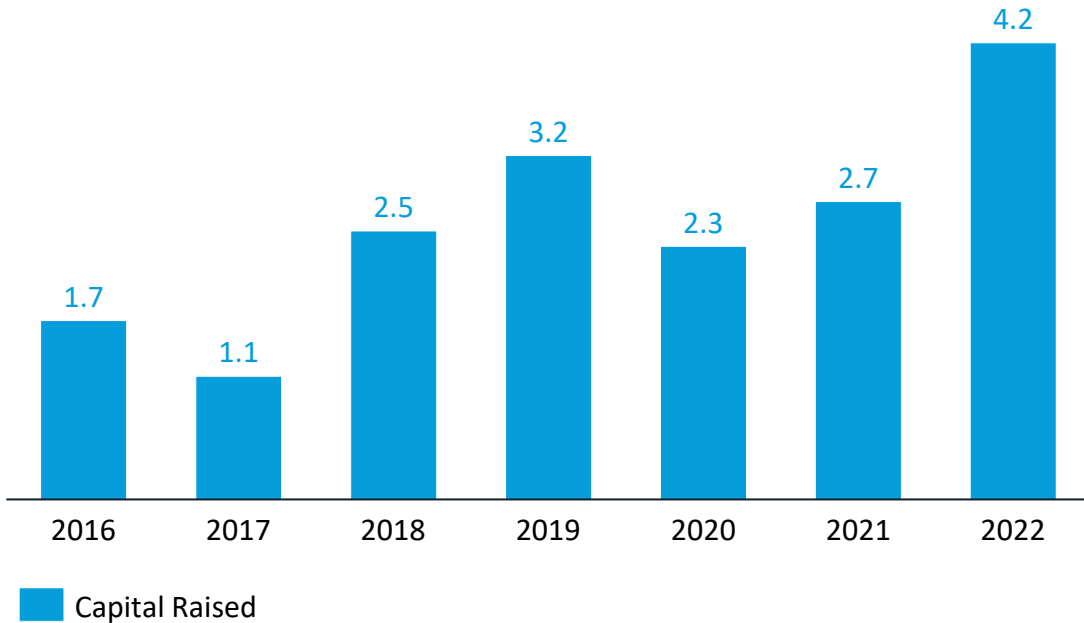
FoF | Secondary | Growth

3 Strategies That Fuel One Another

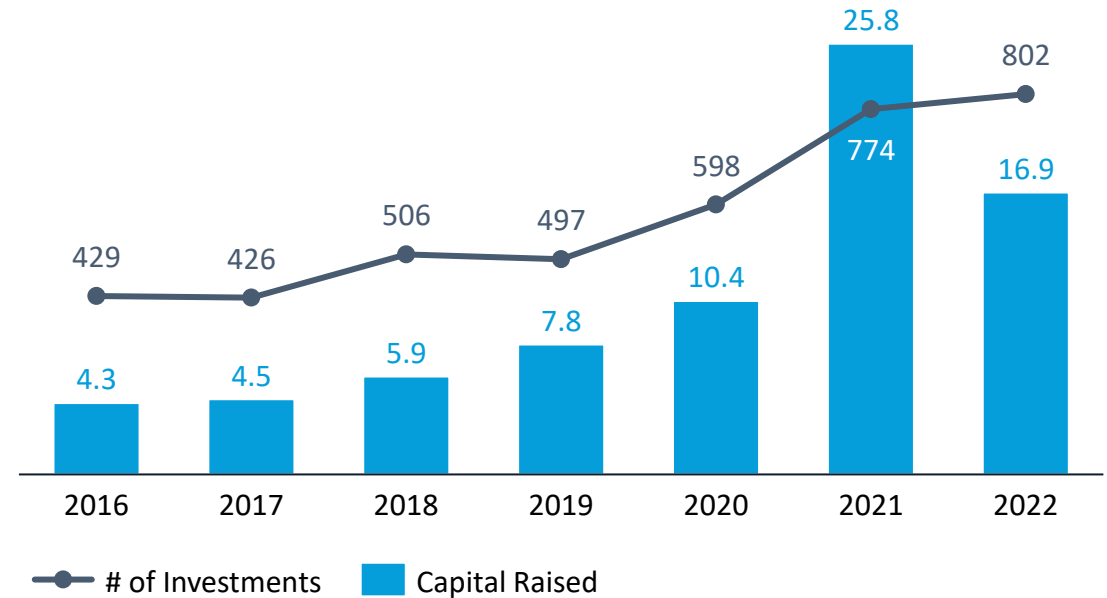
At a High Level, We Had Some Very Good Years.....

Capital Raised by Israeli Venture Capital Funds

In \$B



Capital Raised by Private Tech Companies and # of Investments

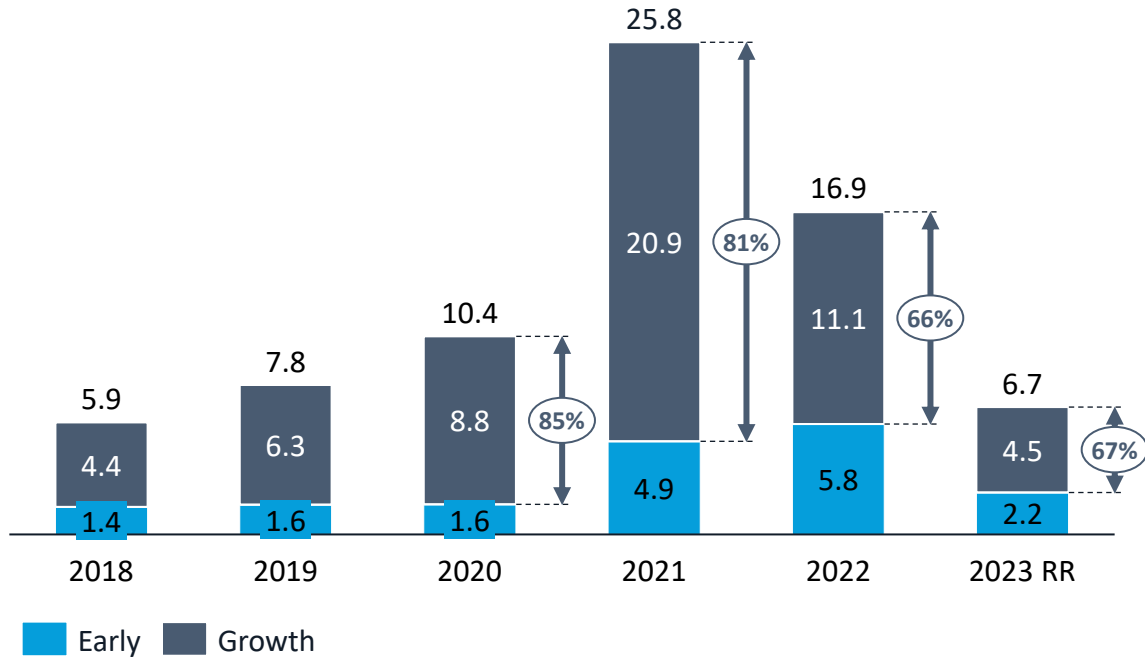


- **Israeli venture funds were raising lots of money, a record \$4 billion in 2022**
- **Israeli tech companies, even in 2022, raised \$16.9 billion in 802 deals**

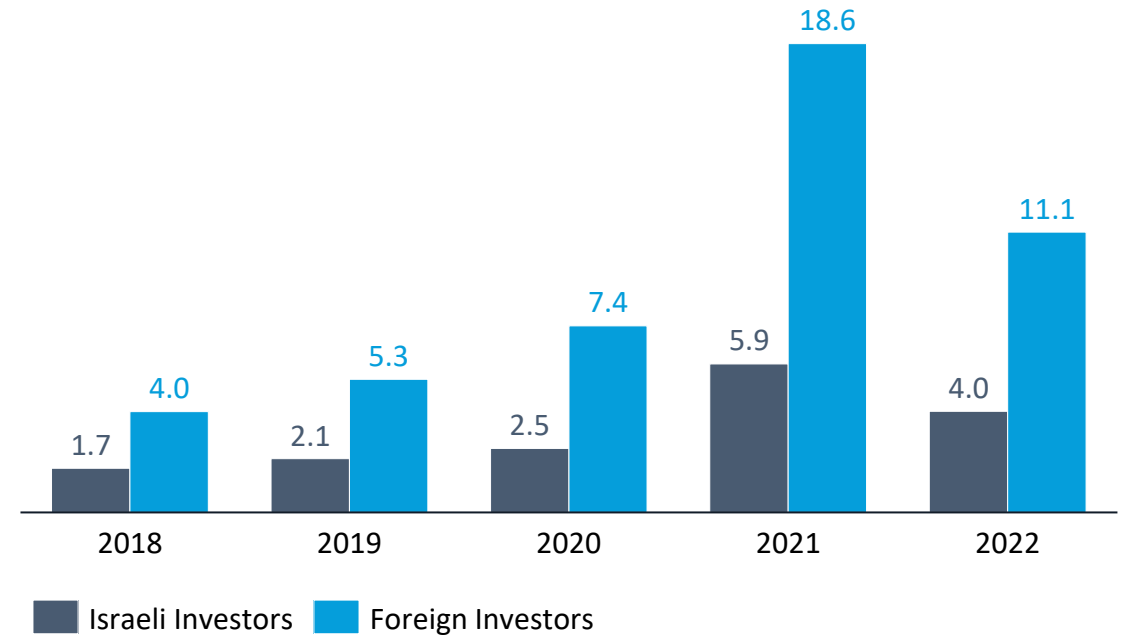
Growth Investing Booms...But....

Investments in Israeli VC-Backed Private Companies by Stage

In \$B



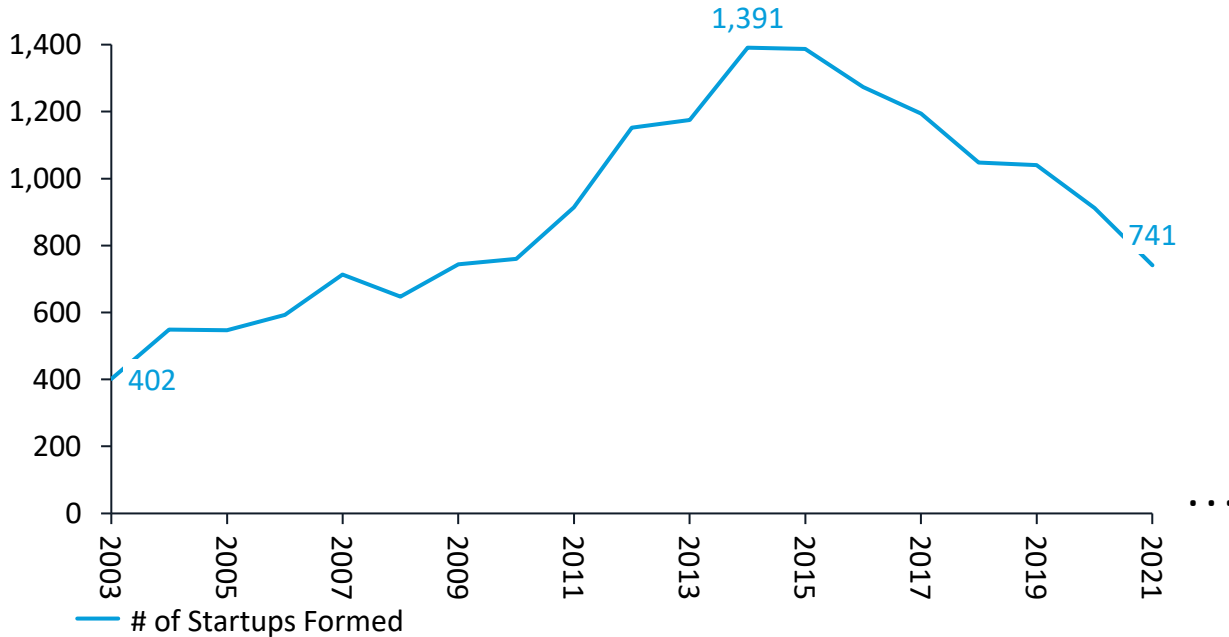
Investments in Israeli Startups by Foreign vs Israeli Investments



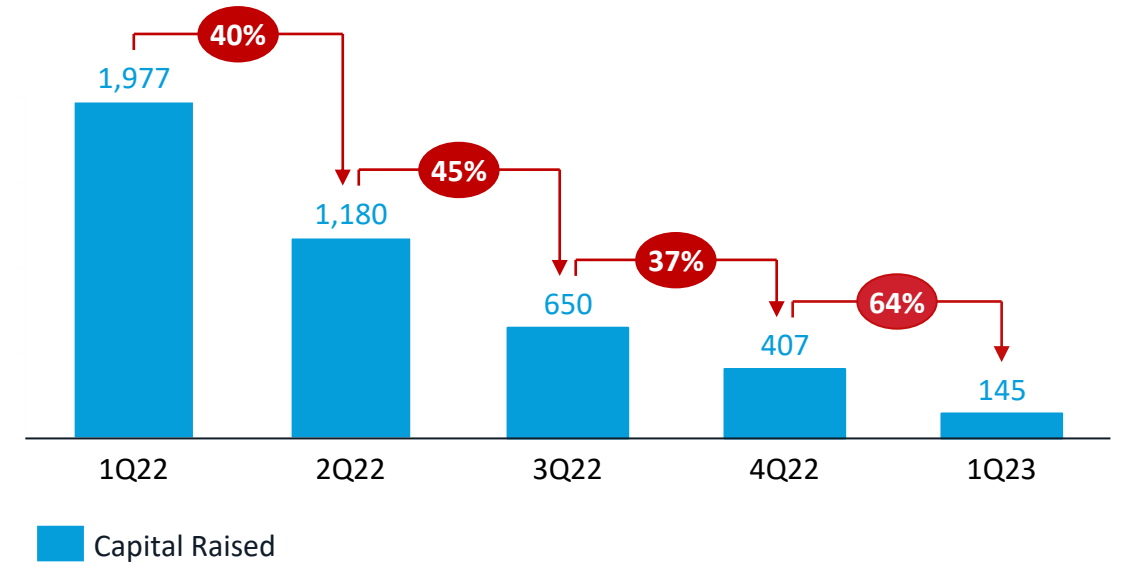
- Almost all the increase in the capital invested in Israeli tech companies was **growth investing...mostly in companies created between 2010 and 2016**
- **Vast majority of the growth investment comes from non-Israeli investors** – foreign venture funds and corporates
- Growth investing has fallen off a cliff > **the relatively few new companies created will not find funding to grow...**

Company Formation and Seed Investment

of Startups Founded per Year in Israel
2003-2021



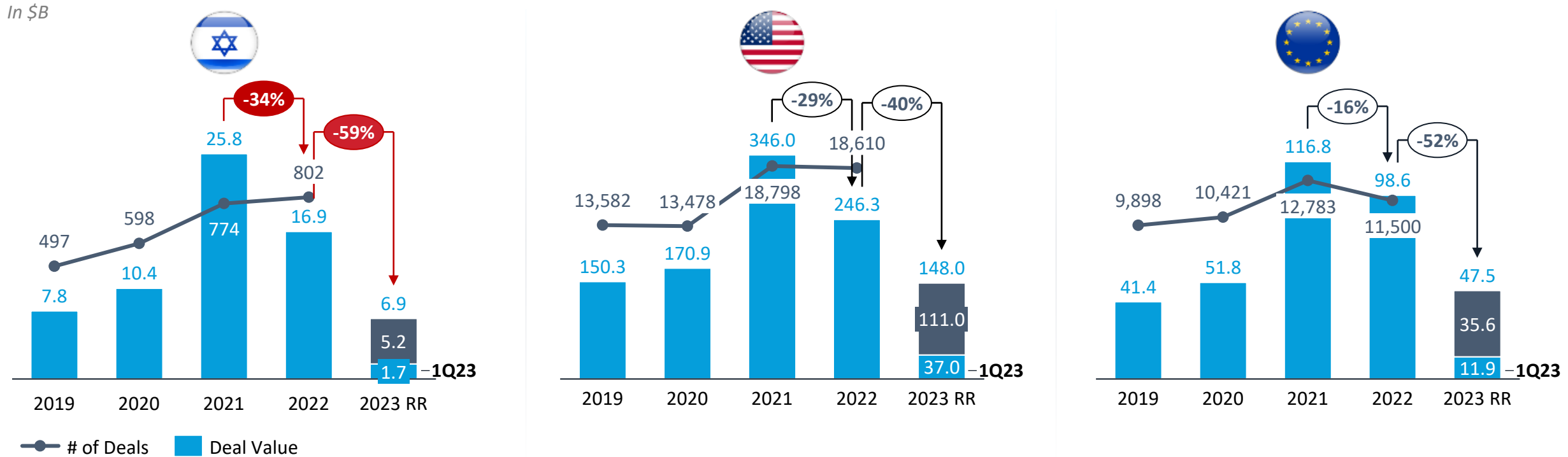
Capital Raised by Israeli Venture Capital Funds
Deep Dive QoQ



- There is a **downtrend in startup formation since 2014**, on pace to reach the previous low of 2003 by 2023
- **Fundraising by Israeli venture funds has been falling off a cliff – this is the future seed capital**
- If 1Q 2023 is an indication, **this could be the worst year for fundraising by Israeli VC funds since the years immediately after the 2008 crisis**

Israel's Decline Significantly Sharper Than Other Markets

Capital Raised by Private Tech Companies and # of Investments



- After an unprecedented run-up, investment pace hit a wall in 2023
- The decline is a global one, but Israel's decline is significantly sharper than the rest

SOURCE: Vintage Investment Partners; 2022 and 2023 figures are estimates considering the expected lag in data, Data as of April 17th, 2023; IVC 1Q 2023; Pitchbook 1Q 2023 European Venture Report, Pitchbook NVCA Venture 1Q 2023; Figures converted from EUR using average EUR:USD rate per year, 2022 and 2023 figures are estimates considering the expected lag in data

ESG is Now a Mainstream Consideration

“ESG Considerations Have Grown Beyond their Socially Conscious Roots to Become a Core Component of Driving Value in Private Equity”

Bain & ILPA

From a Survey of 100+ LP Organizations (U.S. & Europe)

~70%

Of Organizations' Investment Policies Include an ESG Approach

of which

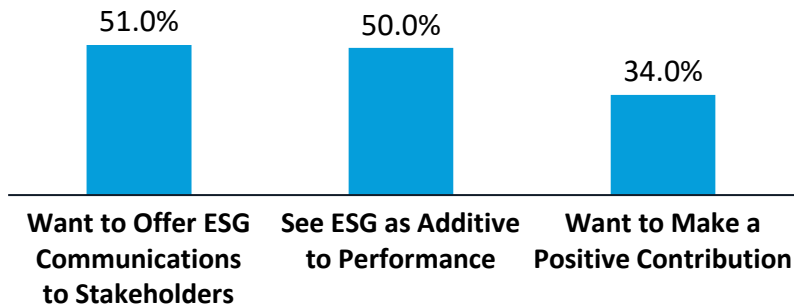
~85%

Have an ESG Investment Policy Implemented in PE

50%

of LPs See ESG as Additive to Performance!

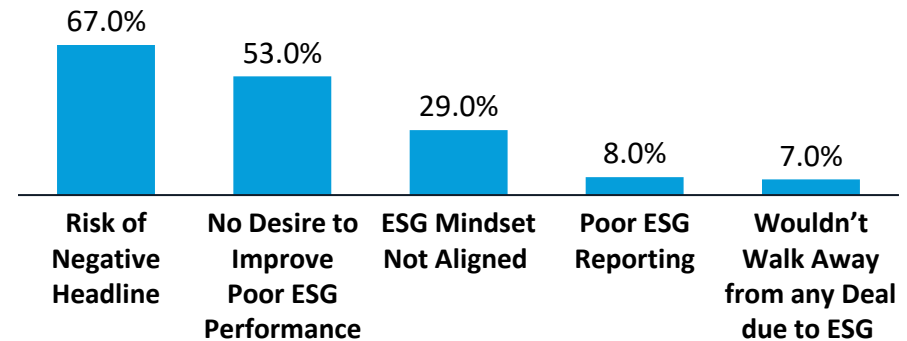
Top 3 Reasons LPs Incorporate ESG
Share of Respondents



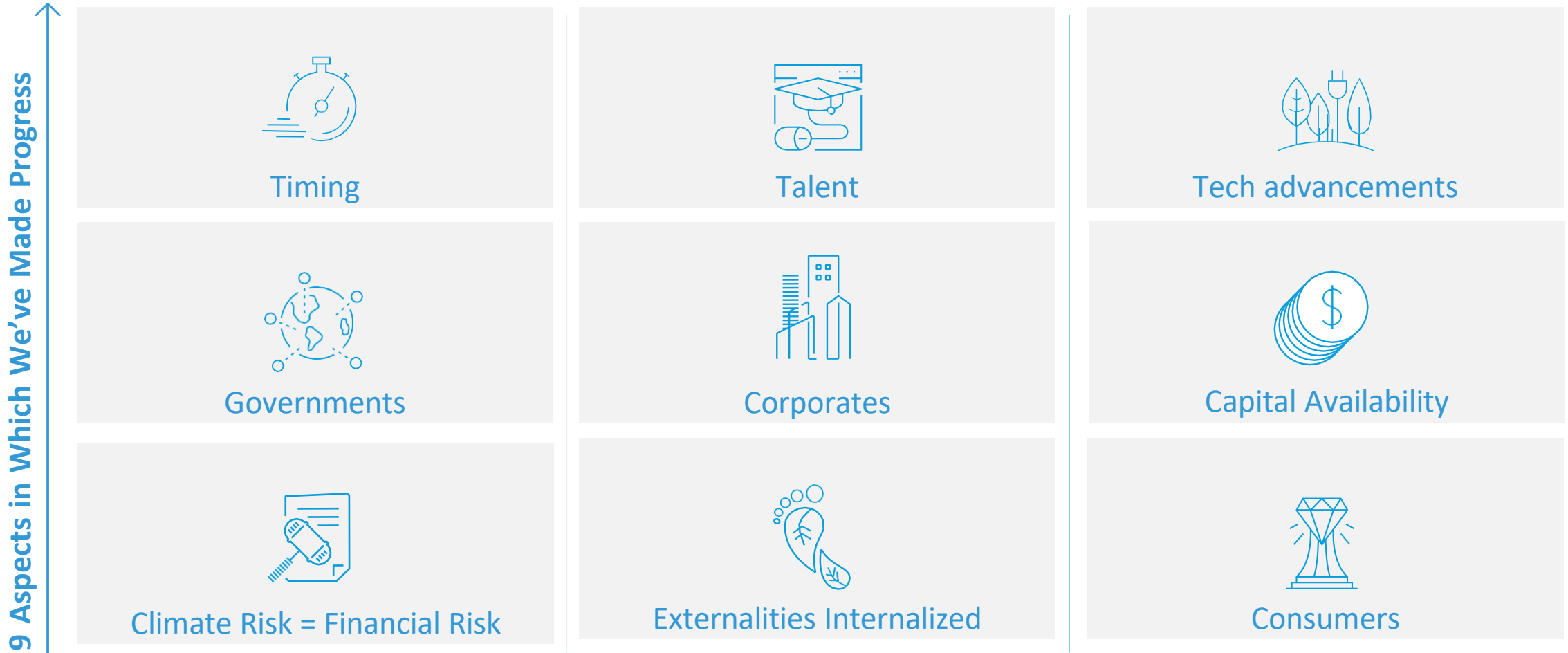
>50%

Would Walk Away From a Deal due to ESG Reasons

ESG Reasons Causing LPs to Walk Away from a Potential Investment
Share of Respondents



Climate – Why This Time is Different Than Cleantech 1.0



Healthcare Is Ripe For Disruption

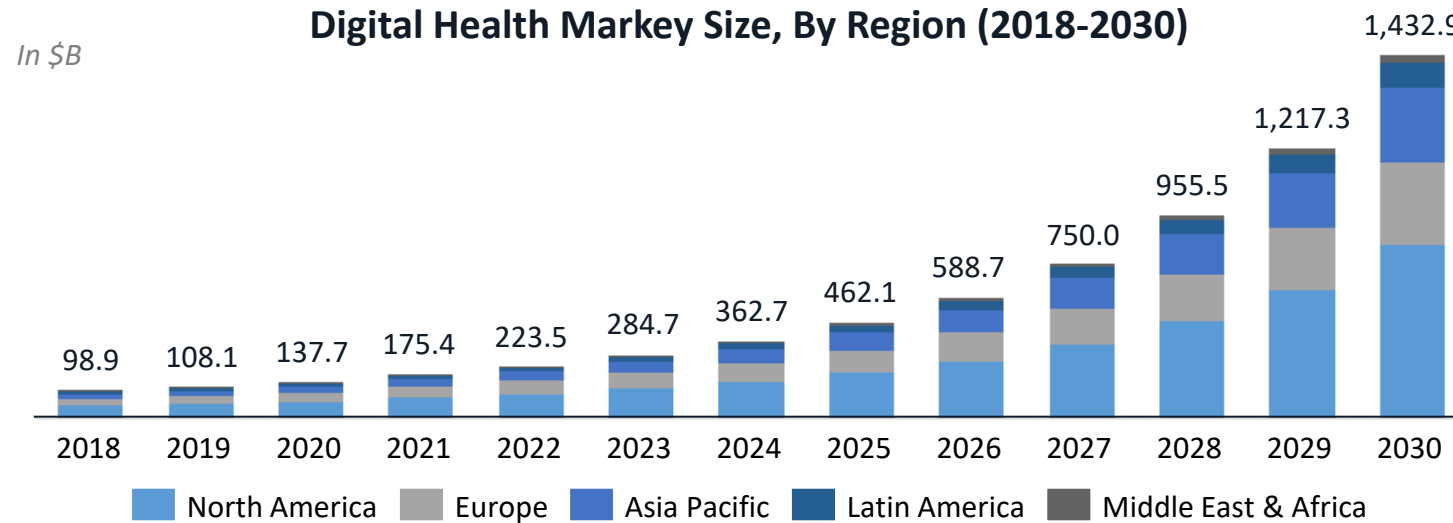
Covid-19 is Healthcare's i-Phone Moment

Digital Health

- Unsustainable market consuming 20% of US GDP
- Aging Population: by 2030, 20% of US people will be >65 years old
- Hospitals are not built for today's needs, necessitating shift to care outside the hospital
- Incentives shifting from fee for service to value-based care

Bio-Convergence

- Technological advancements such as data & AI, computing and robotics
- Biological advancements such as genomics, proteomics, single cell, gene editing
- Convergence of tech and bio allows for new solutions in areas like drug discovery, complex disease modelling, personalized medicine, and more



Playing Yesterday's Game

“Less than Half of Company SaaS Apps are Regularly Used”

Cybersecurity

Gartner Survey of 418 Respondents Found

75%

of Organizations are Pursuing Security Vendor Consolidation in 2022

↑ **29%** from 2020

57% Already Work with 10 Vendors or Less Looking to Optimize to Fewer Vendors

65% #1 Reason Improving Risk Posture

Only **29%** for Budgetary Reasons

Business Applications

Productiv's Report based on >30K Apps Found

<45%

of Company Apps are Utilized regularly

Average Size of SaaS Portfolio

Small Ent.

254

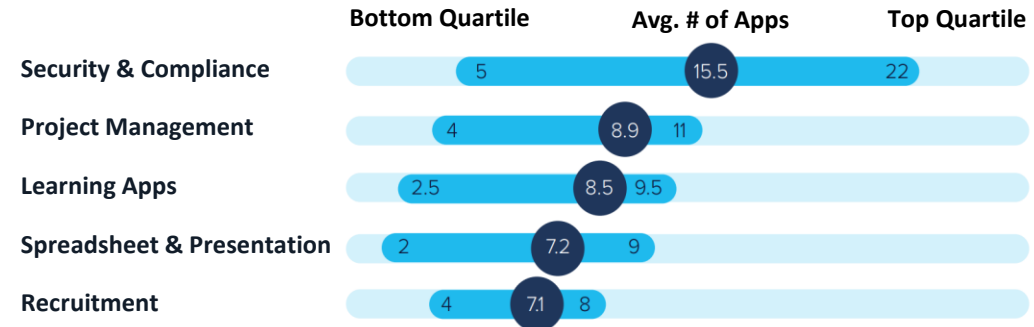
SaaS Tools

Large Ent.

364

SaaS Tools

Top 5 Categories With the Highest Average # of Apps

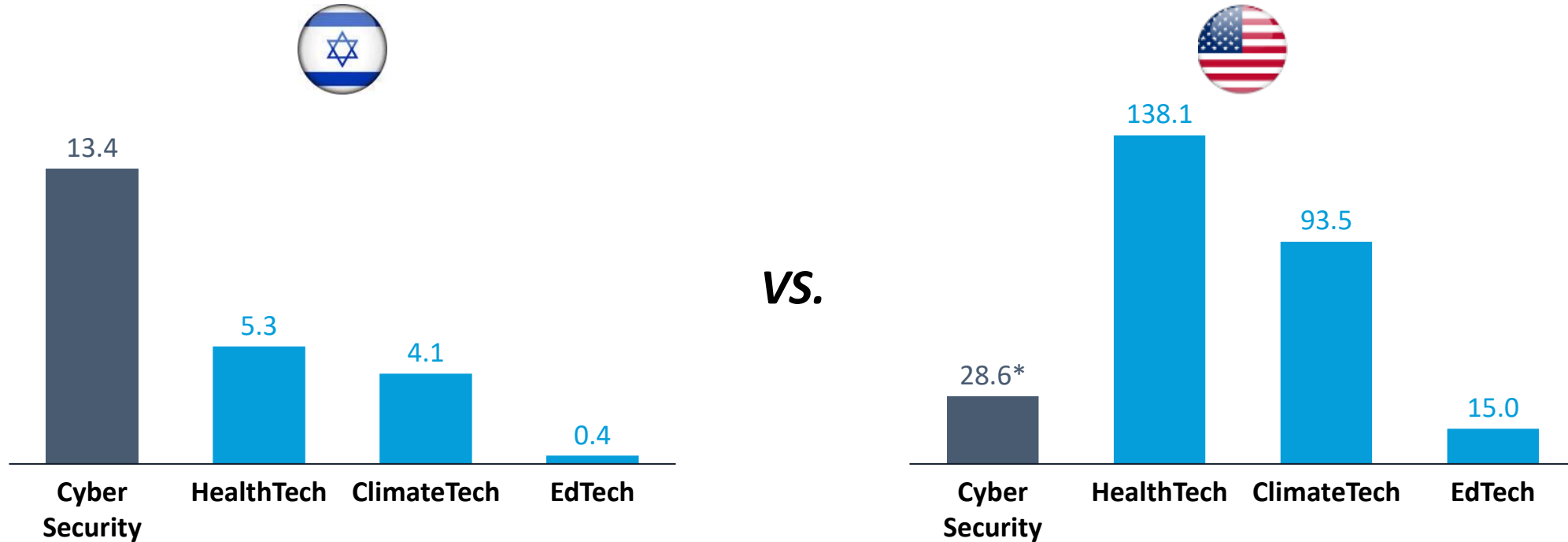


- We are investing more in creating new cybersecurity companies when customers want to buy from fewer vendors
- The same is true for business application software

Israel's Market is Focusing on Yesterdays Trends

Cumulative \$ Invested between 2020-2022 per Tech Cluster

In \$B



VS.

- Israel invests in Cyber more than in Climate, Health and EduTech combined
- While in the U.S., they invest almost 10x more in Health and Climate combined than in Cyber

























SOURCE: IVC Analytics, as of May 22, 2023; IVC The Isreali Tech Ecosystem 2016-2022; CBI, as of May 22, 2023; CBI Reports: State of Fintech 1Q 2023, State of Cybersecurity 2Q 2022; Tech Nation Climate Tech Report 2022; EducationWeek, February 2023

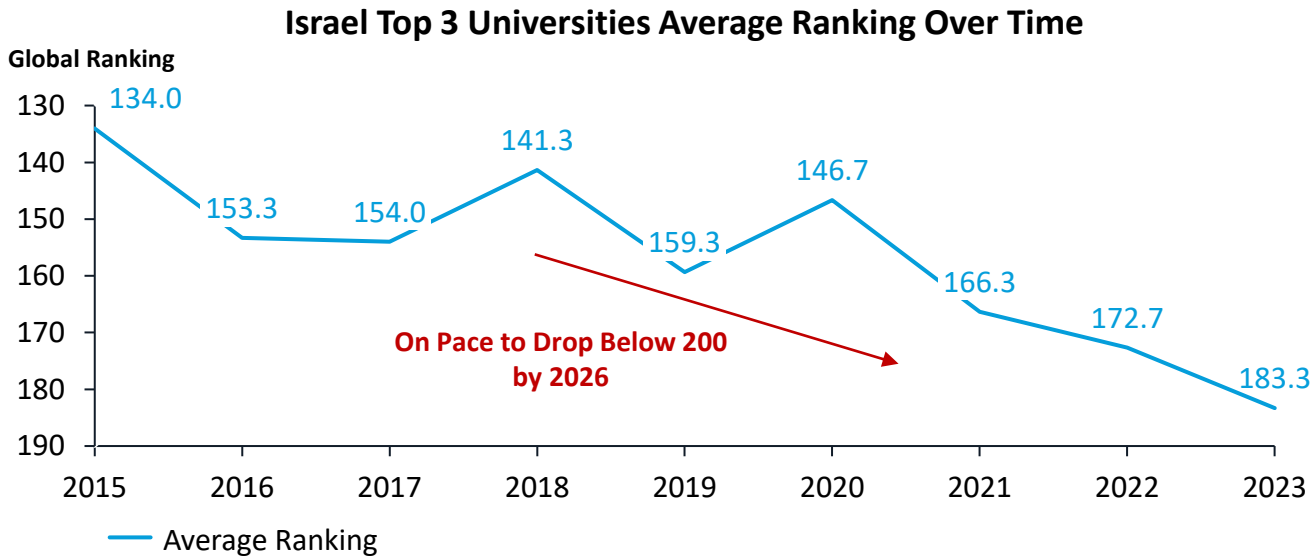
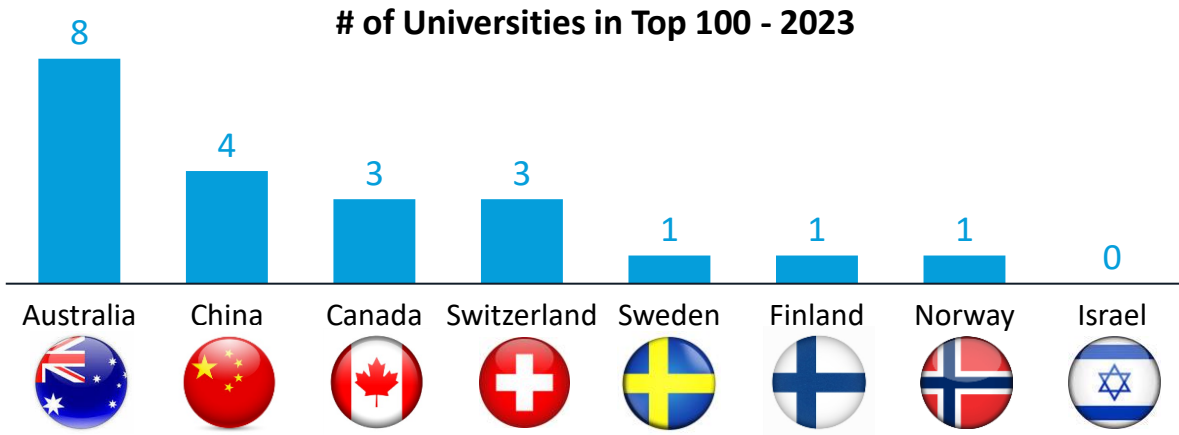
Note: there is overlap between tech clusters, hence the total investments each cluster combined does not add up to total invested per a certain period

* Cyber investments in the U.S. for 2022 are estimates

As a Result, Israeli Universities Lag Behind the Competition & Are Only Getting Worse

Top 3 Universities of Each Country by Rank - 2023

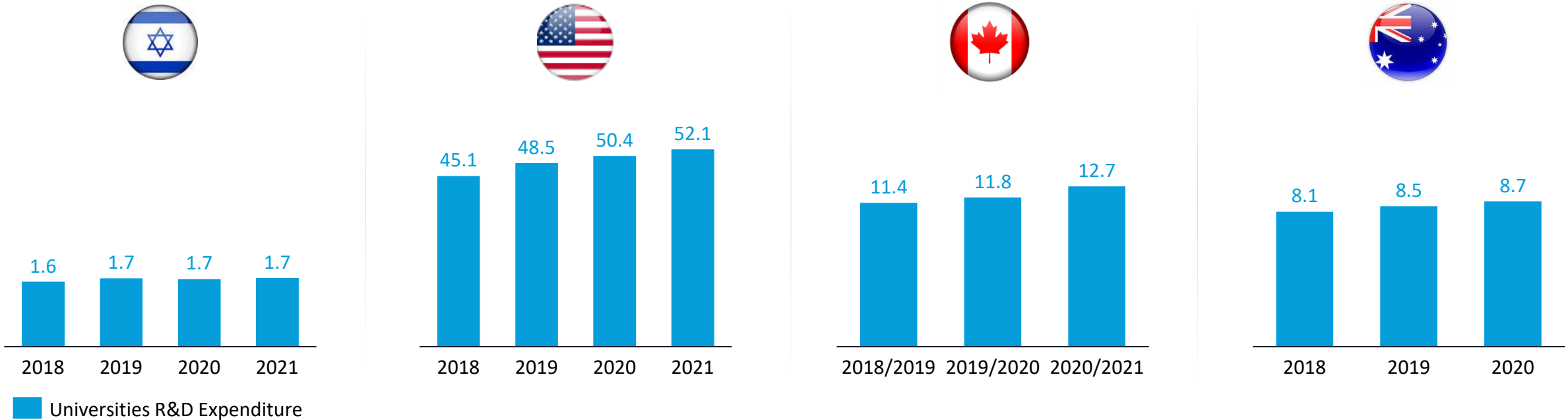
Geo	University	Global Ranking
	University of Toronto	18
	Tsinghua University	23
	University of Melbourne	27
	University of Sydney	28
	ETH Zurich	29
	University of British Columbia	35
	University of Queensland	36
	Peking University	39
	Karolinska Institutet	51
	McGill University	54
	University of Zurich	67
	Ecole Polytechnique Federale	69
	Shanghai Jiao Tong University	89
	University of Oslo	89
	University of Helsinki	99
	Lund University	112
	Stockholm & Uppsala University	127
	Weizmann Institute of Science	134
	Tel Aviv University	175
	University of Bergen	199
	Hebrew University of Jerusalem	241
	NTNU	267
	Aalto University	273
	University of Turku	342



Israeli University Research is Woefully Underfunded

Annual University Research Budgets

In \$B



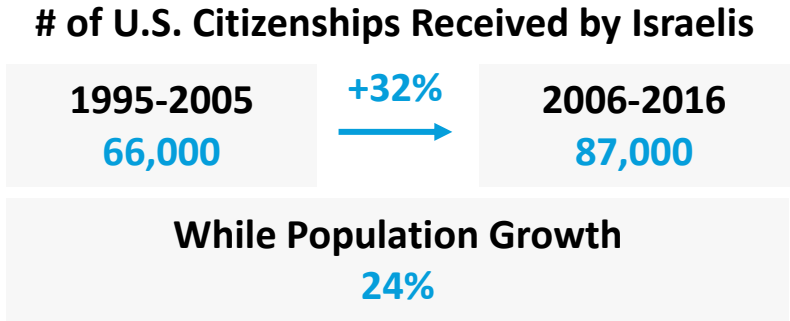
- Israel's higher education R&D expenditure is pitiful
- It is the only country that hasn't experienced any growth in funding

NOTE: Israel, Canada and Australia values include all these countries' universities; U.S. values include top 50 universities in terms of R&D expenditure
SOURCE: Statistics Canada; Central Bureau of Statistics; Universities Australia; National Science Foundation; NIS, AUD & CAD to USD calculated using average exchange rate for each year

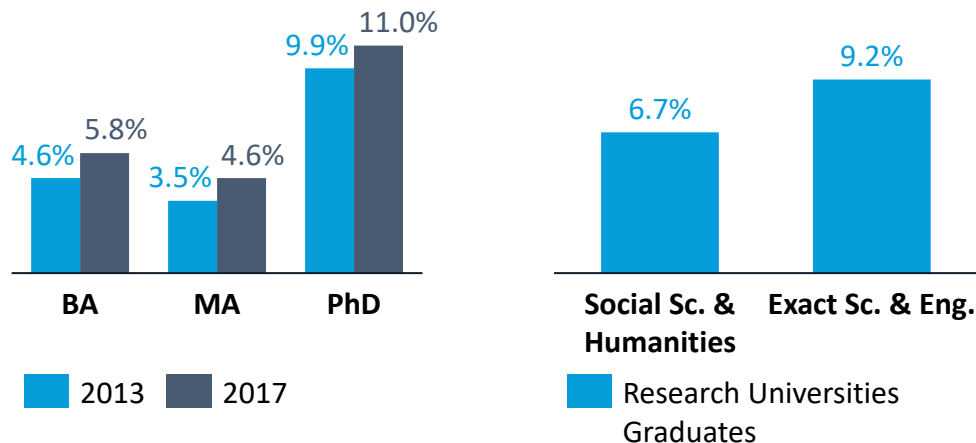
Brain Drain

“We just need a critical mass of the most skilled people to leave, and then we're heading in an unsustainable direction”
Dan Ben-David, Founder of Shoresh Institute

The Emigration Problem

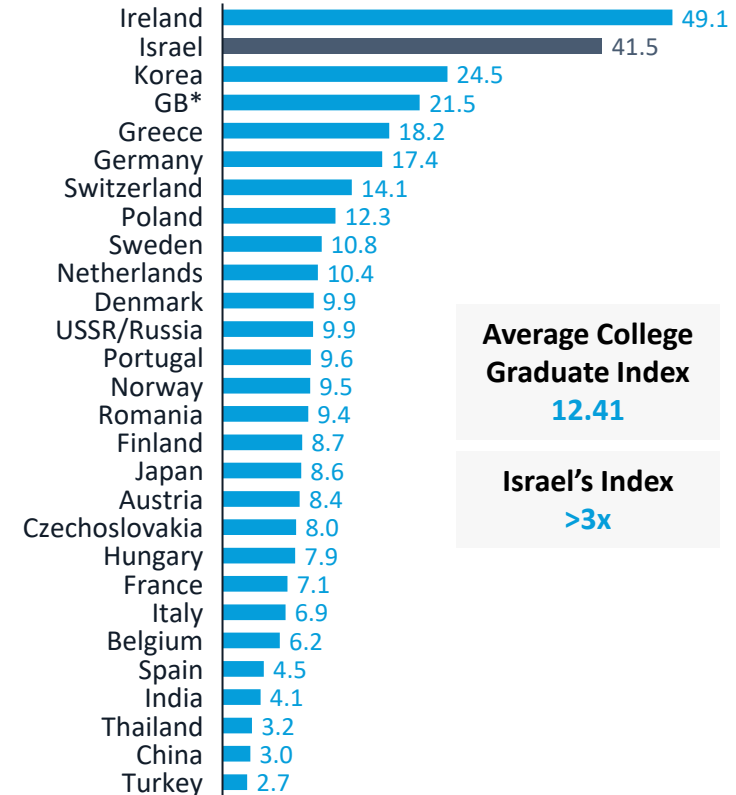


Academic Emigrants¹ Share of Israeli Graduates Living Abroad



Academic Emigration Israel vs The Rest

College Graduate Emigrants to U.S. per 10,000 Residents (2000)



Average College Graduate Index
12.41

Israel's Index
>3x

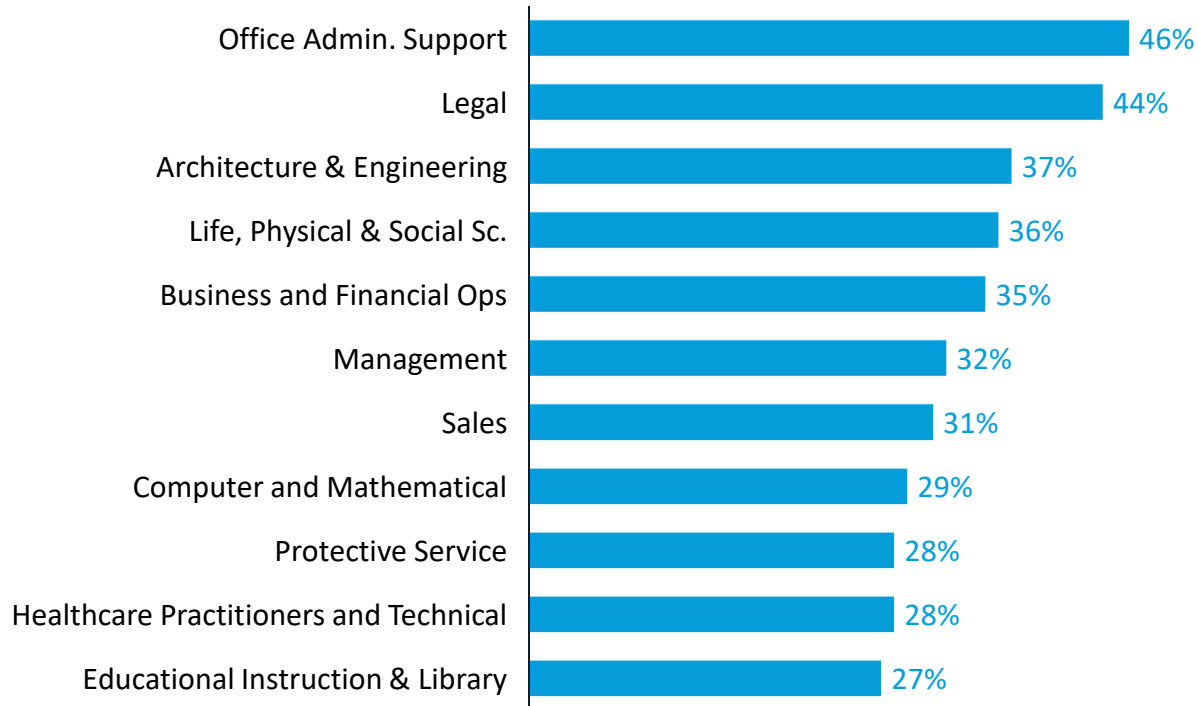
SOURCE: Shoresh Institution for Socioeconomic Research, “Leaving the Promised Land”, May 2019; Israel’s Central Bureau of Statistics; i24 News, “Brain Drain...”, July 2022; Israel Economic Review, “Israel’s Brain Drain” (2007)

1. Graduated between 1980 and 2010 and living abroad in 2017 for the past three or more years; * England, Scotland and Wales

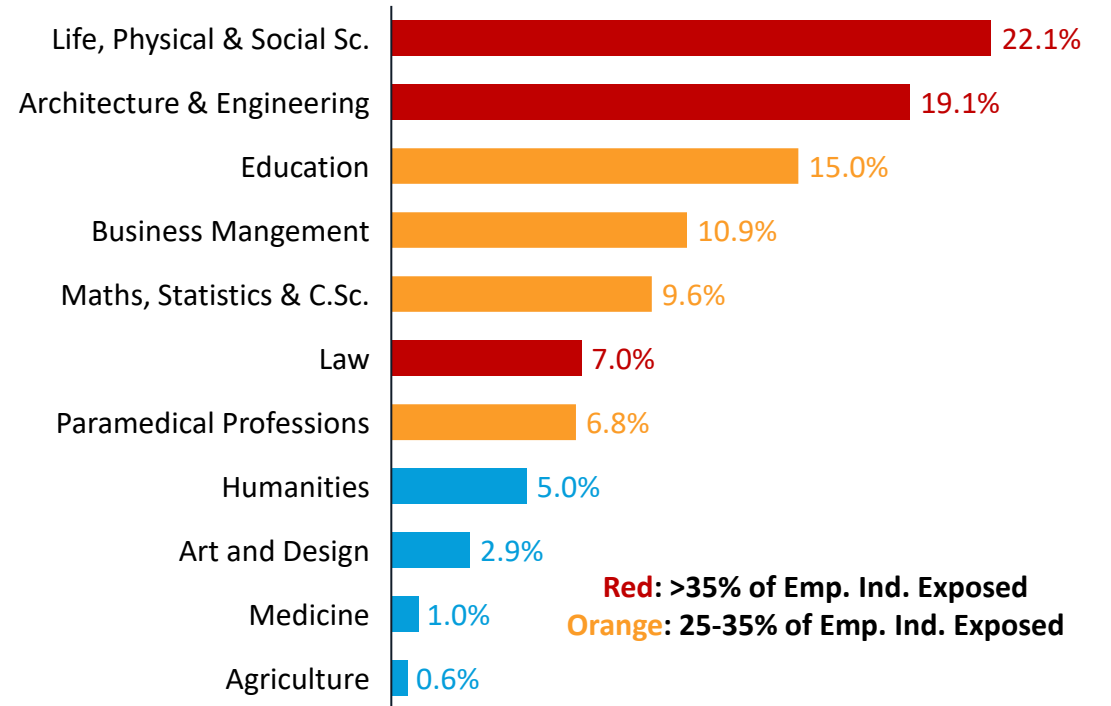
The AI “Elephant” in the Room

**U.S. – Top 11 Professions Expected to be Automated by AI
Ordered by Share of Industry Employment Exposed to Automation (2023)**

Goldman Sachs



**Israel – Popular Degrees
Ordered by Share (%) of Students that Study the Subject (2020-2021)**



Red: >35% of Emp. Ind. Exposed
Orange: 25-35% of Emp. Ind. Exposed

- Goldman Sachs predicts (U.S. & Europe) – **300M jobs will be lost to automation**
 - **2/3** of current jobs **are exposed** to some degree, **1/4** might be **completely replaced**
- **The most studied subjects are at the greatest risk of automation**

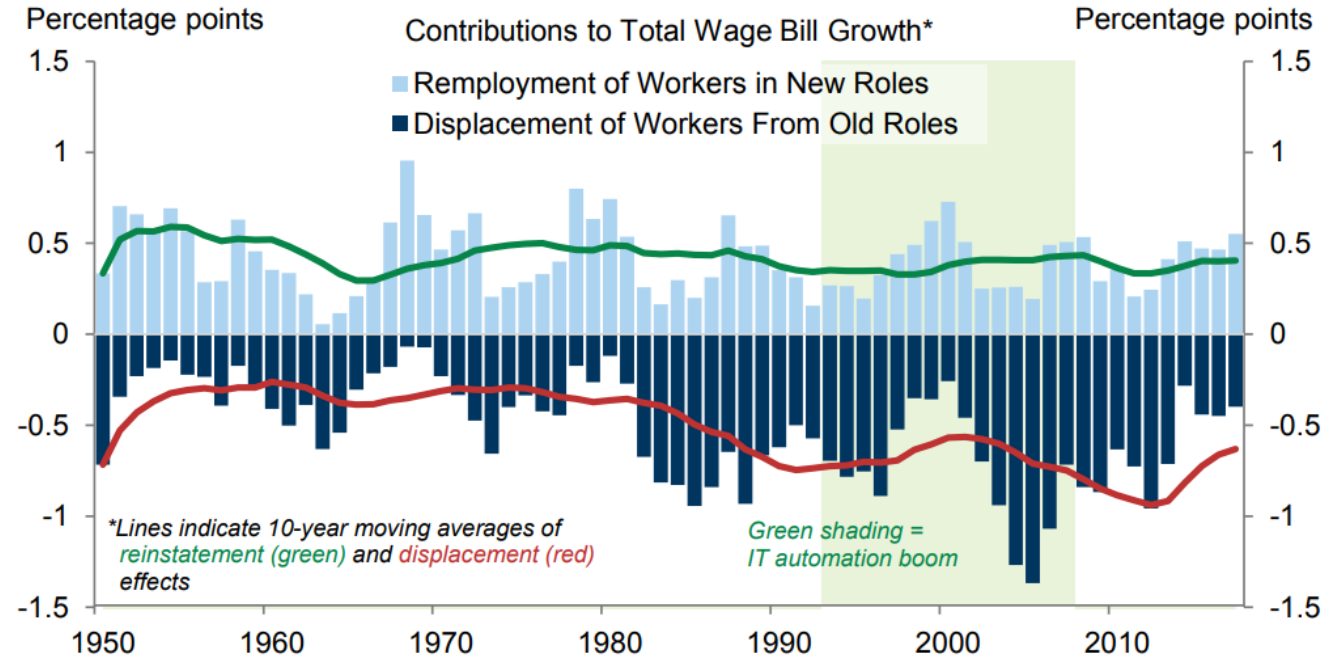
Worker Displacement Historically Offset by Job Creation

Job Displacement and Creation Over time

Goldman Sachs

Over the Next 5 Years the WEF Projects

83M	69M
Jobs Lost	Jobs Created
14M (2%)	
Reduction in Employment	



- Until the 1980s, **worker displacement** from automation was **mostly offset by the creation of new jobs**
- However, during the **IT automation boom**, the **displacement rate was faster than the rate of job creation**
- Suggesting that the effects of **Generative AI will likely be net-negative in the short-term**

We Should Start Playing Tomorrow's Game Instead of Yesterday's

VINTAGE

Thank You



Disclaimers

An investment in any of the Vintage Funds may be deemed speculative and is not intended as a complete investment program. It is designed only for sophisticated persons who are able to bear the risk of the substantial impairment or loss of their investment in the Funds. The Funds are designed for investors that have limited need for liquidity in their investments and who can accept a certain degree of risk. Prospective investors should carefully consider the risk factors set forth in the Funds' offering documents before making a decision to invest in any of the Vintage Funds. All information is as of April 1, 2023, unless otherwise noted.

Before making any investment, prospective investors should thoroughly and carefully review the Fund's offering documents with their financial, legal and tax advisors to determine whether an investment in the Fund is suitable for them.

The performance information herein has been prepared by or on behalf of Vintage, and has not been independently audited or verified except for certain year-end data. **As with any investment vehicle, past performance cannot assure any level of future results.**

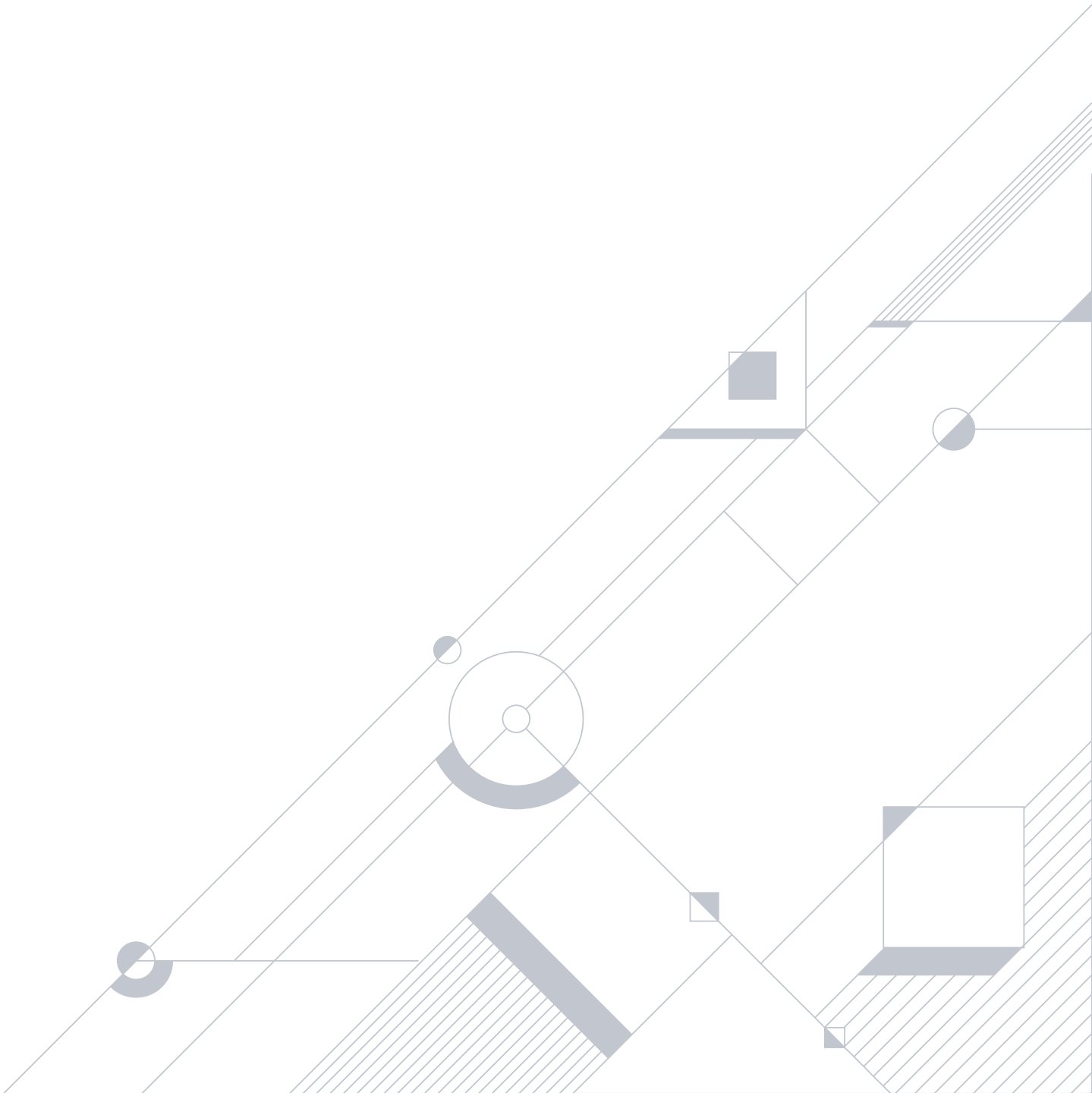
The attached material, including any opinions expressed herein, is provided for informational purposes only as of the date hereof, is not complete, and may not contain certain material information about the Funds, including important disclosures and risk factors associated with an investment in the Funds. Delivery of this presentation as of any date after the date hereof does not create an expectation that Vintage Investment Partners has updated the information herein. This information does not take into account the particular investment objectives or financial circumstances of any specific person who may receive it.

While the data contained herein has been prepared from information that Vintage believes to be reliable, Vintage does not warrant the accuracy or completeness of such information. The underlying investments described by Vintage in its portfolios are subject to change in the future and there will likely be additional investments added to the portfolio.

Recipients are cautioned about the interpretation of track records and similar information relating to prior performance. The venture capital/private equity industry lacks a comprehensive set of generally accepted rules for calculating and presenting rates of return and other elements of performance; and recipients of this presentation are cautioned about the use of industry benchmarks such as "quartile" or "decile" rankings. This presentation and all information contained herein is confidential and is being shared on a confidential basis with the person to whom it has been delivered by Vintage Investment Partners. Therefore, this presentation and all information herein should be treated in a confidential manner and may not be reproduced or used in whole or in part, nor may it be disclosed by the original recipient to any other person. Each recipient accepting this presentation hereby acknowledges and agrees to all aspects of the foregoing notification.

00

Appendix

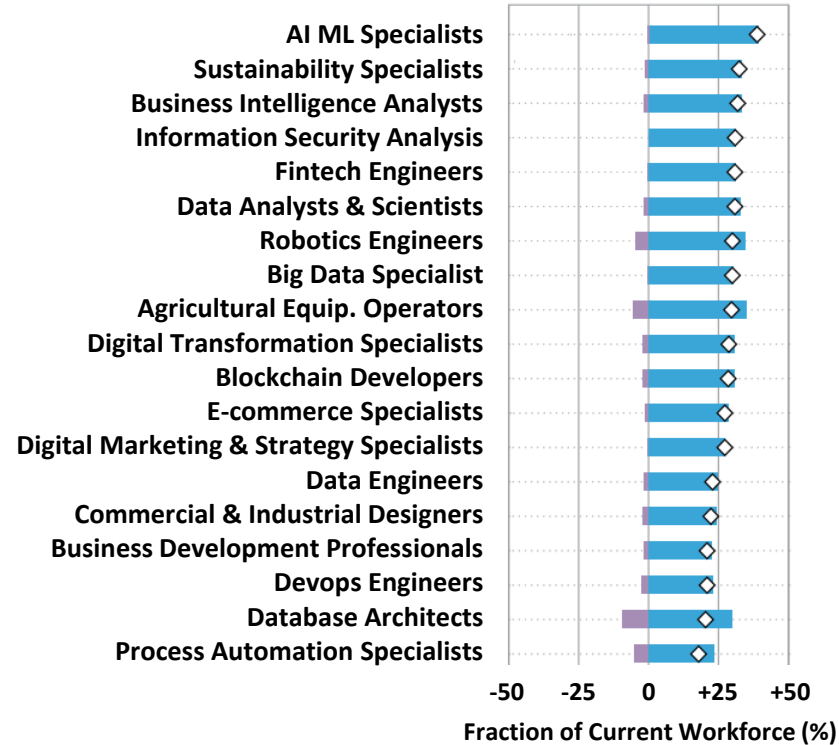


Is the Next Generation Ready for the Futures Job Requirements

Top Jobs Projected to be Created between 2023-2027

Ordered by Net Growth

World Economic Forum



- The education system is not prepared or properly equipped to point the next generation in the right direction
 - Need to **focus on English, Creative Thinking and Technical Skills** from an early age