



COMMENTARY & ANALYSIS

Garland's Take: Venture Capital Welcomes Debut Funds



By **Russ Garland**

Sept. 9, 2016 7:30 a.m. ET

The market for venture-capital funds has been so favorable that even first-timers are on a roll.

Debut funds that had final closes in the first half of this year raised a total of \$2.33 billion, according to Dow Jones VentureSource. That's the best first half since at least 2007. The only year that comes close is 2013, when debut funds closed in the first six months scored \$2.12 billion.

A total of 27 debut funds held a final close in the first half of 2016. Since 2007, only one year saw more close in the first half: 2014 when 31 funds accounted for \$1.84 billion.

Even if fundraising slows in the second half, this year's take by debut funds is likely to exceed 2013, when the total raised by first-time funds that closed was \$3.04 billion.

As you might expect, most of these debut funds are small—less than \$100 million—and most are intended for early-stage deals.

The largest debut fund **was raised** by Geodesic Capital, a later-stage investor whose mission is to help U.S. startups expand in Japan. The newbie firm raised \$335 million, some of it from Japanese companies such as Mitsubishi Corp. Its founders have the kind of credentials that impress limited partners: John V. Roos is a former U.S. ambassador to Japan and Ashvin Bachireddy is former head of growth investing at Andreessen Horowitz.

Another relatively large debut fund closed in the first half was a \$190 million pool **raised by** Draper Associates. It's a seed-stage fund collected by what previously was the personal investment vehicle of Tim Draper, founder of Draper Fisher Jurvetson.

It just shows that even when the ground is fertile for first-time funds, name recognition helps reel in the big bucks.

Write to Russ Garland at russell.garland@wsj.com

TOP NEWS

Remix Helps Public Transit Agencies Create New Routes

New European Rules Spur Investment in Data-Protection Startup Vera

Kobalt Music Raises \$75 Million Series D Led by Hearst

Food Startup Maple Ceases Operations, Transfers Tech to Deliveroo