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PERSPECTIVES Viewpoint Alternatives

Venture capital: Assessing the European market

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Key takeaways

- The European venture capital (VC) industry continues to expand, with investment activity remaining relatively strong despite geopolitical and macroeconomic uncertainty. Moreover, firms' access to funding across their lifecycle is improving thanks to increased interest from both institutional and private sources of capital, and further support from EU and domestic fiscal initiatives.
- Europe's role is expanding on the global stage. Europe has emerged as a significant innovation hub, with European start-ups now accounting for roughly 20% of global venture capital activity, up from approximately 5% two decades ago, making it the second-largest VC market globally after the US.
- Innovation in strategic themes is a key driver. Investment is currently flowing into two strategic themes, namely Deep Technologies and Defence Technologies. Sub-segments of Deep Technologies include Quantum Computing, Physical AI, Technologies and Biotechnologies. The Defence Technologies theme includes cybersecurity and drones. Development of these innovative technologies is supported by Europe's broad, existing industrial base, as well as leading research and development capabilities.

Introduction

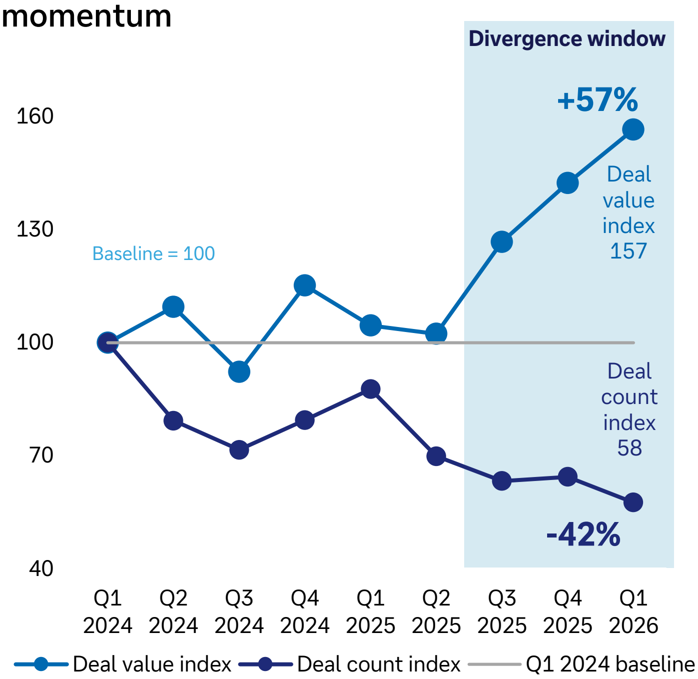
Venture capital (VC) is a private market asset class that provides financing to young, high-growth companies, often before they become profitable. Unlike private equity – which typically invests in mature businesses with established revenues and cash flows – venture capital backs early-stage companies by providing them with successive rounds of funding as they scale and progress through key stages of development.

These typically include pre-seed and seed funding, which help entrepreneurs to develop a business concept and set up their company, followed by Series A financing to support initial commercialisation, and later Series B, C and subsequent rounds aimed at scaling and accelerating growth. Venture-backed companies are typically expected to scale rapidly, with investors seeking to realise returns through exits, for example via the sale to another private investor or an eventual public listing (IPO).

For investors in venture capital funds, there is generally a time lag between committing capital during the fundraising period and capital calls when capital is eventually invested. Depending on the market environment and the fund's investment strategy, this can take months or years. The return of the sum invested plus proceeds to investors is often referred to as distribution. Key performance indicators for investors include Multiple over Invested Capital (MOIC), Distribution to Paid in (DPI) and Total Value to Paid in (TVPI). More details on the characteristics of this asset class can be found in our PERSPECTIVES Special report, **Venture Capital Investing: returns and diversification**.

Venture capital is generally considered one of the highest risk segments of private markets due to the uncertainty regarding the success of an early-stage enterprise in particular. In addition, investment horizons in venture capital – even in the case of a successful exit – tend to be long, often leading to holding periods of six years or longer. Moreover, the European capital market is more geographically fragmented than the US capital market, which may prompt companies seeking to raise large sums of equity through a public listing to look across the Atlantic before considering listing in one of the major European markets. Total European deal value has grown while the number of deals has declined over the past year, as illustrated in **Figure 1**, reflecting an overall trend in private markets towards larger but fewer investments.

Figure 1. European VC market is gaining momentum



Source: KPMG, Deutsche Bank AG, Data as of March 31, 2026.

European venture capital: Investment activity has picked up

While the US remains the world's largest venture capital market, Europe has emerged as a significant innovation hub, with European start-ups now accounting for roughly 20% of global venture capital activity, up from approximately 5% two decades ago. Growing investor interest is also reflected in the recent rise of venture capital-backed unicorns across Europe. In the first quarter of 2026, there were 11 start-ups that surpassed the EUR1bn valuation threshold, more than twice as many as in the corresponding period one year earlier. The majority of these start-ups belong to the (physical) AI and defence technology sector. The European VC market tends to be characterised by greater valuation discipline and broader sector and geographic diversification than for example the US market, although the region continues to face challenges in scaling companies and developing late-stage funding markets.

In Q1 2026, European VC investment totalled about EUR25bn, an increase from EUR23bn in Q4 2025, and marking the highest quarterly deal value since Q2 2022. At the same time, global VC investment grew from roughly 130bn in Q4 2025 to EUR330bn in Q1 2026, reflecting the global trend of increased investor appetite for innovative companies.

Around 60% of European venture capital deal value was related to artificial intelligence, compared with approximately 37% in 2025, reflecting the global trend of surging AI-related dealmaking and fundraising. In addition, dealmaking momentum showed signs of strengthening, particularly in the industrials and manufacturing sectors, which are traditionally viewed as less AI-focused industries. On the other hand, exits got off to a modest start in 2026, with more than 240 exits and a combined exit value of about EUR16bn. While this represented less than 25% of the total exit value recorded in 2025, exit activity remained broadly stable compared with Q4 2025.

The share of AI-related deals in Europe's overall venture capital market remained well below US levels, where roughly 88% of total venture capital deal activity was related to AI. This discrepancy suggests that the European venture capital market is more balanced than its US counterpart. This balance can be considered one of the European VC market's strengths, offering a broader range of investment opportunities across sectors and contributing to the market's overall resilience to external shocks. However, if the share of AI-related dealmaking continues to rise, the risks associated with higher market concentration could also increase.

The European VC market is geographically diverse, with venture capital activity distributed across several regional hubs, which have well-established start-up and venture capital ecosystems. In 2025, around one-third of total venture capital was raised in the United Kingdom and Ireland, while Germany, Austria and Switzerland accounted for approximately 20%. The Nordic countries attracted less than 10% of total investment, while Central and Eastern Europe accounted for less than 5%.

In recent years, several European countries have launched initiatives aimed at leveraging additional support for innovative and growth-oriented domestic companies, particularly in the technology sector. These programmes typically focus on mobilising private capital to finance start-ups during their scale-up phase. Similarly, the European Commission has launched several multinational initiatives to support small business access to venture capital through programmes such as Invest EU and funds such as the European Tech Champions Initiative, which aims to leverage more than EUR372bn in private investment.

In France, a scheme referred to as the French Tibi initiative, which was launched in 2020, seeks to aid the development of the domestic technology sector by channelling private savings into early-stage funds and breakthrough innovations. As of September 2025, the initiative had helped to raise more than EUR34mn in private savings through private funds, of which EUR16mn had already been deployed. In April 2026, also the German federal government launched an initiative, aiming to help start-up companies gain access to venture capital.

Overall, these developments suggest that the European venture capital market continues to expand. Resilient deal activity, growing participation by institutional investors such as corporates and pension funds as well as private wealth clients, and expanding public support mechanisms point to a more developed funding environment than in previous years. The key test for the market over the coming years, however, will be whether this strong investment activity translates into successful exits via IPOs, acquisitions and secondary transactions. Such exits are essential for generating sustainable returns, enabling investors to return capital to their limited partners and reinvest it across the innovation ecosystem. While capital distributions remain below historical norms – reflecting still-challenging exit conditions – improving funding activity, as reflected in increasing deal values and a gradual recovery in the broader public and private markets, provide reasons for remaining constructive.

Key investment themes and trends

Two leading themes have been attracting an increasing share of European venture capital investment in the recent past and they are likely to continue receiving the majority of investments over the coming year:

- Deep Technologies include several sub-segments/trends, especially quantum computing, physical AI, clean technology and biotechnology.
- Defence Technologies, such as cybersecurity and drones, have come increasingly into focus against the backdrop of the increased uncertainty of the overall geopolitical situation.

Both themes share the potential to strengthen Europe's competitiveness, technological sovereignty and long-term growth. The following sections highlight key developments, investment trends and opportunities across each of these rapidly evolving areas.

Theme 1: Deep Tech – Surging deal volumes and emerging opportunities

Deep Tech refers to innovative companies that transform fundamental scientific breakthroughs into practical, commercially viable solutions. Unlike traditional startups focused on incremental software updates, this sector tackles profound technical challenges through capital-intensive research and development, with the aim of delivering global solutions.

Europe's deep tech landscape is dominated by select strategic geographic hubs. Although Europe accounts for only 5.7% of global deep tech startups, the region still attracts significant venture capital, with the United Kingdom, France and Germany consistently leading the continent in overall funding volume. This dominance is driven by their world-class academic institutions, mature venture capital ecosystems, and targeted government subsidies for research and development. At the city level, Stockholm stands out as Europe's biggest Deep Tech funding hub with a volume of USD25bn between 2015 and 2024. This exceptional funding volume is primarily fuelled by the massive capital requirements of green industrial megaprojects, which is why Sweden's capital city is well ahead of second-placed London, with a volume of USD10bn in the same period.

Although the number of deals has tended to follow a downward trend over the last five quarters, the deal volume has surged since the beginning of last year. This is in line with the overall trend in private markets towards fewer but bigger deals. Europe's commitment to frontier innovation is translating into significant capital allocation. Deep Tech venture funding in the region grew by 86% year-over-year, reaching USD8bn in Q1 2026, up from USD4bn in Q1 2025. This is set to intensify in the future, driven in part by initiatives such as the EUR5bn "Scaleup Europe Fund" of the European Innovation Council which targets late-stage European venture capital firms in sectors such as AI, Biotechnology and CleanTech. The EU is looking to enhance its competitiveness, as described in the report by Mario Draghi published in September 2024. The aim to make Europe a pioneer in the global race for technological leadership is receiving substantial fiscal support that is helping the sector and generating major opportunities.

Trend 1: Quantum Computing - Next-generation computing revolution

One sub-segment currently attracting much attention is Quantum Computing. While conventional computer bits can store information as either 0 or 1, quantum computers are able to take on infinite states simultaneously by utilising quantum bits. This multidimensional capability provides quantum computers with exponential processing power. The transition of quantum computing from theory to real-world application is providing concrete value drivers for the global economy. In the pharmaceutical industry, quantum computing is revolutionising drug discovery by directly modelling highly complex molecular structures, which drastically reduces the time and capital required to bring life-saving medications to market. Similarly, the aerospace sector is leveraging this exponential processing power to run sophisticated aerodynamic simulations and develop next-generation battery chemistries. These are only two examples of industries that may translate quantum computing into tangible competitive advantages and create long-term corporate value. Globally, there are massive capital inflows with a record funding of USD4bn across 127 deals in 2025. European quantum computing startups raised EUR1.5bn in 2025, a 170% increase compared to 2024. A single deal worth USD320mn in Finland in Q1 2025 showed that Europe is becoming an important hub in this area.

Trend 2: Physical AI - Manufacturing meets artificial intelligence

European venture capital investment is increasingly flowing into companies operating in the field of so-called physical artificial intelligence, which combines AI with robotics, humanoids and autonomous vehicles. Several new unicorns are developing physical AI technologies, underlining the sector's growing importance within the European innovation landscape.

Europe's strong manufacturing base could provide a competitive advantage over the US in the development and deployment of physical AI technologies. Europe already boasts extensive industrial datasets, established manufacturing supply chains and a sizeable potential customer base. Around 15–16% of total employment in the EU is concentrated in manufacturing, compared with roughly 8% in the United States. In addition, Europe maintains a strong position in AI research, another key pillar for advancing physical AI. According to a report by the European Commission's Joint Research Centre, 13% of European research institutes, government bodies and scientific publishers focus on AI-related activities, compared with 4% in the US.

Robotics, in particular, is gaining momentum across Europe. According to the IFR World Robotics Report 2025, Germany is the world's fifth-largest robotics

Figure 2: Key investment themes and trends

THEME 1

Deep technologies

Frontier science translated into real-world impact.

Four key investment trends

1. **Quantum Computing**
   Exponential computing power unlocking advances in pharma, aerospace, materials and more.
2. **Physical AI**
   AI, robotics, humanoids and autonomous systems with strong European manufacturing and research advantage.
3. **Biotechnology**
   Record VC funding momentum supported by strong research, public support and improving exits.
4. **Clean Tech**
   Enabling the energy transition, industrial decarbonisation and energy resilience.

THEME 2

Defence technologies

Security and resilience backed by strategic tailwinds.

Strategic Importance
Modernising defence, strengthening security and reducing reliance on external partners.

Key Focus Areas
Cybersecurity, autonomous systems, drones and dual-use innovations.

Strong Policy & Funding Support
EU initiatives and national programmes driving long-term investment.

Building Sovereignty
Aligning capabilities and partnerships to achieve true technological independence.

Source: Deutsche Bank AG, Data as of July 24, 2026.

market and the largest in Europe . The potential applications of robotics and other physical AI technologies span a wide range of industries, including healthcare, manufacturing, logistics, agriculture and services, highlighting the breadth of opportunities created by this emerging field.

Trend 3: Biotechnology – Converting scientific leadership into commercial scale

According to PitchBook, venture capital funding for European biotechnology start-ups in the first half of 2026 has already exceeded three-quarters of the total investment recorded in 2025. With more than EUR800mn invested in the sector over the past six months, total annual deal value is on track to reach its highest level in eight years if current momentum persists.

The sector is also benefiting from increasing public-sector support, such as the Scaleup Europe Fund, that aims to help European innovators scale. Meanwhile gradually improving exit conditions – with Europe recording a third consecutive quarter of higher exit activity – appear to be bolstering investor confidence in later-stage biotechnology and deep-tech companies. Combined with Europe's strong research base and strong manufacturing sector, these developments reinforce biotechnology's position as one of the most interesting long-term opportunities within the European venture capital market.

Trend 4: Clean Tech

Clean tech refers to companies developing technologies that enable the energy transition, industrial decarbonisation, electrification, resource efficiency, and more resilient low carbon value chains. Recent private capital activity suggests investors increasingly view energy infrastructure as a strategic asset class – not only for decarbonisation, but also for energy security, industrial competitiveness, and rapidly rising electricity demand, a topic already highlighted in our recently published report. Europe became a global leader in climate-tech venture capital in Q1 2026, attracting over USD6.5bn in investment, which is around 20% more than North America and at least three times more than in Asia. Renewable energy remains a strategic priority across the region, with growing investor interest in technologies that improve energy resilience, including AI-driven energy management and grid optimisation. As companies navigate competing priorities, climate risk remains a long-term consideration, potentially creating opportunities for long-term investors as capital flows toward technologies that enhance energy security, grid reliability, and industrial resilience.

From a venture capital perspective, investments in Europe are increasingly being focused on electrification, power flexibility, and industrial resilience. Activity remains concentrated in Germany, France and the Netherlands, reflecting their stronger industrial ecosystems and policy support, while also highlighting the significant growth potential across the rest of Europe as new EU industrial and electrification initiatives take shape. The recently announced Scaleup Europe Fund should further support the ecosystem by providing growth-stage capital to strategic technology sectors, including clean energy, helping successful companies scale within Europe. Ultimately, though, the key test will be whether Europe can scale innovation under conditions of sustained import pressure and asymmetric market access.

Theme 2: Defence Technologies – Strategic autonomy and defence modernisation

Defence Tech has become a critical driver for reshaping national security. Geopolitical conflicts and the need to modernise aging defence assets are driving rapid growth. The sector encompasses new technologies designed for defence operations, border protection, national security and systemic resilience. Defence is often mentioned together with Aerospace as one sector, since the latter also focuses – besides on space vehicles – on advanced satellite constellations, and orbital logistics to secure Europe's technological sovereignty in space.

Many of these innovations emerge as “Dual-use technologies”, leveraging civilian software that can be repurposed for defence applications. Major funding initiatives are channelling significant fiscal resources into the EU’s growing ecosystem of defence tech startups. Most notably the EUR 800 billion “ReArm Europe” strategy launched by the European Commission in March 2025, aimed at strengthening defence readiness and defence capabilities by 2030 through massive investments and reduced reliance on external allies.

European defence tech startups experienced exceptional growth during the last year. This momentum is heavily supported with further tailwinds such as government funding programmes such as the EU Defence Innovation Scheme (EUDIS), which provides grants of up to EUR120,000 for defence- and dual-use startups or the European Defence Fund (EDF), that backs the sector with a budget of EUR1bn. These robust fiscal initiatives are expected to remain a permanent fixture, ensuring long-term financial inflows for defence tech.

The defence landscape is currently highly fragmented. By aligning decentralised member-state investments, the EU is integrating its regional capabilities to achieve true technological sovereignty. Furthermore, the European

Union can significantly enhance its technological independence by aligning regional expertise and forming multinational partnerships. France's leadership in aerospace integration is anchored by a highly integrated, state-backed ecosystem of global champions, offering investors a uniquely resilient market. The United Kingdom and Germany have expanded their spending on defence. A major GBP5bn technology investment initiative has been launched by the UK, allocating GBP4bn specifically toward autonomous systems. Germany is benefiting particularly from the Sondervermögen, a debt-financed, EUR100bn off-budget fund created to bypass standard national debt limits. The primary objective of this fund is to rapidly modernise aging military equipment and meet NATO's 2% defence spending target, reflecting a shift in national posture due to the current geopolitical tensions.

One focus segment within Defence Tech is to develop solutions which enable public and private institutions to achieve full-spectrum cyber security capabilities. Since the highly interconnected defence – as well as the broader essential services – infrastructure is a software-reliant ecosystem, cybersecurity solutions aim to safeguard sovereign networks and defence assets from digital sabotage. Today's state-of-the-art technology offers several advantages, such as automation, rapid response and flexibility as well as real-time situational awareness, but it is susceptible to espionage, data manipulation or communication breakdown. Advances in AI and quantum computing are continually reshaping the cybersecurity landscape, requiring constant innovation and adaptation to stay ahead of evolving threats.

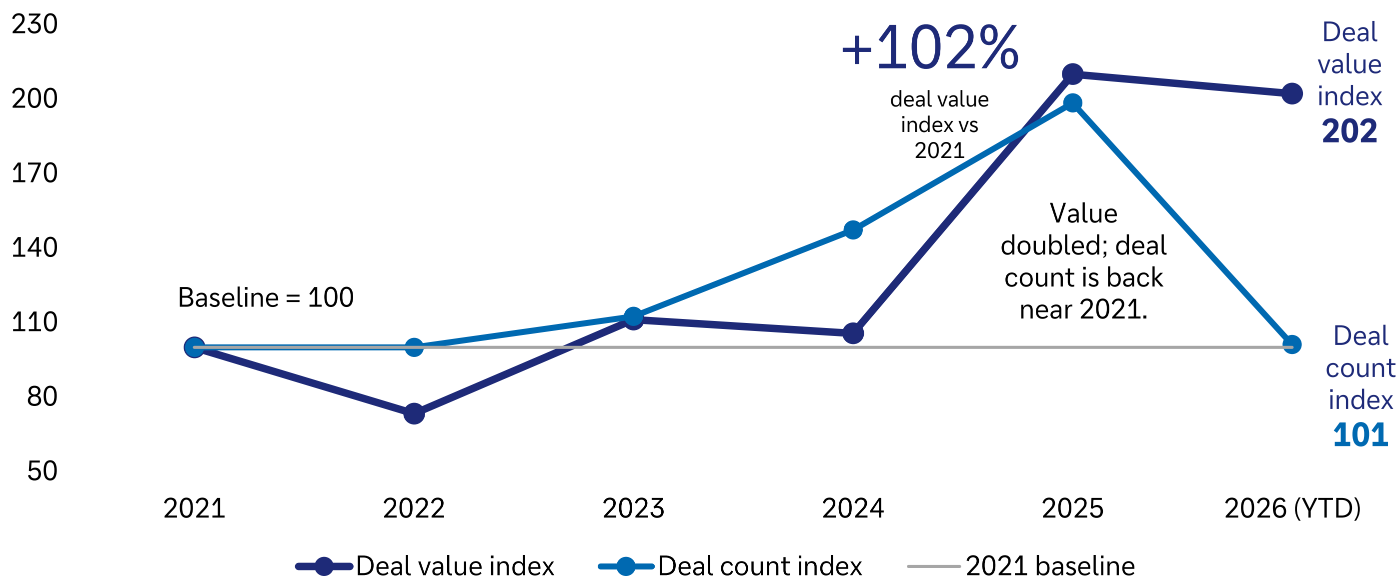
Furthermore, autonomous systems, such as drones, are revolutionising the modern defence landscape and have attracted increasing levels of both investment and public attention. They use the latest technological capabilities such as artificial intelligence to constantly monitor the airspace and thus supersede traditional surveillance assets and systems. They can therefore improve national security and public safety directly, as well as indirectly via effective deterrence.

The role of the Macro landscape

In general, six macroeconomic drivers – interest rates, available liquidity, business cycles, geopolitical developments, economic growth and sentiment – tend to shape global private capital allocation: where, how much, at what stage, and how quickly capital is deployed. They influence risk premia and the timing of commitments. The drivers in detail can be found in our **PERSPECTIVES Special – Alternatives: Private markets – the year ahead**.

European venture capital investment continued to expand in H1 2026 despite rising geopolitical tensions. This resilience reflects the fact that many of the sectors attracting capital, such as deep tech and defence tech

Figure 3: Venture capital funding – European aerospace and defence startups



Source: PitchBook, Deutsche Bank AG, Data as of June 19, 2026 are closely aligned with Europe's efforts to strengthen competitiveness, technological sovereignty and long-term economic resilience.

The re-opening of the Strait of Hormuz remains of the utmost importance, as it would help lower global inflation risks while improving the growth outlook.

At the time of writing, we expect global growth to moderate to around 3.1% in 2026 – consistent with a soft-landing environment – before reaccelerating to 3.3% in 2027. Inflation, however, is likely to remain somewhat elevated in the near term before easing gradually as supply conditions normalise. In the US, growth should prove resilient despite the temporary inflationary impact of the Middle East conflict. Domestic demand remains supported mainly by deregulation and strong investment, particularly in AI-related infrastructure. However, the recent energy-driven uptick in headline inflation calls for ongoing caution. The Fed is therefore likely to remain on hold in the coming months, relying on incoming data to confirm the temporary nature of inflation pressures and avoiding any pre-commitment to a specific policy path. Potential rate cuts would require clearer evidence that inflation is moving sustainably lower. In the euro area, the macro picture remains more subdued, with only modest growth in the near term as higher energy prices weigh temporarily on real incomes, consumption, and investment. However, June inflation data surprised to the downside, with headline CPI falling to 2.8% and core CPI to 2.4%, suggesting that the recent energy-driven inflation impulse may be less persistent than previously feared. In June, the ECB raised rates as expected, weighing weak growth against renewed inflation pressures. Going forward, it is expected to maintain its data-dependent approach while retaining a slight tightening bias to keep inflation expectations anchored – in line with our expectation of one additional rate hike by end of May 2027, and likely already in September 2026. Across Asia, growth dynamics remain comparatively strong and continue to underpin global expansion, supported by targeted policy measures, for example in Japan and China, as well as structural tailwinds from Digitalization and AI. Also see our **PERSPECTIVES Economic and asset class outlook – June 2026**.

Key **downside risks** include geopolitical “known unknowns” such as the conflicts in Ukraine and the Middle East, further trade barriers, and AI-related implementation challenges, including power and critical mineral bottlenecks. Additional risks stem from higher long-term yields, driven by elevated asset prices and fiscal debt concerns, as well as potential central bank policy missteps. As a result, investment opportunities are likely to coexist with periods of volatility, underscoring the need for disciplined positioning, diversification, and active risk management. Private market risks may also include lower liquidity and transparency. While the path forward is unlikely to be linear, the combination of resilient innovation activity, supportive policy initiatives, and gradually improving capital market conditions provides grounds for a constructive medium-term outlook for European venture capital.

Conclusion

European venture capital continues to benefit from resilient innovation activity, growing institutional and private wealth investments and rising investments in strategic technologies. Improving financing conditions, sustained capital flows into areas such as Deep Tech and Defence Tech, together with a continued, gradual recovery in exit markets, should provide a supportive backdrop for the asset class over the medium term.

At the same time, geopolitical uncertainty and fragmented capital markets remain important considerations. Even so, Europe appears increasingly well positioned to strengthen its role as a global innovation hub, supported by its industrial base and policy focus on competitiveness and technological sovereignty.

For long-term investors with the appetite for the risks inherent in investing in this asset class, the opportunity lies in selectively gaining exposure to innovative businesses aligned with these structural themes while maintaining a disciplined focus on scalability and exit potential.

Appendix

Glossary

Clean tech refers to technologies that support energy transition, decarbonisation, electrification, resource efficiency and lower-carbon value chains.

Climate tech refers to technologies designed to mitigate climate change, support adaptation or reduce greenhouse-gas emissions.

Core CPI excludes food and energy from the CPI basket as they are considered more volatile.

The **consumer price index (CPI)** measures the price of a basket of products and services that is based on the typical consumption of a private household.

Cybersecurity refers to technologies, processes and practices designed to protect networks, systems, data and digital infrastructure from cyber threats.

Diversification refers to the dispersal of investments across asset types, geographies and so on with the aim of reducing risk or boosting risk-adjusted returns.

Distribution to Paid-In (DPI) measures distributions returned to investors as a multiple of the capital paid into a fund.

Dual-use technologies are technologies that can be used for both civilian and defence purposes.

EU Defence Innovation Scheme (EUDIS) is an EU initiative that supports defence and dual-use start-ups and innovation.

EUR is the currency code for the euro, the currency of the Eurozone.

Euro area refers to the group of European Union countries that use the euro as their common currency.

The **European Central Bank (ECB)** is the central bank for the Eurozone.

The **European Commission (EC)** is the executive body of the European Union (EU) representing the interests of the European Union as a whole.

European Defence Fund (EDF) is an EU funding programme that supports collaborative defence research and capability development.

European Innovation Council is an EU body that supports breakthrough technologies and innovation, including scale-up funding.

European Tech Champions Initiative is a European initiative intended to mobilise private investment for technology companies.

The **European Union (EU)** is a political and economic association of 27 member states.

The **Federal Reserve (Fed)** is the central bank of the United States. Its **Federal Open Market Committee (FOMC)** meets to determine interest rate policy.

French Tibi initiative is a French programme designed to channel private savings into technology and innovation funds.

GBP is the currency code for the British pound/sterling.

IFR stands for the **International Federation of Robotics**, an organisation that publishes robotics industry data and reports.

Initial public offering (IPO) is the first sale of a company's shares to the public on a stock exchange.

Interest rates are the cost of borrowing or the return on lending, usually expressed as a percentage.

InvestEU is an EU programme designed to mobilise investment in strategic areas, including innovation and small business financing.

KPMG is a professional service company and one of the "Big Four" auditors.

mn is an abbreviation for million.

Multiple over Invested Capital (MOIC) measures total investment value as a multiple of the capital invested.

NATO stands for the North Atlantic Treaty Organisation.

Physical AI refers to artificial intelligence applied to physical systems such as robotics, humanoids, autonomous vehicles and industrial automation.

PitchBook is a financial data and research provider focused on private markets, venture capital and company financing.

Private equity refers to funds or individuals investing directly in private, non-listed companies.

Appendix

Glossary

Private markets refers to investments in assets that are not traded on public exchanges, such as private equity, private credit, infrastructure and venture capital.

Public listing refers to the admission of a company's shares to trading on a public stock exchange.

Quantum computing is a computing approach that uses quantum bits to process information in ways that can provide very high computational power for certain problems.

ReArm Europe is a European Commission strategy aimed at strengthening defence readiness and capabilities.

Robotics refers to the design, production and use of robots for tasks across sectors such as manufacturing, logistics, healthcare and defence.

Risk premia refer to the return in excess of the risk-free rate of return that an investment is expected to yield. It is a form of compensation for investors who tolerate the extra risk.

Scaleup Europe Fund is a European funding initiative intended to provide growth-stage capital to strategic technology sectors.

Secondary transactions are transactions in which existing investor stakes or assets are sold to another investor rather than newly issued by the company or fund.

Soft landing refers to an economic slowdown that avoids a recession while bringing inflation or other imbalances under control.

Sondervermögen refers to a special off-budget German fund used to finance specific public spending objectives.

Start-up is a young company designed to develop and scale a new product, service or business model.

Strait of Hormuz is a strategically important waterway connecting the Persian Gulf with the Gulf of Oman and global energy shipping routes.

Total Value to Paid-In (TVPI) measures the total value of a fund, including distributions and remaining portfolio value, as a multiple of paid-in capital.

Unicorn is a privately held start-up company valued at USD1bn or more.

USD is the currency code for the US Dollar.

Volatility is the degree of variation of a trading-price series over time.

Yield is the income return on an investment referring to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

Appendix

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