

Venture Capital Carry Survey

2020 results

SISTA

About Sista

SISTA is a collective of women entrepreneurs and investors that promotes diversity in the digital economy by encouraging more investment in women-led companies. SISTA's approach is unprecedented in France: in conjunction with all the stakeholders in the ecosystem, the collective co-constructs best practices in order to fight unconscious biases and bring out a more diverse generation of leaders.

Created in December 2018, the collective was co-founded by Céline Lazorthes, Tatiana Jama and Valentine de Lasteyrie. Its board is composed of Nathalie Balla (La Redout, Relais Colis), Mercedes Erra (BETC - Havas Worldwide), Anne Lalou (La Web School Factory - Innovation Factory), Françoise Mercadal-Delasalles (Credit du Nord), Stéphane Pallez (La Française des Jeux) and Roxanne Varza (Station F).

Foreword

We at Sista have collected data on carried interest (or carry) compensation in the Venture Capital (or VC) industry via a survey and are sharing the results to provide more transparency on the carry portion of the compensation within European funds.

Carry, the share of profits in an investment fund paid to the fund managers, can, depending on fund performance, represent an important source of wealth creation in the long run. We believe that actors in the VC community have less useful information at hand on typical carry compensation, than, for example, on salary compensation.

This is meant to be used as an indicative benchmark for junior investors and fund managers alike, to be used to assess existing compensation structures, know what to expect when entering a new role, or structure an effective compensation structure within a fund.

This is not meant to be a comprehensive overview of carry compensation in Europe, given the results here presented are based on a small number of survey respondents. We invite the reader to interpret the data cautiously.

Methodology

- There was a total of 155 respondents to the survey from the 7th of January 2021 to the 1st of March 2021
- The survey was published on various online investor communities such as WhatsApp and Slack channels, and travelled via word of mouth, meaning that respondents will not be representative of the ecosystem overall but skewed towards the professional network of the survey creators
- Stage of investments was normalized into the following categories: Seed, Early Stage, Late Stage and Multi-stage. For example, if an investor selected “Seed” and “Series A”, their entry would be defined Early Stage; if they selected “Pre-seed”, “Seed” and “Series B”, their entry would be defined Multi-Stage.
- Countries were normalized: for example, London and England became UK, Germany and Austria became DACH. Multiple country selections were grouped in the Pan-European category.
- Percentage of carry pool was manually normalized to reflect different entry formats
- One entry that appeared to be a duplicate was excluded from the results analysis
- The data was presented in such a way to provide as much information as possible 1) without risking in any shape or form to breach anonymity 2) without slicing the data in such a way that too little data points per category remained (for example, we do not show carry results broken down by country AND role)

Some useful definitions

- **Carry:** also known as carried interest, the share of profits in an investment fund paid to the fund managers. This typically represents 20% of the fund returns but can vary between 15% to 30%. It is often associated with a “hurdle rate”, which is a rate of return that must be realized by the fund investors (LPs) before distributing the carry to fund managers
- **Vesting:** in the context of venture capital, vesting is the process of earning the right to a specific portion of the carry by working for the fund for a specified number of years. Vesting schedules can vary both in terms of overall length (time to reach 100% of allocated carry) and in terms of modality (one-year cliff, quarterly, monthly, etc.)
- **Team size:** in the current context, team size is intended as the size of the investment team
- **Capita contribution:** in the current context, capital contribution is the money invested by the investment team into the VC fund which grants access to a portion of carry. Typically, investment teams contribute 1% to the total size of the fund
- **AUM:** Assets Under Management
- **DACH:** the German speaking region of Germany, Austria, Switzerland

Carry compensation by role

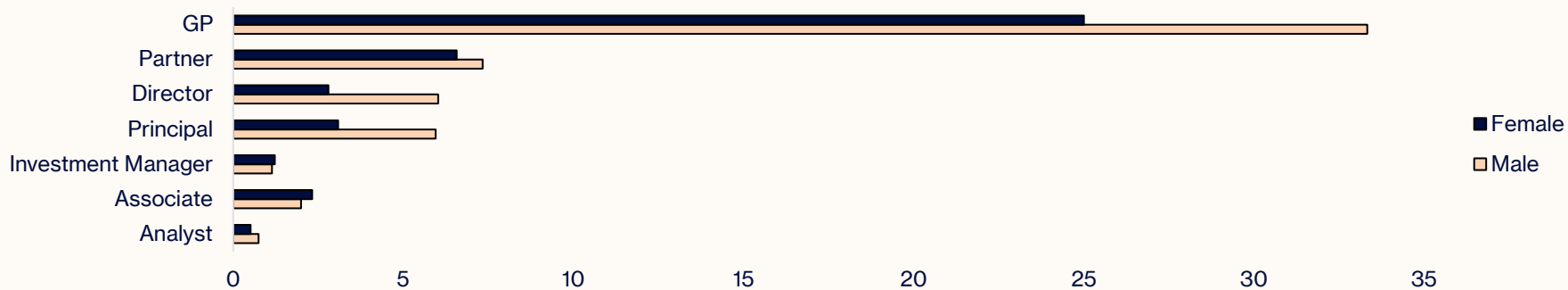
Role	Total respondents	Receives Carry	Average Carry %	Median Carry %	Standard Deviation
Analyst	15	40%	0.6	0.6	0.3
Associate	52	58%	2.2	2.0	1.8
Investment Manager	30	60%	1.2	1.0	0.9
Principal	30	73%	4.5	3.3	3.8
Director	9	100%	4.2	3.0	4.5
Partner	14	100%	8.2	6.5	5.9
GP	4	100%	31.3	27.5	13.1



- Average and Median was calculated only for those respondents that receive carry
- As an example, out of 52 associates that answered the survey, 58% or 30 receive carry, and out of those 30, the average carry percentage was 2.2%, with a standard deviation of 1.8%
- It can be noted that the standard deviation is large and sometimes bigger than the actual number: the relatively limited number of respondents for the survey, combined with the high variance in carry compensation in the industry, mean that these numbers should be always taken with a grain of salt

Carry compensation by role and gender

Role	Male			Female		
	Respondents	Receives Carry	Average Carry %	Respondents	Receives Carry	Average Carry %
Analyst	6	33%	0.8	9	44%	0.5
Associate	22	45%	2.0	30	67%	2.3
Investment Manager	15	73%	1.1	15	47%	1.2
Principal	15	67%	6.0	14	79%	3.1
Director	4	100%	6.0	5	100%	2.8
Partner	6	100%	7.3	7	100%	6.6
GP	3	100%	33.3	1	100%	25.0

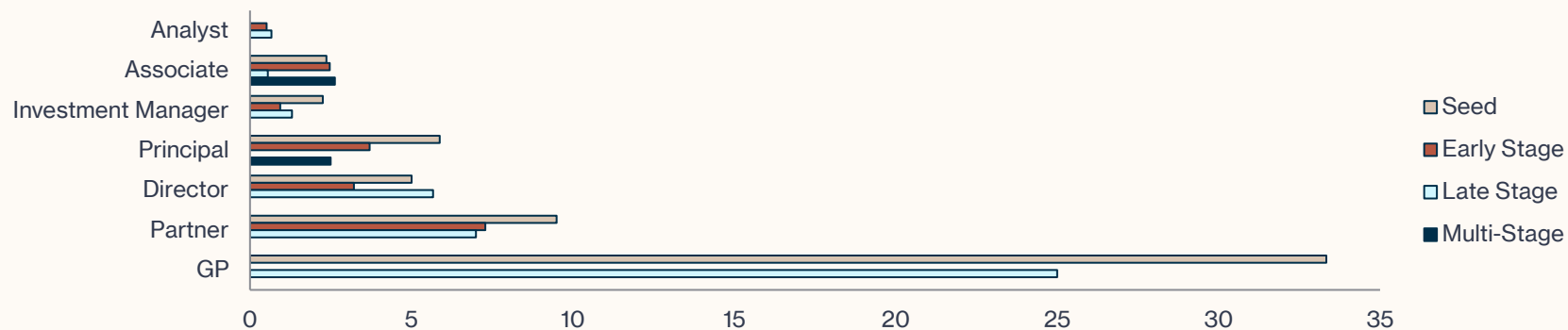


Respondents who selected "other/prefer not to say" for gender were excluded from this analysis

Average was calculated only for those respondents that receive carry

Carry compensation by role and investment stage

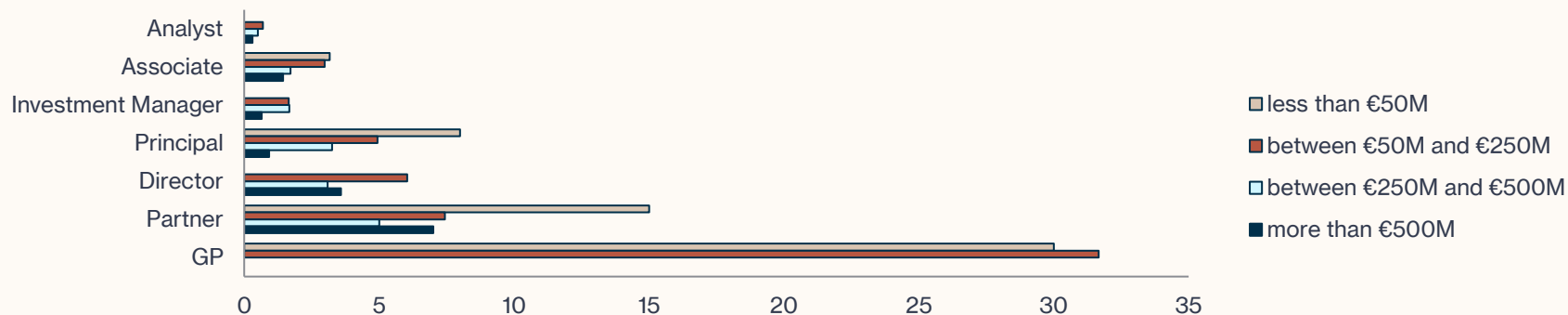
Role	Seed		Early Stage		Late Stage		Multi-Stage	
	Average carry %	Respondents with carry	Average carry %	Respondents with carry	Average carry %	Respondents with carry	Average carry %	Respondents with carry
Analyst	n.a.	-	0.5	3	0.7	3	n.a.	-
Associate	2.4	6	2.5	16	0.6	4	2.6	4
Investment Manager	2.3	3	0.9	11	1.3	4	n.a.	-
Principal	5.9	9	3.7	12	n.a.	-	2.5	1
Director	5.0	1	3.2	5	5.7	3	n.a.	-
Partner	9.5	6	7.3	7	7.0	1	n.a.	-
GP	33.3	3	n.a.	0	25.0	1	n.a.	-



Average was calculated only for those respondents that receive carry

Carry compensation by role and AUM

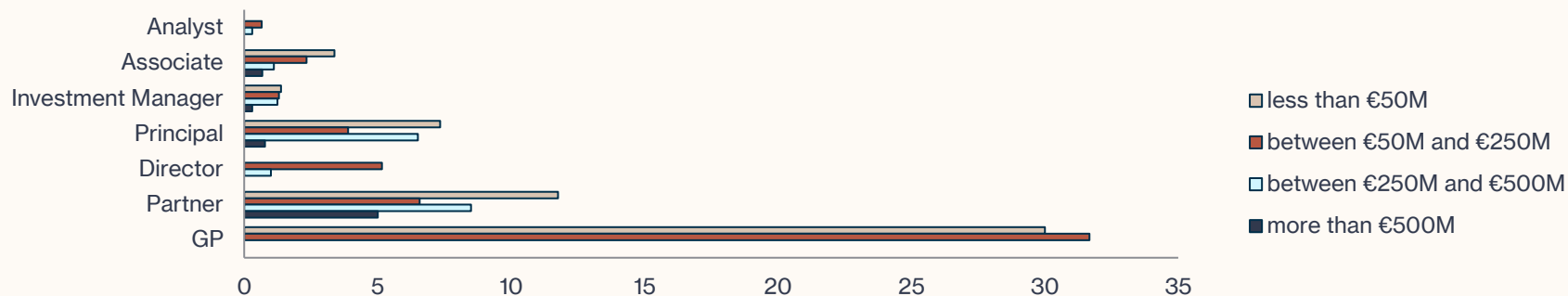
Role	less than €50M		between €50M and €250M		between €250M and €500M		more than €500M	
	Average carry %	Respondents with carry	Average carry %	Respondents with carry	Average carry %	Respondents with carry	Average carry %	Respondents with carry
Analyst	n.a.	0	0.7	4	0.5	1	0.3	1
Associate	3.2	3	3.0	10	1.7	10	1.4	7
Investment Manager	n.a.	0	1.6	6	1.7	4	0.6	8
Principal	8.0	2	4.9	10	3.3	6	0.9	3
Director	n.a.	0	6.0	3	3.1	3	3.6	3
Partner	15.0	2	7.4	7	5.0	1	7.0	4
GP	30.0	1	31.7	3	n.a.	0	n.a.	0



Average was calculated only for those respondents that receive carry

Carry compensation by role and fund size

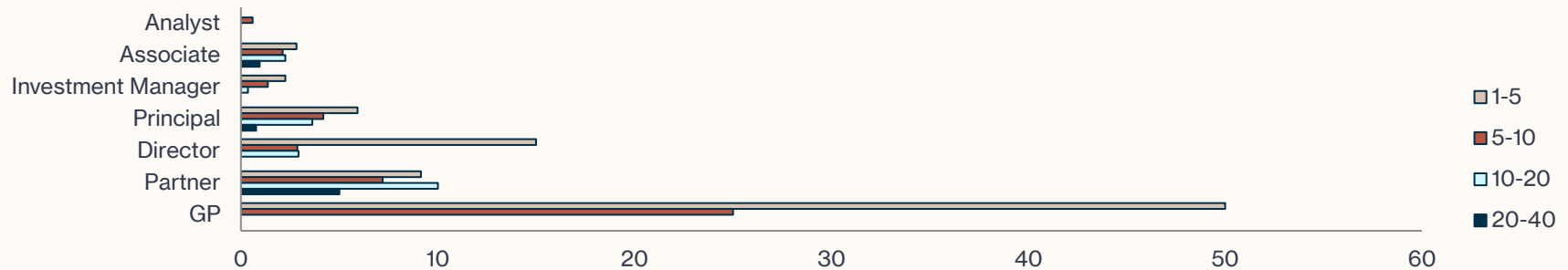
Role	less than €50M		between €50M and €250M		between €250M and €500M		more than €500M	
	Average carry %	Respondents with carry	Average carry %	Respondents with carry	Average carry %	Respondents with carry	Average carry %	Respondents with carry
Analyst	n.a.	0	0.7	5	0.3	1	n.a.	0
Associate	3.4	6	2.3	17	1.1	4	0.7	3
Investment Manager	1.4	3	1.3	9	1.2	4	0.3	2
Principal	7.3	3	3.9	16	6.5	2	0.8	1
Director	n.a.	0	5.2	7	1.0	2	n.a.	0
Partner	11.8	4	6.6	7	8.5	2	5.0	1
GP	30.0	1	31.7	3	n.a.	0	n.a.	0



Average was calculated only for those respondents that receive carry

Carry compensation by role and team size

Role	1-5		5-10		10-20		20-40	
	Average carry %	Respondents with carry	Average carry %	Respondents with carry	Average carry %	Respondents with carry	Average carry %	Respondents with carry
Analyst	n.a.	0	0.6	6	n.a.	0	n.a.	0
Associate	2.8	6	2.1	15	2.3	7	1.0	2
Investment Manager	2.3	3	1.4	10	0.4	5	n.a.	0
Principal	5.9	8	4.2	9	3.6	4	0.8	1
Director	15.0	1	2.9	5	2.9	3	n.a.	0
Partner	9.1	7	7.2	5	10.0	1	5.0	1
GP	50.0	1	25.0	3	n.a.	0	n.a.	0

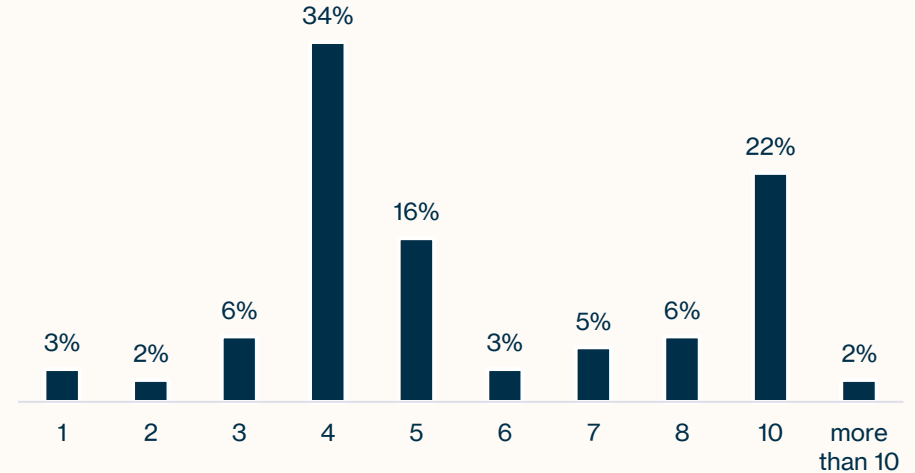


Average was calculated only for those respondents that receive carry

Average vesting period

Role	Average Vesting period in years
Analyst	4.3
Associate	6.4
Investment Manager	6.1
Principal	6.2
Director	4.6
Partner	5.4
GP	4.0
Total	5.8

Distribution of respondents per vesting period

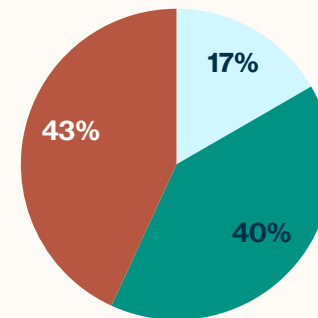


- Average vesting period was calculated only for those respondents that receive carry
- From the distribution of respondent per vesting period, it can be noted that the most popular vesting schedules last 4 years (which is aligned with the standard options vesting in the tech industry) and 10 years (usually aligned with the duration of a fund)
- No significant difference in vesting period was identifiable based on role

Capital contribution

Role	Yes, firm helps w/finances		Yes, using own finances		No	
	# of respondents	% of respondents by role	# of respondents	% of respondents by role	# of respondents	% of respondents by role
Analyst	0	0%	4	67%	2	33%
Associate	6	20%	17	57%	7	23%
Investment Manager	3	18%	4	24%	10	59%
Principal	3	14%	5	23%	14	64%
Director	0	0%	5	56%	4	44%
Partner	3	21%	4	29%	7	50%
GP	2	50%	2	50%	0	0%
Total	17	17%	41	40%	44	43%

“Do you contribute capital towards your portion of carry?”

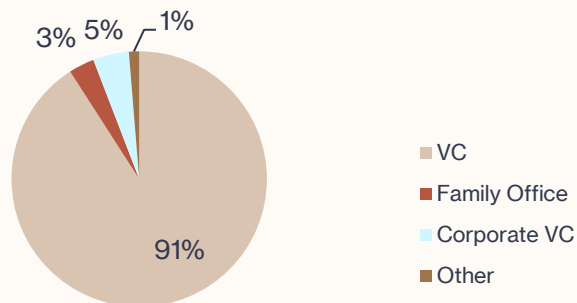


- Yes, firm helps with finances
- Yes, using own finances
- No

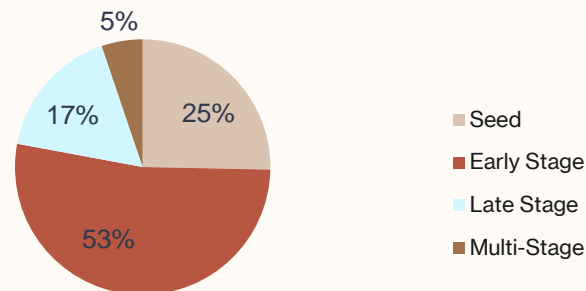
Most (57%) team members that receive carry are asked to contribute with capital towards their portion of the carry, even for the more junior roles
 For team members that contribute capital, the firm helps with finances in 29% of cases

Survey demographics (1/2)

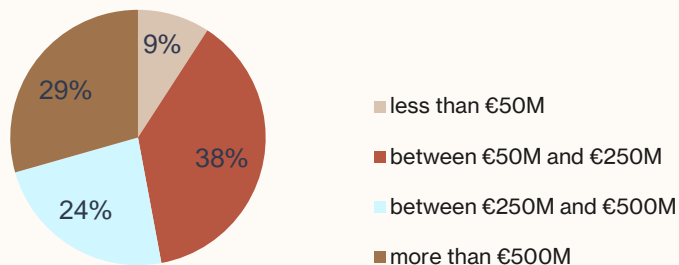
Respondents by Type



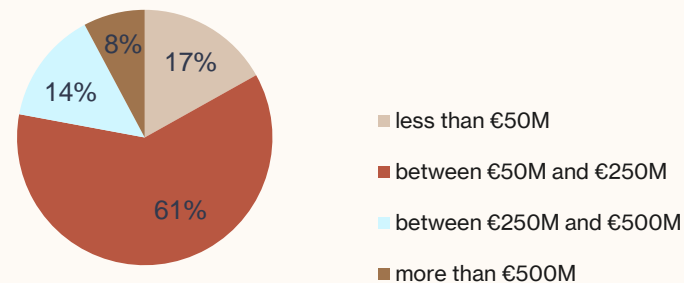
Respondents by Stage



Respondents by AUM

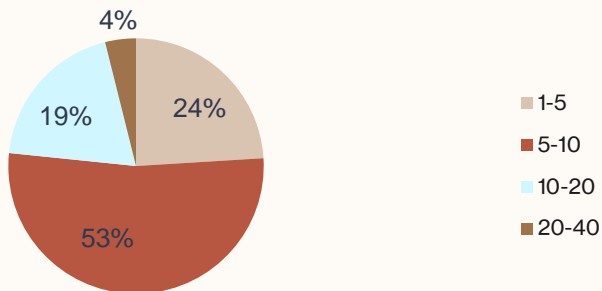


Respondents by Fund Size

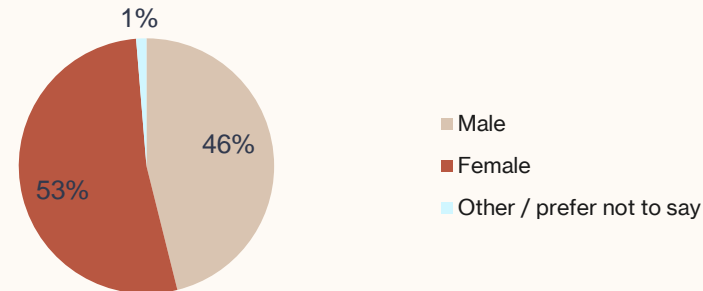


Survey demographics (2/2)

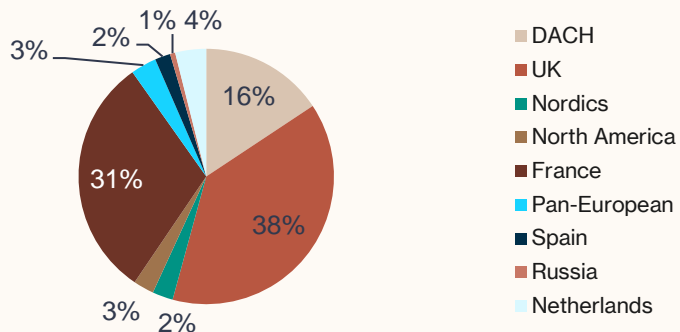
Respondents by Team Size



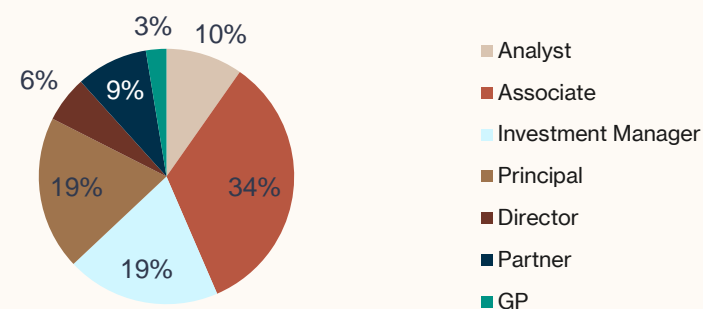
Respondents by Gender



Respondents by Country



Respondents by Role





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