

IVC-GNY-KPMG INVESTORS REPORT 2023

In association with:

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REFLECTING ON 2023:

THE ISRAELI HIGH-TECH INVESTMENT LANDSCAPE HAS UNDERGONE SIGNIFICANT SHIFTS FROM THE VIBRANT FUNDRAISING ACTIVITIES OF THE PREVIOUS YEAR.



Looking back at 2023, we note significant shifts in the Israeli high-tech investment landscape from the vibrant fundraising activities of the previous year.

The cybersecurity sector remained a stronghold for Israel, and together with the Fintech sector, have continued to attract significant investment and drive innovation. The emergence of generative AI has unveiled new opportunities that have drawn investors as well.

However, in general, VC investments suffered a notable decline in 2023. Israeli venture capitalists adopted a strategic and selective stance, directing their funds mostly towards support of their existing portfolio companies with the highest potential for success.

In addition, 2023 saw Israeli founders increasingly establishing their new startups in Delaware, or redomiciling their existing companies there, thus undermining Israel's position as a leading startup hub.

This trend was significantly influenced by US investor preference for domestically incorporated companies that are less exposed to Israeli-related risks and that also offer them certain tax advantages and incentives.

The market's recalibration spurred an increase in merger and acquisition activity, as high-valued targets became more accessible. Startups and growth companies have been tightening their belts and bracing for potential hurdles in upcoming funding rounds. SAFEs, which as of recently enjoy better certainty regarding their tax treatment in Israel, have been increasingly used to defer valuation discussions.





Israel's tech sector is contending with the aftermath of the global downturn and adverse impacts of political unrest and an ongoing war. Recognizing the challenges, the Israel Innovation Authority has recently introduced a stimulus package, which includes a Venture Capital fund and a fund of funds (FoF). This active governmental support is important to guide the tech sector through current difficulties and spearhead a new era of growth and innovation. We hope that the government takes further steps to incentivize Israeli founders to form their next innovative venture in Israel.

Within the troubled landscape, the Israeli tech sector has consistently demonstrated its resilience. Companies continued to deliver on time, notwithstanding the challenging conditions. In addition, technologies developed for Israeli military purposes have been known to transition to civilian applications. These technologies are expected to spark the creation of new companies across various sectors.

We are therefore confident that the Israeli tech ecosystem's inherent dynamism, innovative spirit and resourcefulness will continue to lay the groundwork for future growth with promising prospects.



Shlomo Landress
Head of Technology Practice
Gornitzky GNY



Dina Pasca Raz
Partner, Head of Technology
KPMG Israel

BACKGROUND

Tech investors are key players in the Israeli High-Tech ecosystem. They provide the funding that allows local start-up companies to flourish and serve as a bellwether of the health of the tech industry.

This report reviews the trends and activities of two main investor types in 2023: venture capital funds (including corporate VC investors) and Israeli institutional investors.

We will focus on these two types of investors in order to underscore the changing dynamics in the Israeli Tech ecosystem and the growing interest in more mature companies.

In addition, the report will analyze fund raising by Israeli VCs, capital availability for local tech, and different aspects of investments.

Analyzing investor and venture capital fund (VC) activity is challenging. While the quantity and quality of shared information has increased significantly in recent years, there is still much that remains unknown about the activities of the various funds.

In Israel the challenge is even bigger since a large slice of the capital is allocated by foreign entities. The past years have seen foreign VC funds continuing to expand their Israeli portfolio. This has turned them into influential players locally and adds another level of complexity to the equation.

Local institutional investors are relatively new to technology investments and their exposure to start-up companies is still minimal. Israeli government agencies have been encouraging institutional investors to enhance their participation in the local tech market. We believe that highlighting these activities will help to better understand the Israeli tech investment landscape.

This report takes into consideration all of the above and more in order to create a benchmark for investor activity in Israel.

DATA

The report reviews capital invested by venture capital funds and corporate VCs for the period 2015–2023, and by institutional investors for the years 2020–2023.

The reported data presents investment activity IVC collects from reliable media sources and direct reports gathered by IVC's team of information specialists. The data collection efforts for this report include engagement with the VCs and institutional investors that operated in Israel in 2023. All information in this report is based on data collected by IVC.

This report examines:

145	Corporate VC funds that invested in Israeli-Related or Israeli high-tech companies during 2023.
510	Capital Raising Rounds in 2023 with VC participation (VC – Backed).
1,540	Investments by VCs during 2023 in Israeli or Israeli related companies.
805	VC funds that invested in Israeli or Israeli related companies during 2023.
309	Investments by 8 Israeli institutional investors during 2020 - 2023 in Israeli high-tech companies.





GENERAL

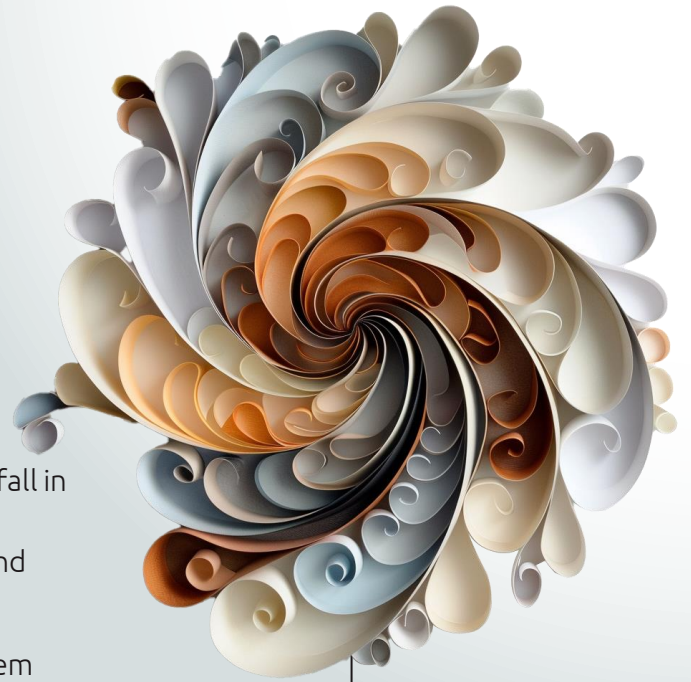
The IVC Investors Report (the “Report”) aims to provide a deep dive into the Israeli start-up funding ecosystem in 2023 compared to previous years.

The Report provides an overview of the key players who fund Israeli start-ups. In particular, the report provides data and trends on:

- Israeli VC funds capital raising since 2015
- The top venture funds in Israel in 2023 ranked by capital managed
- Israeli venture capital funds that raised funds in 2023 (including amounts raised by each fund); fundraising is based on vintage year – first capital call or fund closing year
- Analysis of the capital currently available to Israeli VCs for investments in the Israeli tech market (Dry Powder)
- Most active VC and Venture Lending funds in 2023. The list is divided into four categories: foreign funds, Israeli large funds, Israeli medium size funds, and Israeli micro funds
- Analysis of corporate VC funds (CVC) activity in 2023
- Relative activity of Israeli and foreign VC funds: comparing amounts invested in Israeli high-tech companies, number of investments, and a breakdown between first and follow-on investments. Foreign VCs are VCs that have foreign ownership and are headquartered outside of Israel
- Summary of Israeli institutional investor activity since 2020

We believe that a review of the activity of the different players in the Israeli technology funding ecosystem will enable our readers to better understand their funding options, industry trends and players, and potential parties to approach when seeking funding.

HIGHLIGHTS



Israeli VC fundraising activity in 2023 ended with a 66% fall in the number of funds and a 74% drop in capital volume compared to 2022 figures. Only Qumra, TLV Partners, and Viola succeeded to raise large funds (over \$200m each).

Yet, after three decades of activity, the local VC ecosystem remains robust and includes 226 active VC Management Companies. Out of these, the 24 largest Israeli Management Companies (MCs) – each of which holds over \$500m of assets under management – have an estimated total assets of over \$29b under management.

Currently, Israeli venture capital funds have an estimated \$10.08b remaining for investments (dry powder) in Israeli high-tech companies. Approximately \$2.38b (24%) of this amount is available for new portfolio companies.

Analysis of the most active VCs revealed a notable decrease in Israeli portfolio expansion by foreign VCs. Samsung Next (13), Longevity Venture Partners (7) and NFX (6) led first investments in 2023, compared to 2022 when four foreign funds accounted for more than 12 first investments each. The most active Israeli VCs in 2023 were Fusion VC with exceptional 23 first investments, followed by Ourcrowd (16) and fresh.fund (9).

Importantly, while Israeli VCs in 2023 preferred follow-on investments over first investments, foreign VCs dedicated almost an equal volume and number of investments to both new and existing Israeli high-tech portfolio companies.

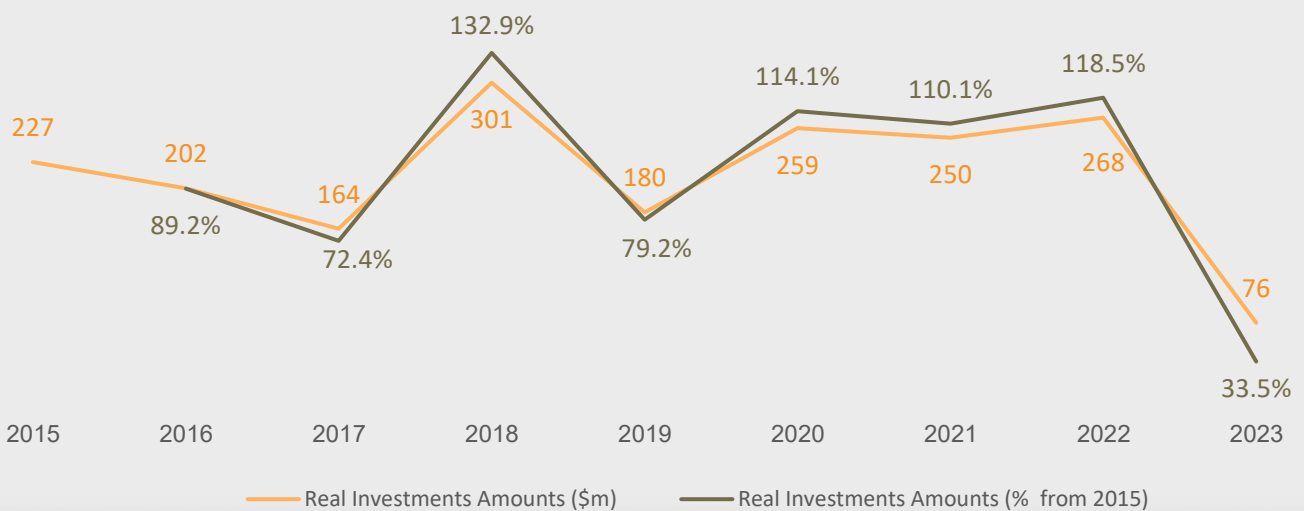
First investments by foreign CVCs in 2023 have dropped to the 2015 level, while Israeli CVC activity in the Israeli tech market has almost ceased. Intel Capital and PayPal Ventures led the 2023 first investments list with four new portfolio companies each.

HIGHLIGHTS #2

At first look, the figures for the Israeli VCs in 2023 appear encouraging. While funds raised in 2023 are at the level we last saw in 2015, amounts allocated for 1st investments presented in the Dry Powder analysis (see page 12) – nearly \$2.4b – look on par with investment amounts we saw in 2015–2020. However, the flashing red lights regarding these numbers are not related to fund raising, but to the tech landscape, which has changed dramatically since a decade ago. If we take 2015 numbers as a reference, the median amounts for VC backed early rounds – seed + Series A funding rounds, where most of the 1st investments take place – almost tripled since then and reached \$6m in 2023. In other words, a dollar raised by an Israeli fund in 2023 can do much less than a similar dollar in 2015.

The graph supplies the capital allocation to 1st investments each year since 2015, adjusted for 2015 “buying power” in the Israeli start-up arena. The lines represent the total amounts allocated for first investments divided by the early rounds’ median amount for that year, and a percentage change in capital availability for first investments when taking 2015 as a reference point (100%). Allocated amounts for first investments – in today’s “prices” to enter a new investment – are much lower than it seems. The same can be said about the available dry powder. The consequences are not at all reassuring. The picture is less grim considering that start-up valuations have been decreasing since 2022 and will probably continue the trend in 2024. However, Israeli VC real amounts available for first investments are problematic in historical levels.

1st Investments allocation adjusted for median amounts





ISRAELI VENTURE CAPITAL MANAGEMENT 2023 | ANALYSIS

ISRAELI VC FUNDS CAPITAL RAISING 2015-2023

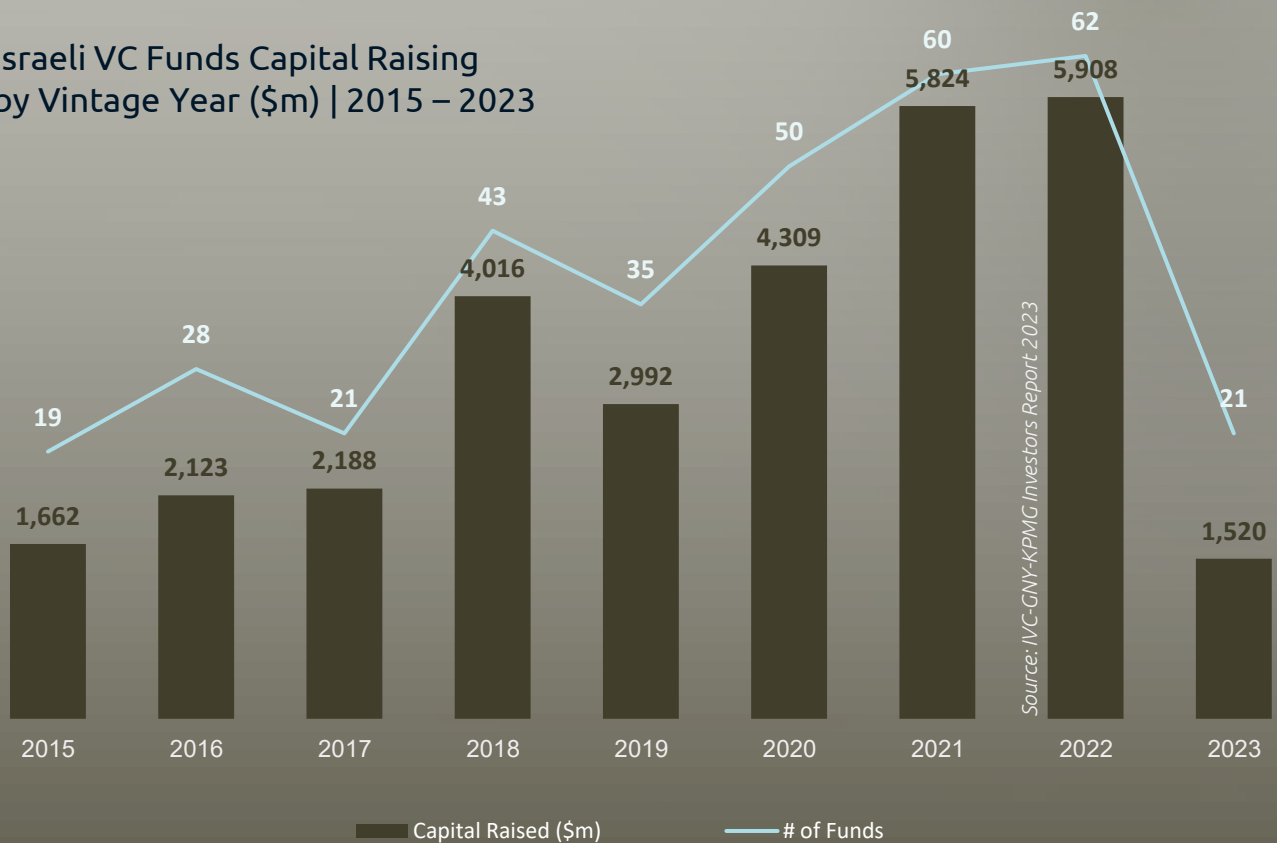
The Israeli venture capital industry in 2023 suffered a notable decline, when only 21 Israeli VC funds succeeded to raise a mere \$1.52b in total.

2023 fundraising activity ended with a 66% decrease in number of funds and a 74% drop in capital raised compared to 2022 figures. The amount was the lowest since 2015, while the number of funds was in line with 2015 and 2017.

Among 21 new Israeli VC funds in 2023, three accounted for 51% of the total capital, raising over \$200m each: Qumra Capital IV, TLV Partners V, and Viola Growth IV. Pitango raised two funds (\$270m in total) in the course of 2023.



Israeli VC Funds Capital Raising
by Vintage Year (\$m) | 2015 – 2023



Source: IVC-GNY-KPMG Investors Report 2023

ISRAELI VC FUNDS CAPITAL RAISING | 2023

Management Company	Fund name	Capital Raised (\$m)
Qumra Capital Management Ltd.	Qumra Capital IV	275
Pitango VC	Pitango Growth III/Pitango HealthTech II	270
TLV Partners	TLV Partners Fund V	250
Viola Growth	Viola Growth IV LP	250
Israel Growth Partners (IGP)	Israel Growth Partners (IGP) III	140
MoreTech Ventures Management	MoreTech Ventures II	100
Glilot Capital Partners	Glilot Early Growth II LP (Glilot Capital Partners Plus II)	100
FLORA Ventures Management Ltd.	FLORA Ventures LP	50
Tal Ventures Management Ltd.	Tal Ventures II	35
Cardumen Capital	Cardumen Food Tech Fund I	30
Israel Resilience Fund General Partner (OurCrowd)	Israel Resilience Fund LP (OurCrowd)	13
Eretz Noshevet Management	Eretz Noshevet Ltd.	5
Savyon Ventures Management	Savyon Ventures	1.55
Selah Ventures	Selah Ventures Fund I LP	
Pecan Ventures	Pecan Ventures Fund	
New Gate Capital Management	New Gate Capital	
Masaryk Ventures	Masaryk Ventures Fund	
i3 Equity Partners Ltd.	i3 Equity Partners Fund II	
Greenfield Partners	Greenfield Partners Fund III	
Elements VC	Elements VC Fund	

Source: IVC-GNY-KPMG Investors Report 2023

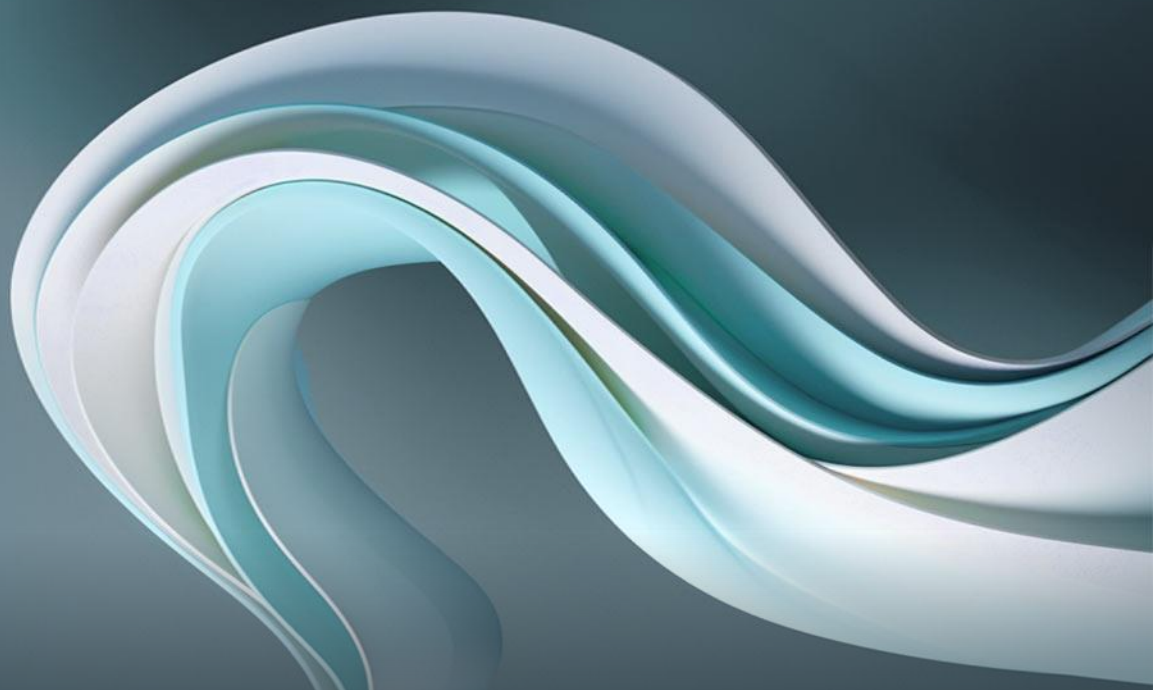
ISRAELI FOF/SECONDARY/VL FUNDS CAPITAL RAISING BY VINTAGE YEAR (\$M) | 2015 – 2023

Israeli activity dedicated to larger capital vehicles establishment, has been rather shallow along years, mostly due to the region size and limited market volume. In 2023, only one Israeli Venture Lending fund was created – Shaked Ventures V.



Source: IVC-GNY-KPMG Investors Report: 2023

Shaked
Ventures V
\$245m



TOP ACTIVE ISRAELI VC MANAGEMENT COMPANIES BY MANAGED CAPITAL | 2024

In total, at the beginning of 2024, there were 226 active VC management companies (MCs). Out of these, 217 MCs manage 430 active and fully invested funds. The 24 largest Israeli MCs manage over \$500m each, 16 of these were established before 2015.

 (2002) 3,430 \$m	 (1993) 2,860 \$m	 (2018) 2,500 \$m	 (2000)  (2008) 2,253 \$m
 (2006) 2,068 \$m	 (1993) 1,876 \$m	 (2003) 1,455 \$m	 (1997) 1,267 \$m
 (2009) 1,250 \$m	 (2016) 1,204 \$m	 (2015) 1,060 \$m	 (2012) 998 \$m
 (2013) 844.5 \$m	 (1993) 798 \$m	 (2017) 740 \$m	 (2011) 735 \$m
 (2007) 668.2 \$m	 (2018) 654 \$m	 (2015) 644 \$m	 (2013) 630 \$m
 (2019) 550 \$m	 (2019) 503 \$m	 (2001) 500 \$m	

Source: IVC-GNY-KPMG Investors Report 2023

- Establishment Year in brackets
- Liquidity: \$2B in private debt funds for tech companies/\$500M in growth stage VC

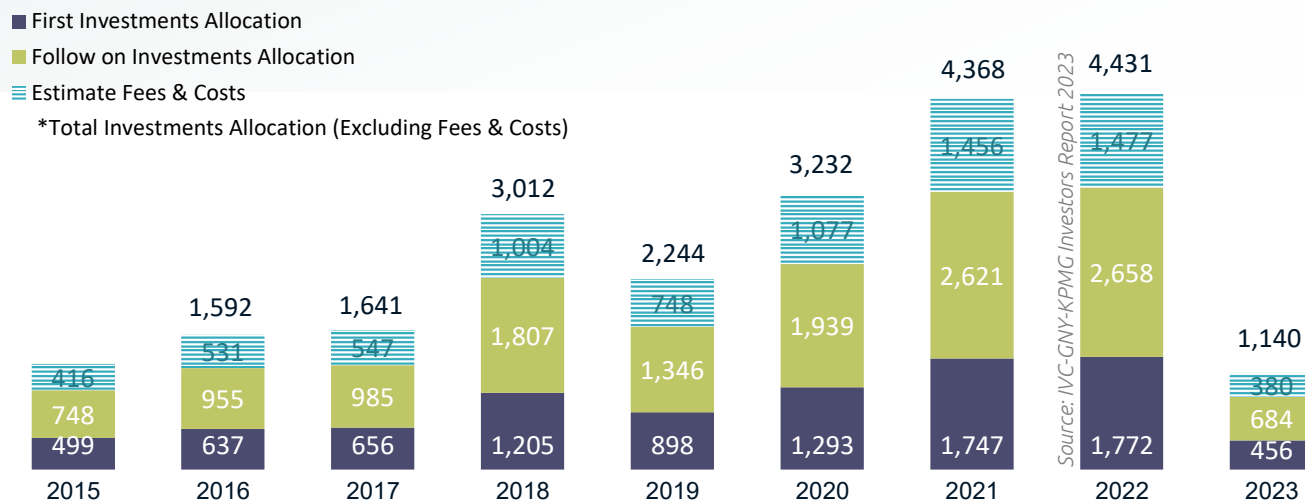
ISRAELI VENTURE CAPITAL MANAGEMENT | 2023

IVC has developed a model to measure Israeli venture capital fund allocations and capital available for investments in the high-tech market.

VC fund capital allocation is calculated based on capital raised by vintage year, excluding estimated annual fund management fees and costs (25%), divided between first (40%) and follow-on (60%) investments.

According to IVC estimations, 2023 concluded with \$1.14b – the lowest Israeli VC fund capital allocation volume since 2015.

Israeli VC Funds Capital Management – Capital Allocation | 2015 - 2023



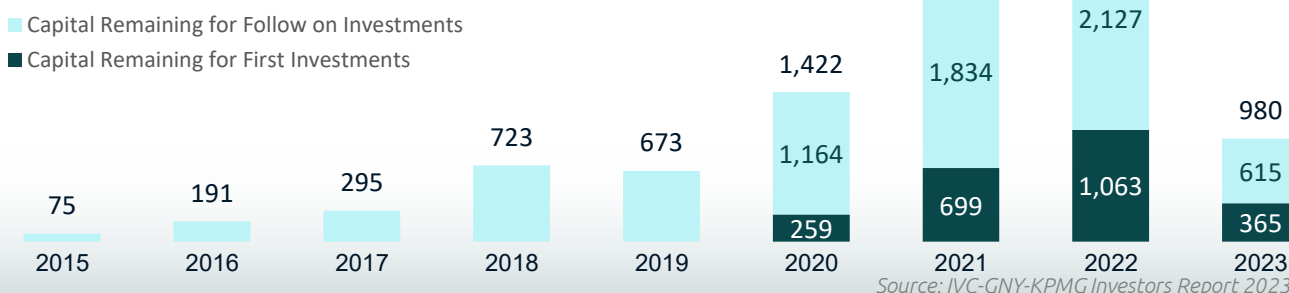
According to IVC estimates of VC fund's capital allocation per vintage year, the remaining VC capital is calculated based on an estimated fund life cycle of nine years (starting in the vintage year), with the first four years engaged in first and follow-on investments, and over the remaining years the capital is dedicated to support portfolio companies.

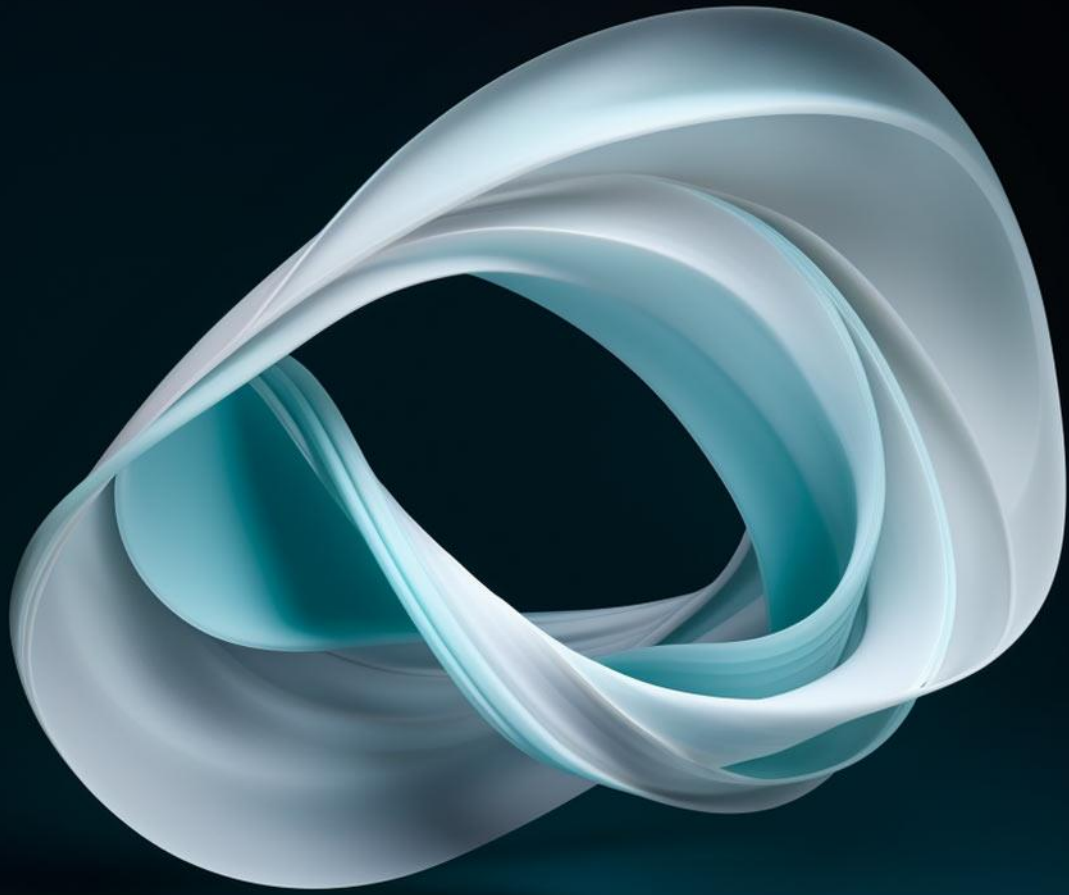
Currently, Israeli venture capital funds have an estimated \$10.08b remaining for investments in Israeli high-tech companies.

This capital composes the dry powder available for Israeli tech industry investments as of the end of 2023.

Out of this amount, approximately \$2.38b (24%) is available for new companies, while \$7.7b (76%) is reserved for investments in portfolio companies.

Dry Powder: Israeli VC Funds Capital Remaining for Investments | 2015 - 2023





MOST ACTIVE VC & CVC INVESTORS IN ISRAEL BY FIRST INVESTMENTS | 2023



MOST ACTIVE FUNDS METHODOLOGY

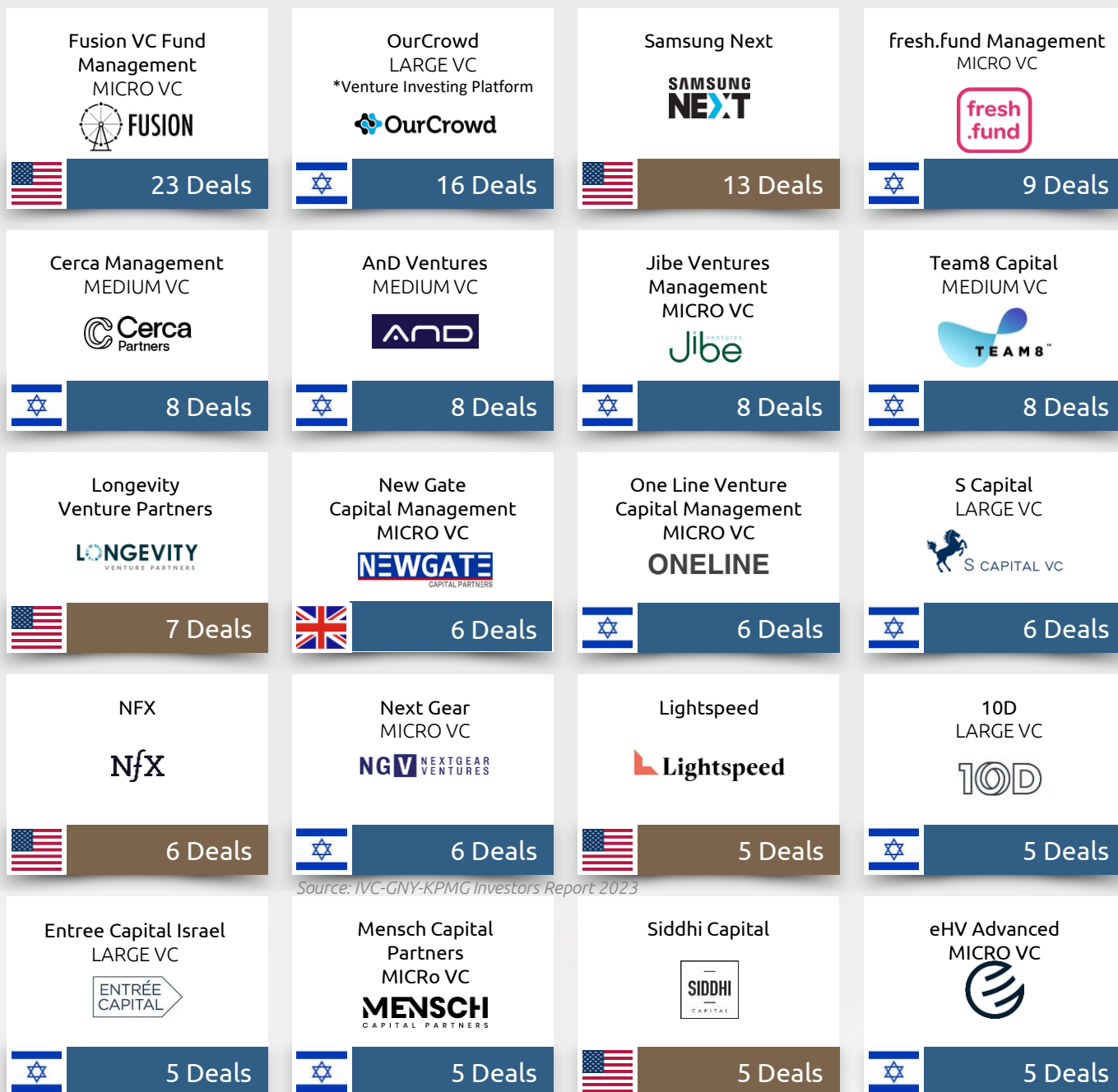
- Based on first/initial investments in private and public high-tech companies, Israeli and Israeli related
- VC and CVC Funds – Israeli & Foreign; Venture investing platforms are included
- We compare fund management companies, not specific funds. We aggregate all funds managed by a specific management group, not specific funds
- Foreign Funds are recognized for investments in Israel, regardless of whether they are an “Israeli dedicated specific fund”
- The methodology includes all types of equity investment: straight equity, Secondary, SAFE, Bridge loans, Convertible Debt, PIPE, etc.
- Investments in foreign companies and companies in “stealth mode” are not included
- We are indifferent as to whether the company is Incubated or Accelerated
- Israeli VC fund size classification:
 - Micro Funds – Below \$50m
 - Mid-Sized Funds – \$50m - \$200m
 - Large Funds – \$200m and Above
- Rankings are based solely on public and reported data that was gathered and stored in the IVC Platform

MOST ACTIVE VC FUNDS IN ISRAEL: ISRAELI & FOREIGN VCS RANKING BY FIRST INVESTMENTS | 2023

 Israeli Investor

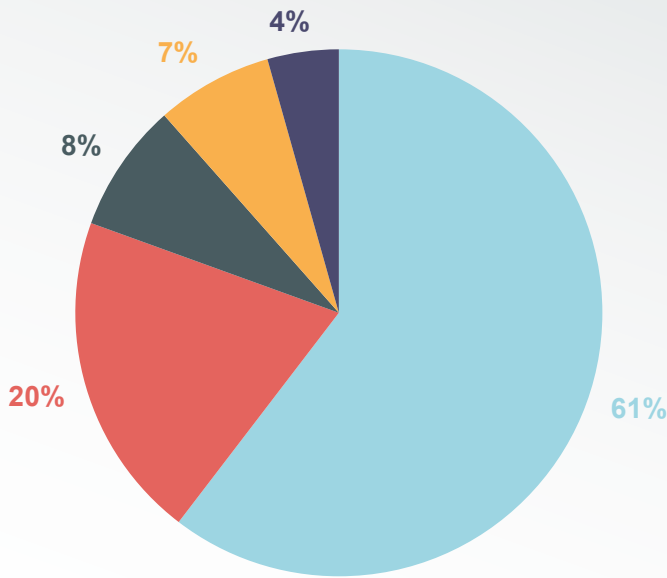
 Foreign Investor

Flag = Investor's HQ country



Source: IVC-GNY-KPMG Investors Report 2023

VC FUNDS FIRST INVESTMENTS ANALYSIS BY ROUND TYPE | 2023



of First VC Investments

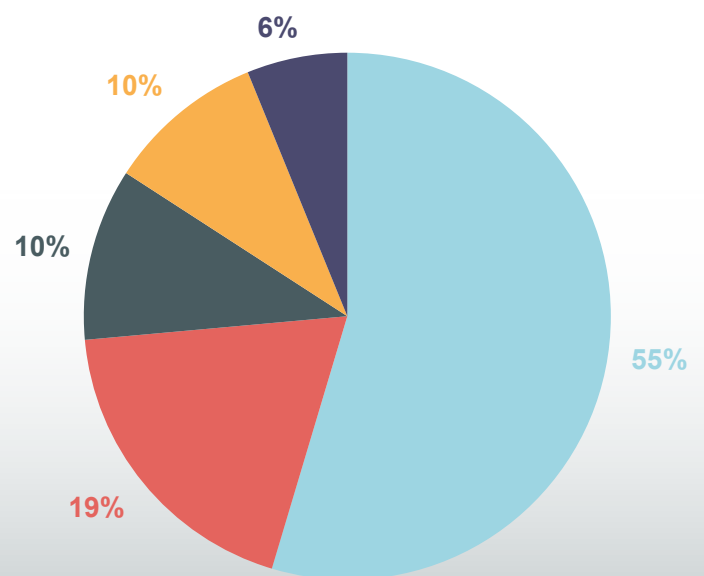
- Seed
- A Round
- B Round
- C Round
- Later Round

Source: IVC-GNY-KPMG Investors Report 2023

of Foreign VC First Investments

- Seed
- A Round
- B Round
- C Round
- Later Round

Source: IVC-GNY-KPMG Investors Report 2023





MOST ACTIVE FOREIGN VC FUNDS RANKING 2023



Source: IVC-GNY-KPMG Investors Report 2023

■ Foreign Investor (Region)
 Flag = Investor's HQ country




OurCrowd
*Venture Investing Platform



 16 Deals

S Capital



 6 Deals

Entree Capital Israel



 5 Deals

10D



 5 Deals

Viola



 4 Deals

Vertex Ventures Israel



 4 Deals

Glilot Capital Partners



 4 Deals

Aleph ES Management Company Ltd.



 4 Deals

Source: IVC-GNY-KPMG Investors Report 2023

Tal Ventures Management Ltd.



 3 Deals

Peregrine



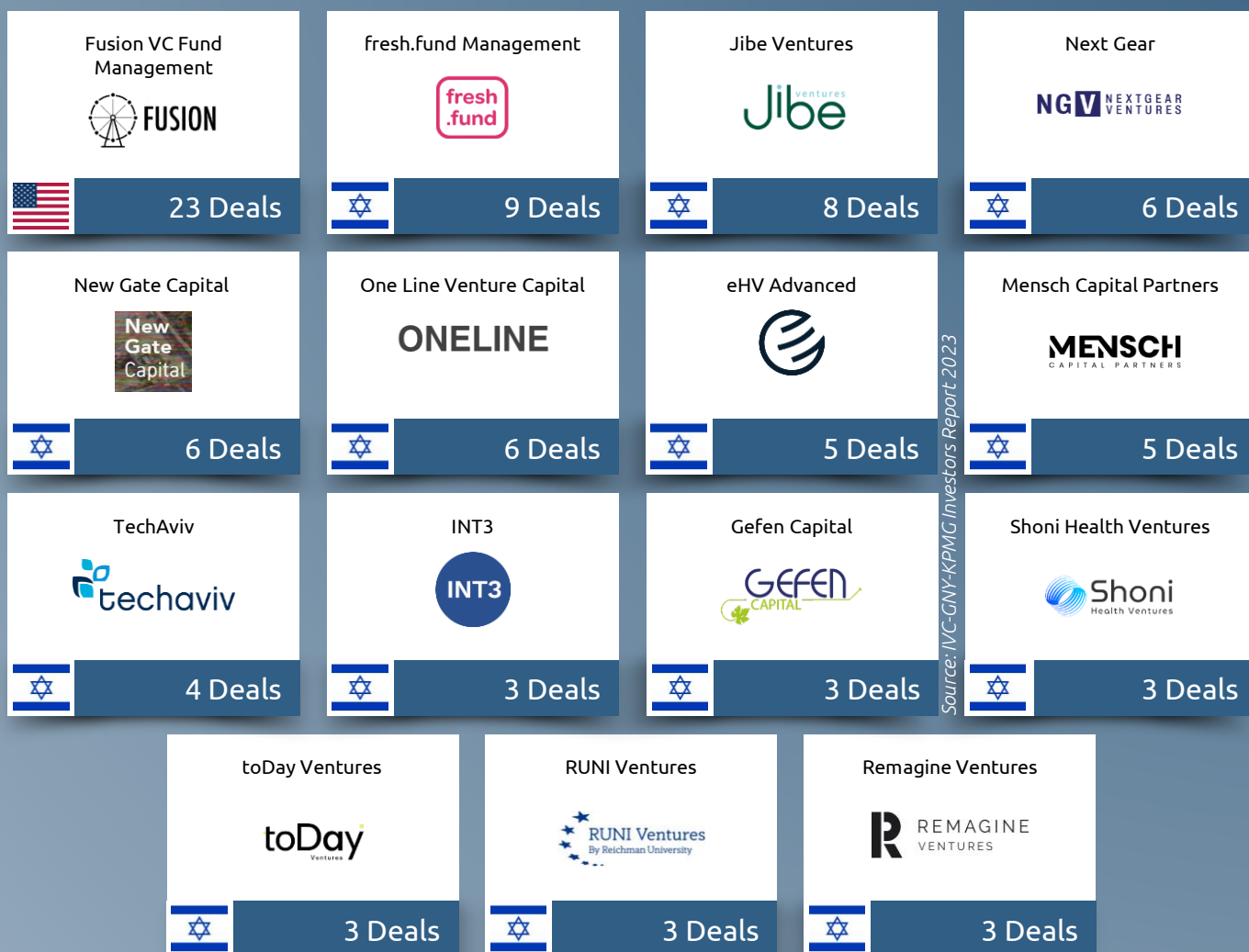
 3 Deals

MOST ACTIVE
LARGE ISRAELI
VC FUNDS
(>\$200M)
RANKING
2023

 Israeli Investor (Region)

Flag = Investor's HQ country

MOST ACTIVE ISRAELI MICRO VC FUNDS (<\$50M) RANKING | 2023



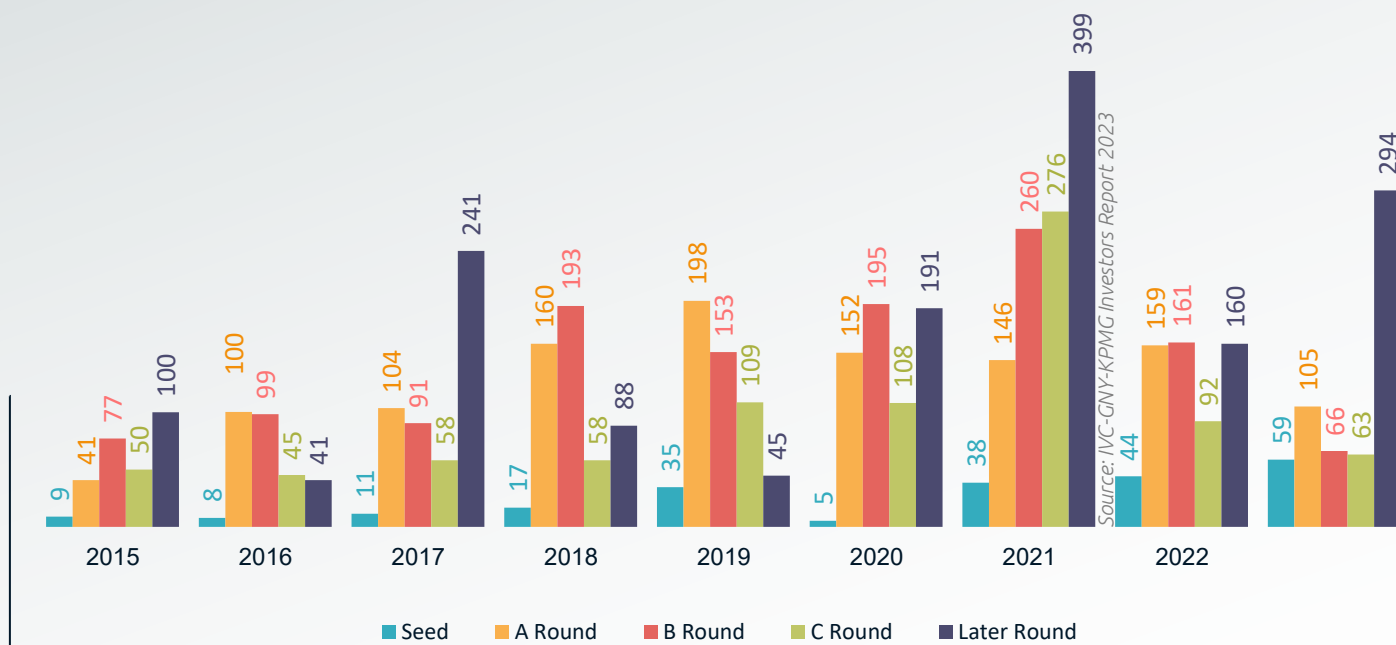
MOST ACTIVE ISRAELI MEDIUM VC FUNDS (\$50M-\$200M) RANKING | 2023



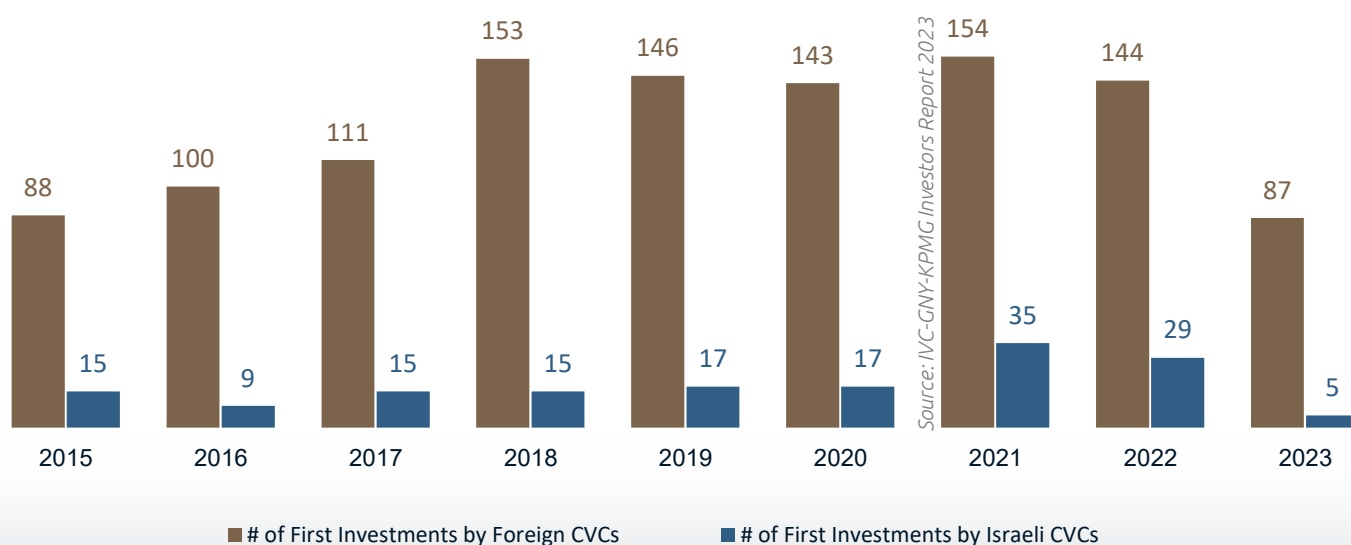
 Israeli Investor (Region) Flag = Investor's HQ country

CORPORATE VC FUNDS: # OF FIRST INVESTMENTS | 2015 – 2023

First Investments \$m by CVCs in Israeli High-Tech by Round Type 2015 - 2023



of First Investments by Israeli vs. Foreign CVCs in Israeli High-Tech 2015 - 2023



MOST ACTIVE CORPORATE VCS IN ISRAEL: ISRAELI & FOREIGN | 2023

<p>Intel Capital</p>  <p> 4 First Investments</p>	<p>PayPal Ventures</p>  <p> 4 First Investments</p>	<p>Munich Re Ventures</p>  <p> 3 First Investments</p>
<p>IBM Ventures</p>  <p> 3 First Investments</p>	<p>Zim CVC</p>  <p> 2 First Investments</p>	<p>KDT</p>  <p> 2 First Investments</p>
<p>Cisco Investments</p>  <p> 2 First Investments</p>	<p>GV (Google)</p>  <p> 2 First Investments</p>	<p>Citi Ventures</p>  <p> 2 First Investments</p>
<p>NVIDIA GPU Ventures</p>  <p> 2 First Investments</p>	<p>Danone Manifesto Ventures</p>  <p> 2 First Investments</p>	<p>Galaxy-Ventures</p>  <p> 2 First Investments</p>
<p>Fujitsu Ventures</p>  <p> 2 First Investments</p>	<p>Mitsubishi UFJ Capital (MUCAP)</p>  <p> 2 First Investments</p>	<p>Atlassian Ventures</p>  <p> 2 First Investments</p>

Source: IVC-GNY-KPMG Investors Report 2023

 Foreign Investor (Region)

 Israeli Investor (Region)

Flag = Investor's HQ country



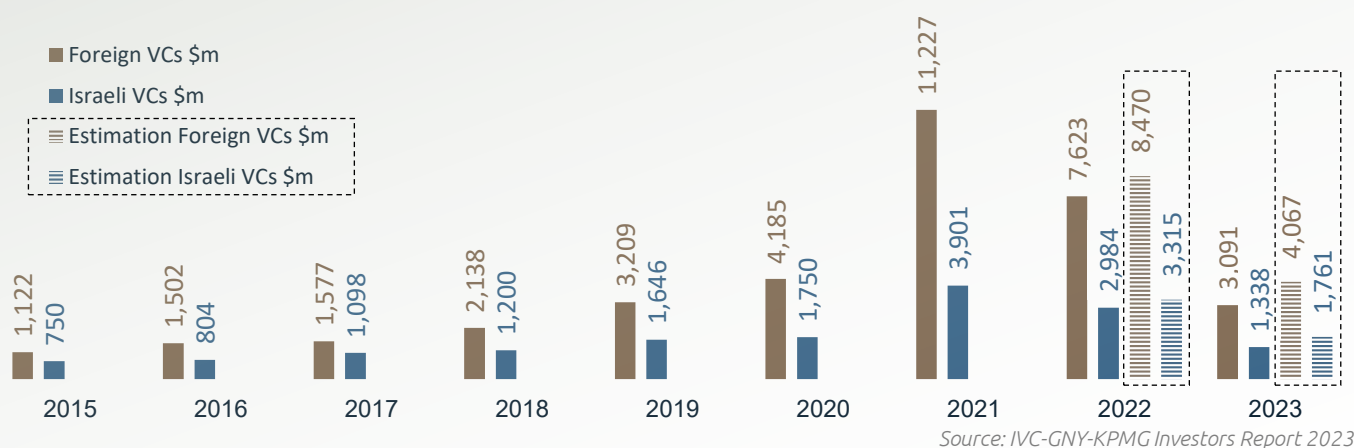
VC FUNDS IN ISRAEL 2023 | ANALYSIS

FOREIGN VS. ISRAELI VC FUNDS INVESTMENTS IN ISRAELI HIGH-TECH | 2015 – 2023

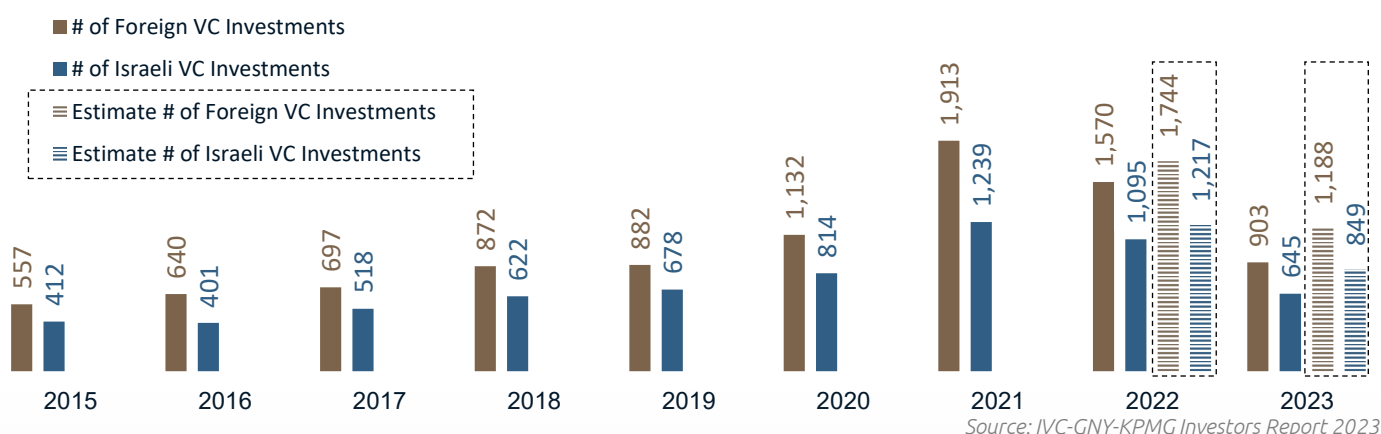
The activity of VCs in Israel is analyzed by several main parameters: Foreign Funds vs. Israeli Funds and First investments vs. Follow-on investments. This analysis highlights investment sentiment of the most vigorous Israeli investors in the Israeli tech market.

Since part of the investment activity in this analysis will only be revealed in two to three years*, we made some adjustments to compensate for this knowledge gap. In particular, just 76% of the actual VC activity is known in the course of the same year, while 91% of this activity becomes available in the following year. Therefore, IVC provides estimations for the full investors' activity in 2022–2023. Statistically, these estimations are based on IVC's data for the last decade.

Foreign Vs. Israeli VC Funds Investments \$m



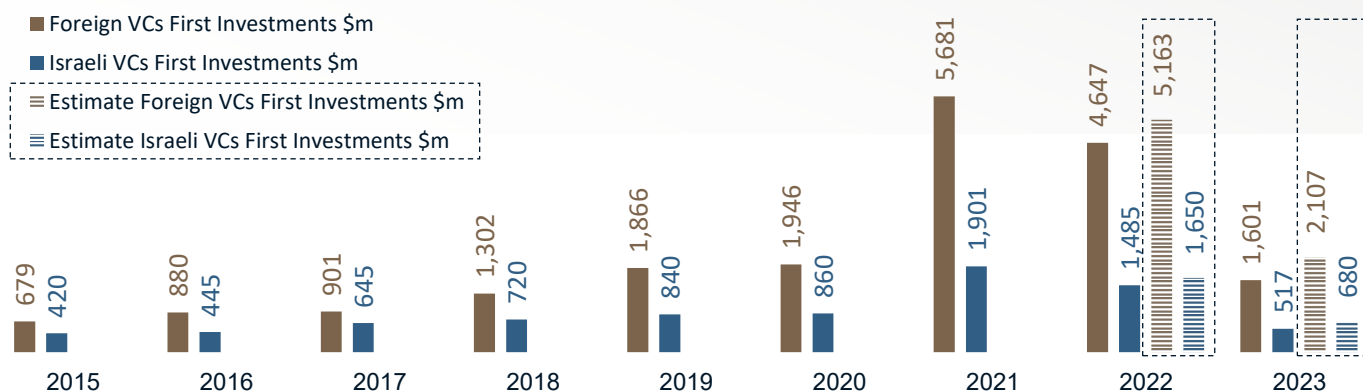
of Foreign Vs. Israeli VC Funds Investments



*The data for this report are not normalized, in contrast to the [IVC & LeumiTech Israeli Tech Review](#).

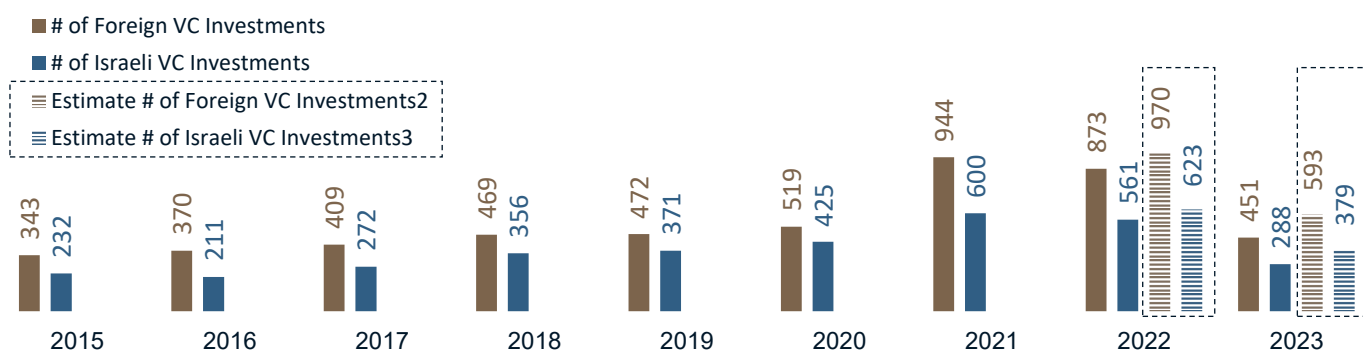
FOREIGN VS. ISRAELI VC FUNDS FIRST INVESTMENTS IN ISRAELI HIGH-TECH 2015 – 2023

First Investments \$m



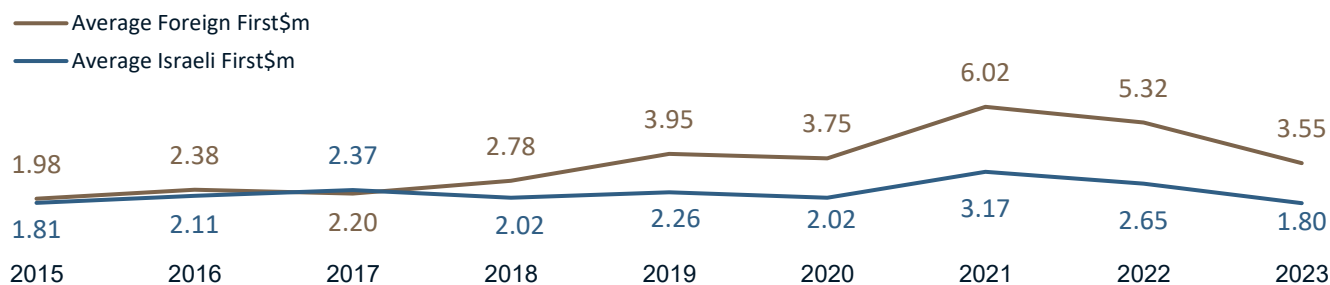
Source: IVC-GNY-KPMG Investors Report 2023

of First Investments



Source: IVC-GNY-KPMG Investors Report 2023

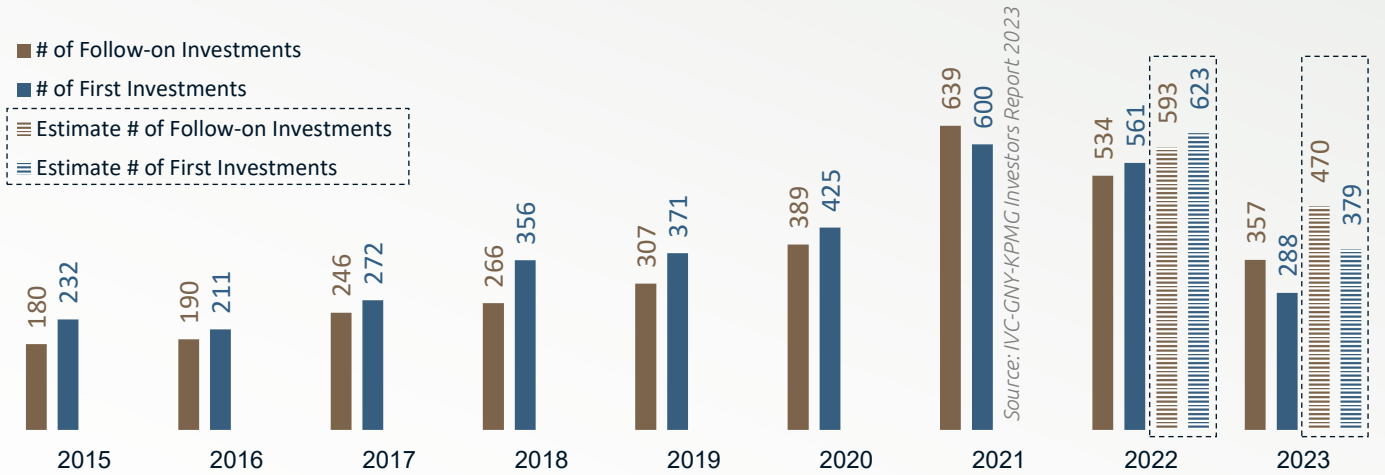
Average \$m First Investments by Israeli vs. Foreign VC Funds



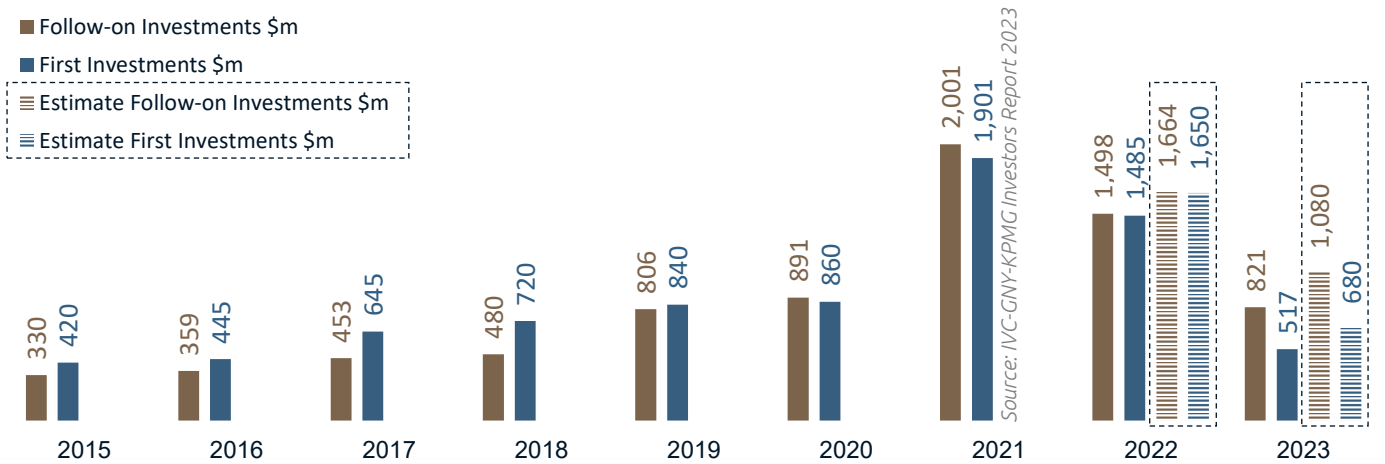
Source: IVC-GNY-KPMG Investors Report 2023

ISRAELI VC FUNDS INVESTMENTS IN ISRAELI HIGH-TECH: FIRST VS FOLLOW-ON 2015 – 2023

of Israeli VC Investments

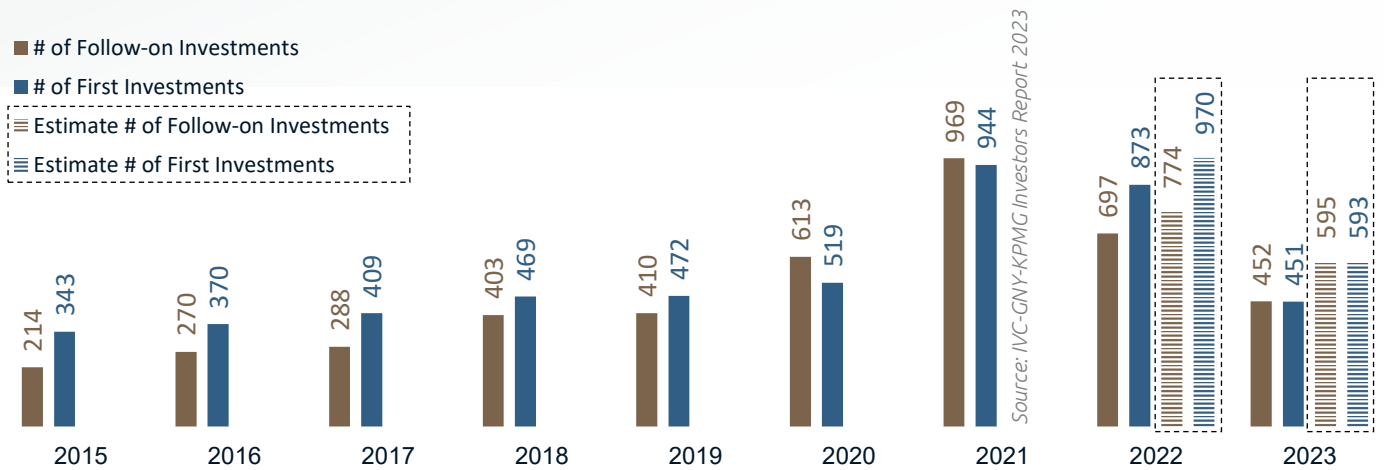


Israeli VC Investments \$m

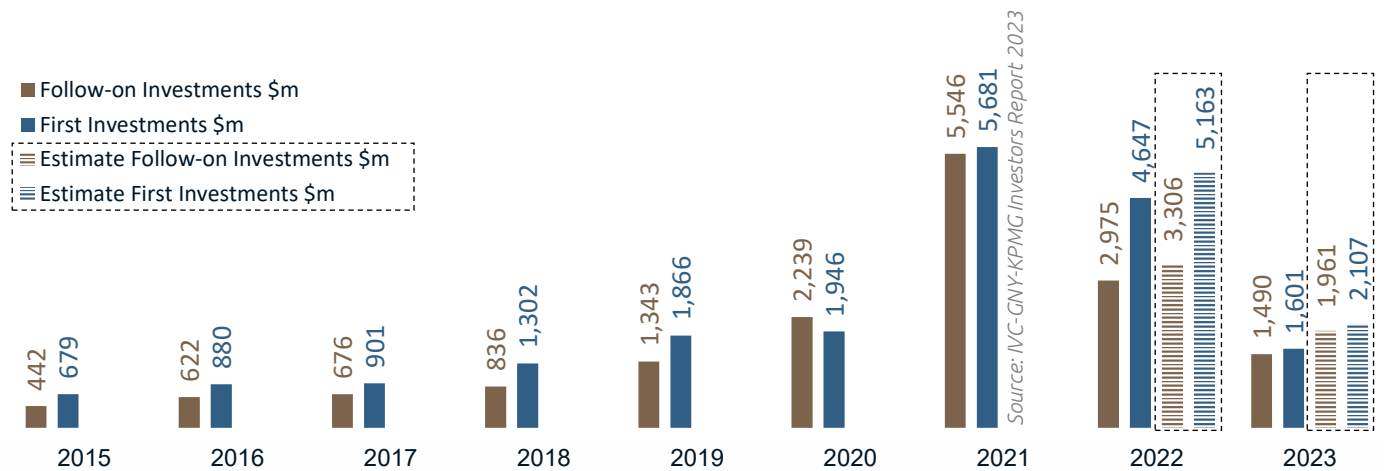


FOREIGN VC FUNDS INVESTMENTS IN ISRAELI HIGH-TECH: FIRST VS FOLLOW-ON 2015 – 2023

of Foreign VC Investments



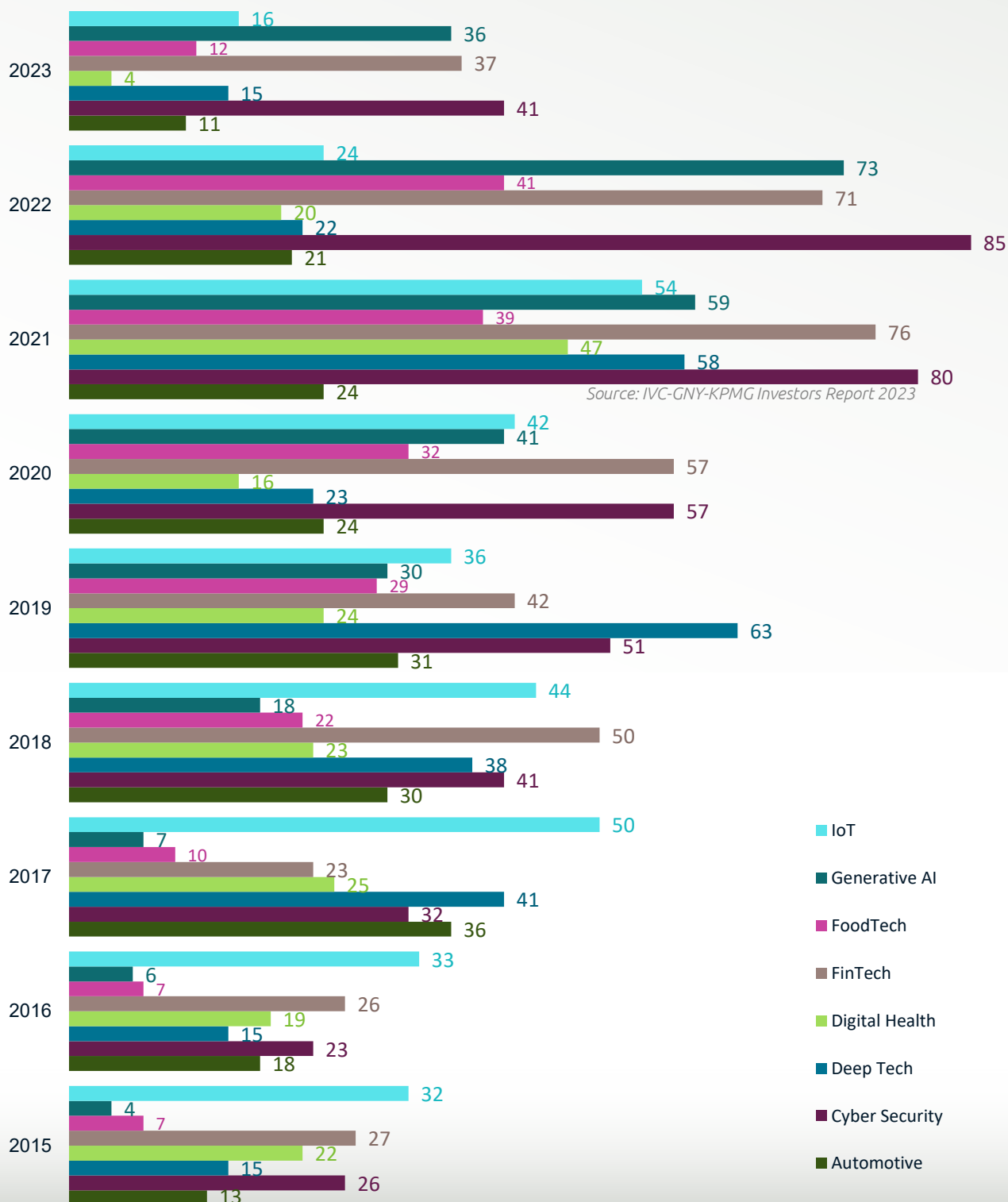
Foreign VC Investments \$m



ISRAELI VC FUNDS: # OF NEW PORTFOLIO COMPANIES BY TECH VERTICALS | 2015 – 2023

2023 was a harsh year for first investments, even when diving into specific tech verticals. Cyber security and fintech, two of the most popular tech verticals, were cut by half this year.

of New Israeli High-Tech Companies by Leading Technology Clusters





ISRAEL INNOVATION AUTHORITY'S BOOST FOR ISRAELI HIGH TECH

ISRAEL INNOVATION AUTHORITY'S BOOST FOR ISRAELI HIGH TECH

The findings of the report highlight that 2023 was not only characterized by a decrease in VC investments, but also in VC fundraising.

In light of this, the Israel Innovation Authority launched several new programs in order to increase the liquidity available to the market. The two main programs are the new "Start-up Fund" and the YOZMA 2.0 Fund.

These programs accompany several other initiatives dedicated to boost the Israeli high-tech:

In November 2023 the Israel Innovation Authority launched the "Fast-Track" bridging fund that, within three months, has injected about 400 million NIS to companies with significant assets and short runways.

In December 2023 the Israel Innovation Authority, alongside other ministries, approved an investment of 100 million NIS in nine new innovation hubs across Israel.

The Israeli tech hub owes much of its success to a supportive regulatory environment and government initiatives. The Israel Innovation Authority is committed to supporting Israeli high-tech in general and in the current turbulence in particular.



REVOLUTIONARY STARTUP FUND

A new startup fund was launched that mandates collaboration with private investors to inject over half a billion shekels annually into pre-seed, seed, and Series A funding rounds for start-ups operating in sectors with limited access to capital. The fund is expected to participate in about 100 pre-seed, seed and Series A funding rounds annually.

This fund will strategically focus on start-ups exhibiting technological depth and breakthrough innovation.



NEW YOZMA 2.0 FUND

(Institutional Investment Catalyst)





a new mechanism will be established to encourage Israeli institutional investors to invest in Israeli venture capital funds. Several billion shekels will reach Israeli high-tech companies through those funds, bolstering the high-tech ecosystem.

NEW “STARTUP FUND”

The new fund offers non-dilutive investment to Israeli start-ups in pre-seed, seed, and Series A funding stages, requiring matching funds from private Investors.

The fund aims to mitigate the inherent risk associated with investing in early-stage, R&D-intensive ventures in sectors that are characterized by low availability of private capital.

The Innovation Authority’s expert evaluation team conducts a robust due diligence process, providing assurance of the selected companies’ technological disruptiveness as well as the leadership team’s capability to see the project through. This process also serves as a quality hallmark, aiding in securing funding rounds and additional capital from the private market. Through this program, private investors gain exposure to cutting-edge, disruptive technologies and benefit from the pre-selection of top deep-tech companies.

Funding %		Budget Cap
80%	 Ideation (Tnufa)	~\$70K
*60%	 Pre-Seed	~\$700K
*50%	 Seed	~\$3M
**30%	 Round A	~\$15M

* Additional 10% on the grant to a company that is headed by an entrepreneur from an underrepresented population, or whose main activity is in the periphery.

** Additional 10% on the grant to a company whose main activity is in the periphery.

NEW YOZMA 2.0 FUND (Institutional investment catalyst)

The flow of approximately 160 million USD of government money, in addition to several hundred million USD of Israeli Institutional Investor’s money, to venture capital funds, and from there to Israeli high-tech companies.

“Green Lane” – All Israeli Institutional Investors that meet the definition (Provident funds, Pension funds, Insurance companies) can participate.

For every dollar of Israeli Institutional investment in a fund, an additional 30 cents of government money will be added, so that the government’s money will constitute about 23% of the total investment by institutions operating via this program.

An upside incentive mechanism based on increasing the yield to Israeli Institutional Investors, designed to boost their funding of venture capital funds that invest in Israeli hi-tech companies, specifically in early stages.

The program is expected to be launched in the second quarter of 2024.

A draft of the suggested program will be published in the very near future.



ISRAELI INSTITUTIONAL INVESTORS | 2023



HIGHLIGHTS

Israeli institutional investment activity in the local tech market in 2023 failed to achieve the levels of 2021–2022, with investments reaching only an estimation of \$143 million – a 70% fall from \$486 million in 2022. The number of deals showed a similar pattern and dropped by 55% in 2023.

After two years in which the Israeli institutional investors allocated significant amounts to local tech private companies, the amounts and numbers of investments in 2023 are similar to those of 2020.

The risk-off sentiment towards tech seemed to dominate the type of capital allocations that the local institutional investors made during 2023. While follow-on investment didn't change much from the 2021–2022 level, first investments – which reflect investor appetite for new risk – crashed to a new low.

METHODOLOGY

The Institutional Investors Report covers the period beginning January 1, 2020 and ending December 31, 2023.

The investments analyzed for this report are direct allocations to private companies only (Israeli start-ups) and include primary deals only (no secondary deals).

The data for this report was collected from public sources, including:

- Fund Periodical Reports
- Media Outlets
- Company/Investor Announcements and Publications
- www.ivc-online.com

The amounts in the Report relate to institutional investors investments in Israeli high-tech straight equity funding rounds during the period covered in this report.

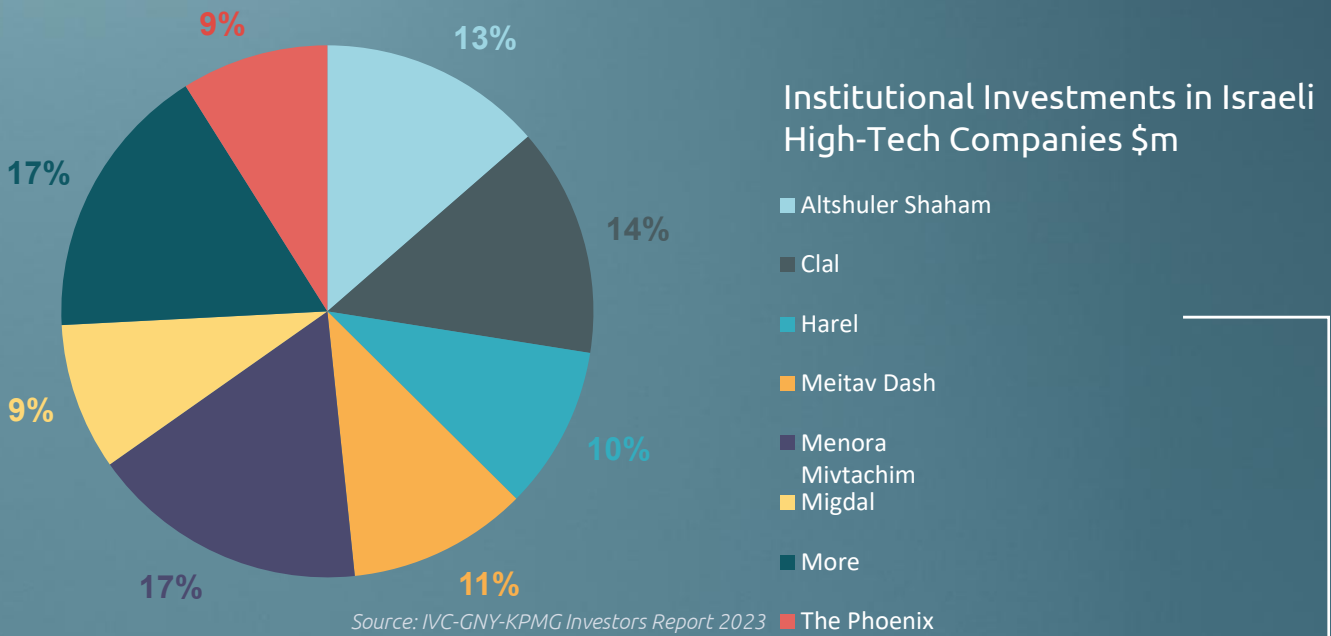
Analyses relating to institutional investors' direct investment amounts are based partially on estimations.

The Report relates both to the number of deals Israeli institutional investors took part in and the number of investments each investor made. For example, in 2022, institutional investors took part in 68 deals, but made 81 investments overall (some of the deals included more than one institutional investor).





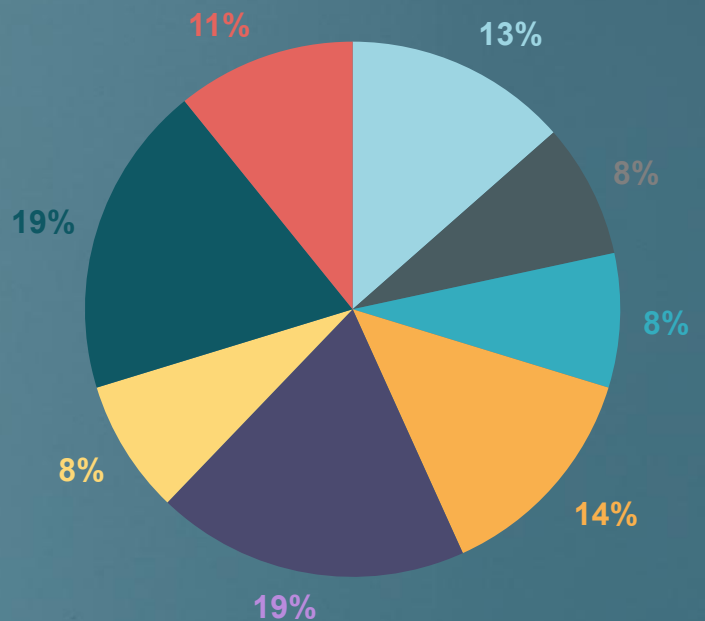
ISRAELI INSTITUTIONAL INVESTMENTS IN ISRAELI HIGH-TECH | 2023



of Investments in Israeli High-Tech Portfolio Companies

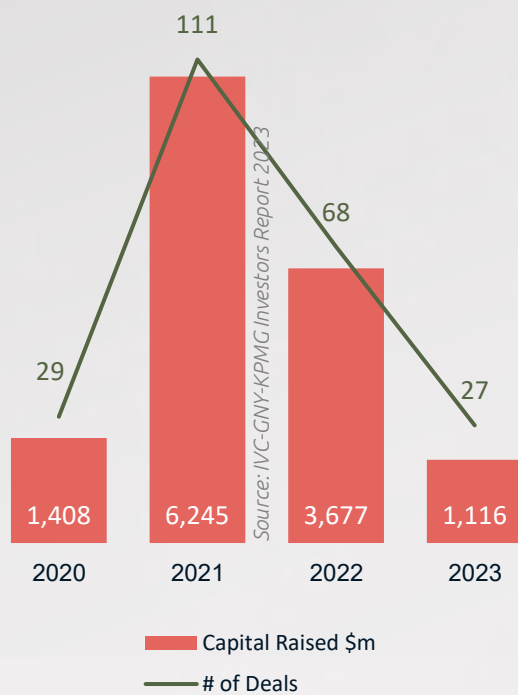
- Altshuler Shaham
- Clal
- Harel
- Meitav Dash
- Menora Mivtachim
- Migdal
- More
- The Phoenix

Source: IVC-GNY-KPMG Investors Report 2023

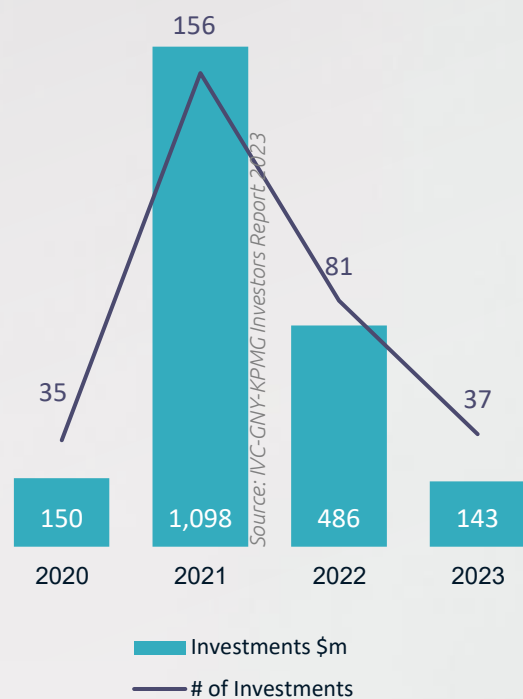


ISRAELI INSTITUTIONAL INVESTMENTS IN ISRAELI HIGH-TECH | 2020 – 2023*

Israeli High-Tech Rounds with Institutional Investors



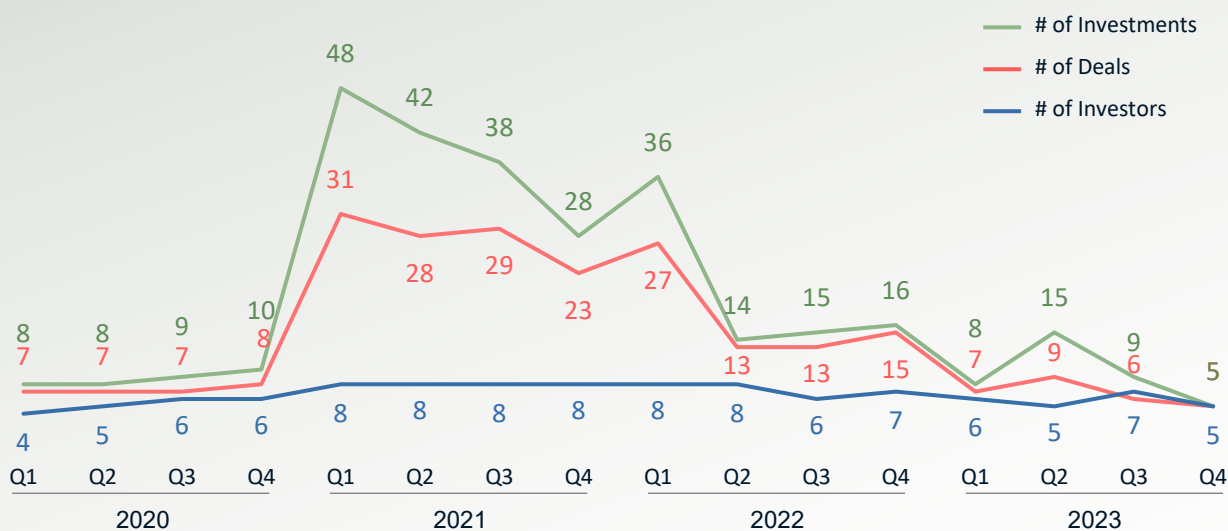
Institutional Investments in Israeli High-Tech Companies



*The numbers for 2023 can variate up to 20% when the final institutional activity will be reported

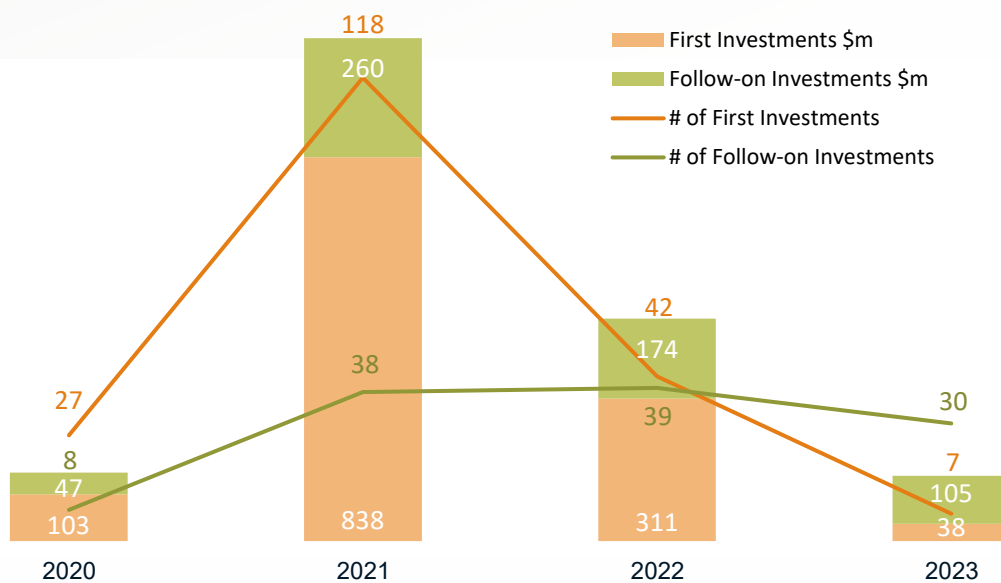
ISRAELI INSTITUTIONAL INVESTMENTS IN ISRAELI HIGH-TECH | 2020 – 2023

Israeli High-Tech Rounds with Institutional Investors



Source: IVC-GNY-KPMG Investors Report 2023

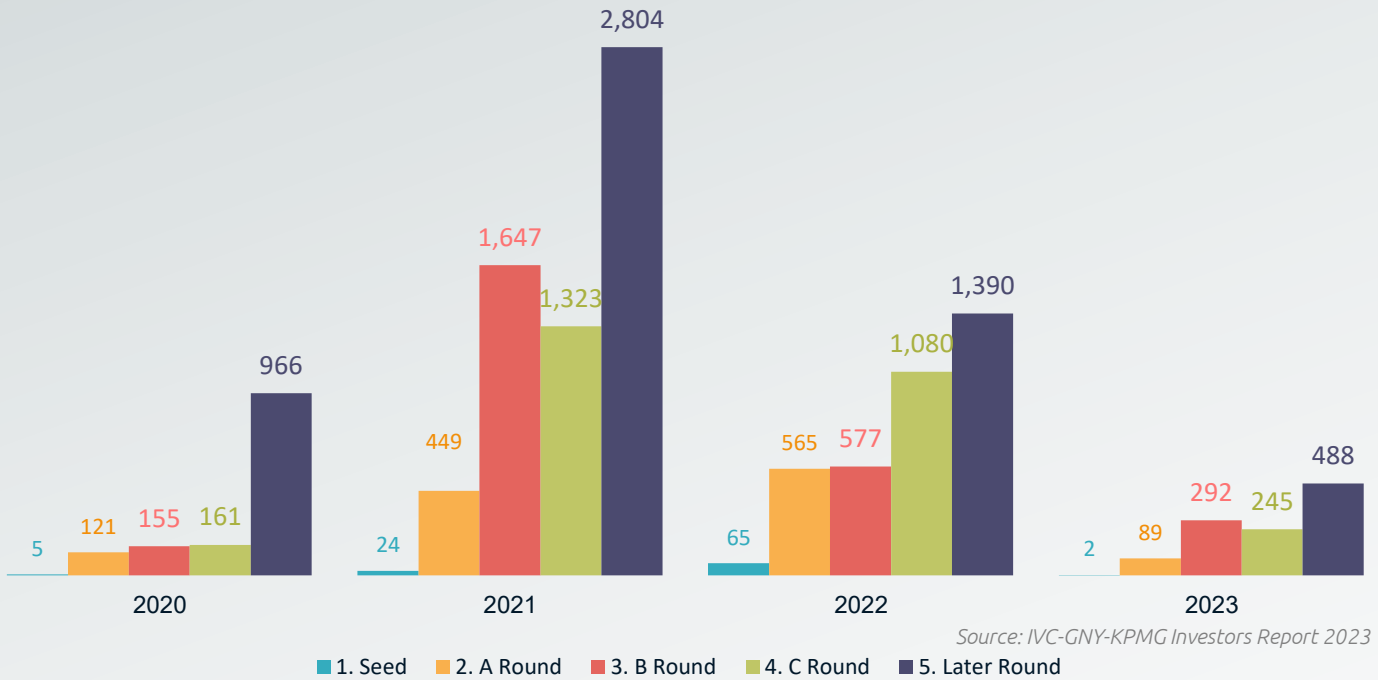
Israeli Institutional Investments: First vs Follow-on Investments



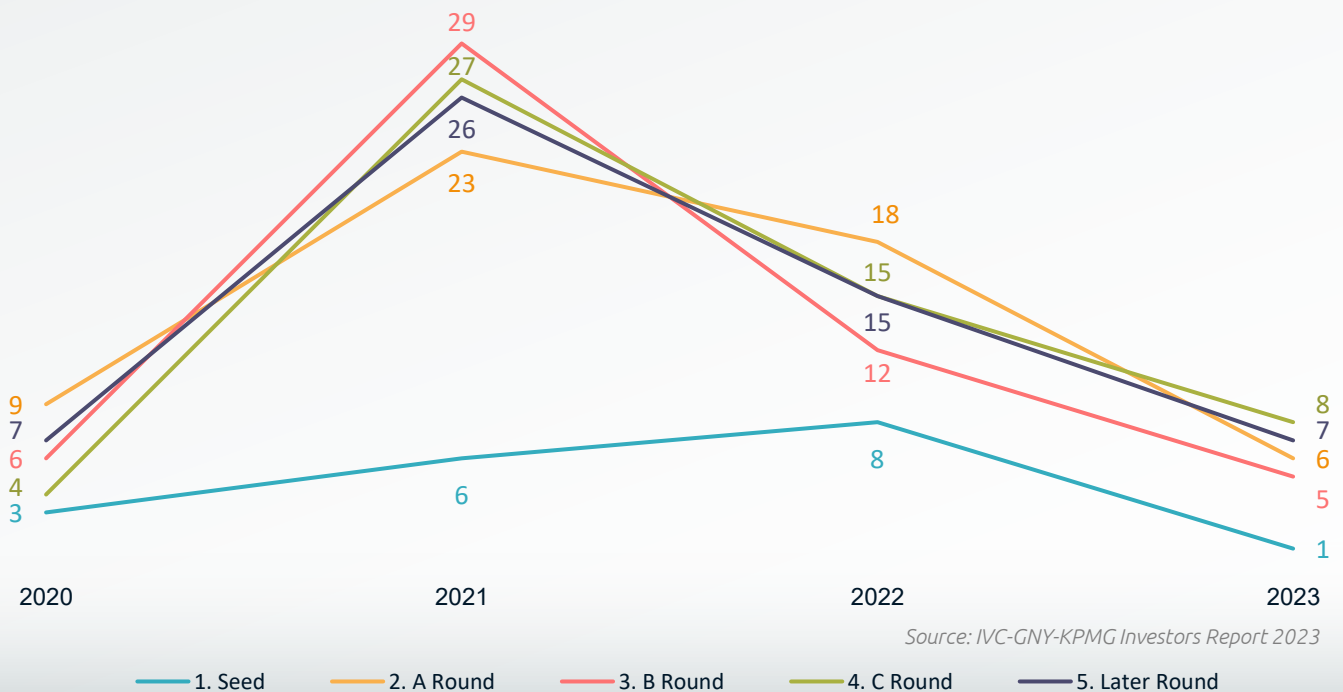
Source: IVC-GNY-KPMG Investors Report 2023

ISRAELI INSTITUTIONAL INVESTMENTS IN ISRAELI HIGH-TECH | 2020 – 2023

Capital Raised \$m in Rounds with Israeli Institutional Investors by Deal Type

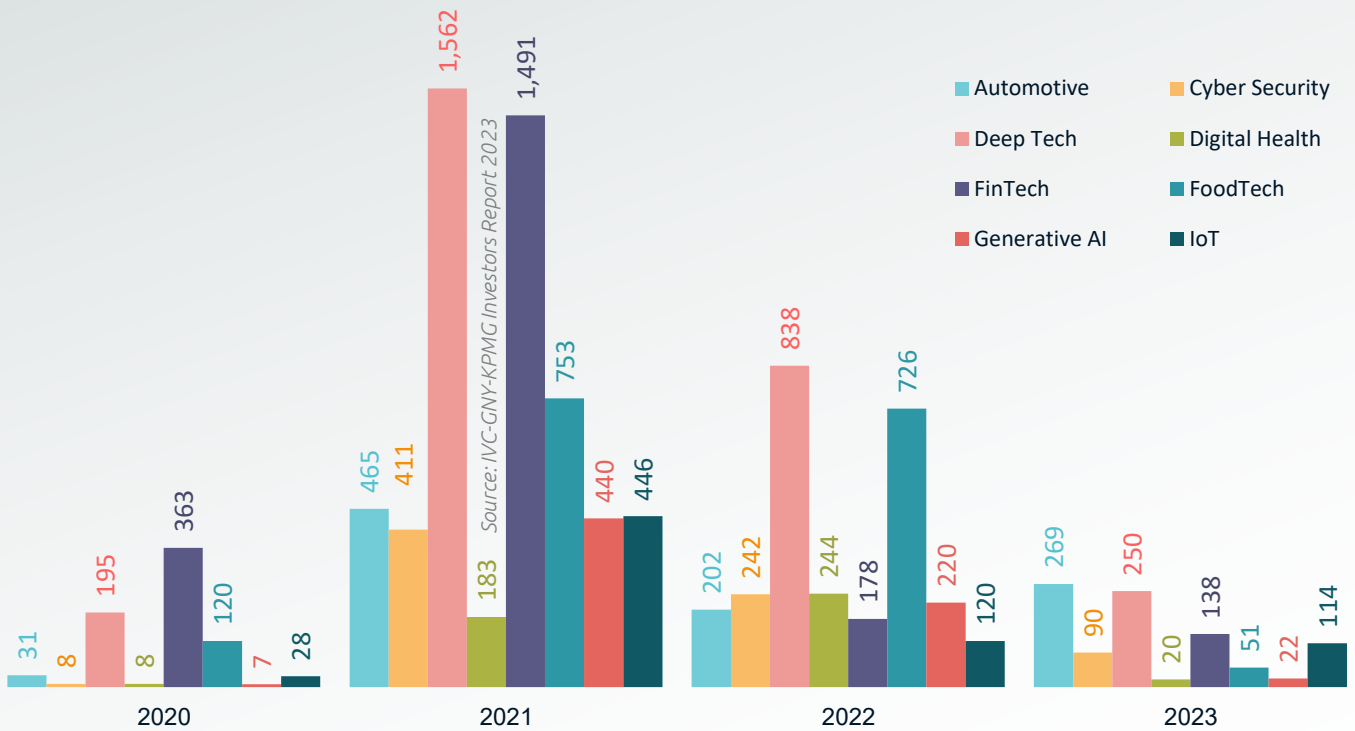


of Israeli High-Tech Rounds with Institutional Investors by Deal Type

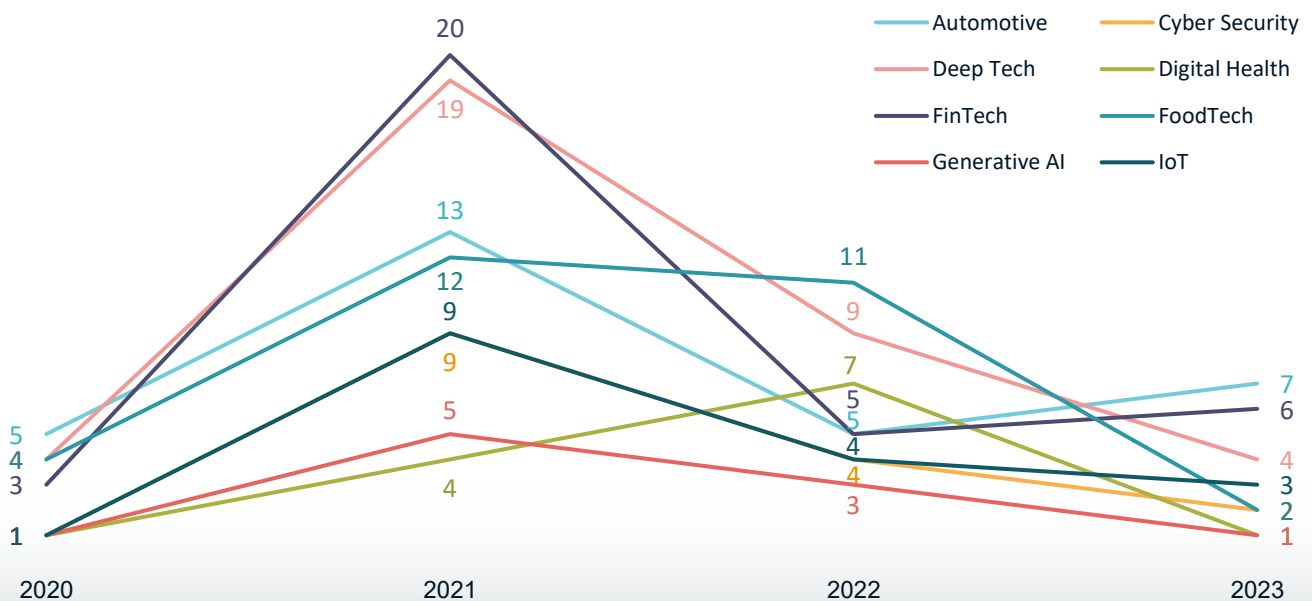


ISRAELI INSTITUTIONAL INVESTMENTS IN ISRAELI HIGH-TECH | 2020 – 2023

Capital Raised \$m in Deals with Israeli Institutional Investors by Tech Vertical



of Israeli High-Tech Rounds with Institutional Investors by Tech Vertical



Source: IVC-GNY-KPMG Investors Report 2023



Founded in 1997, IVC Research Center is the leading data source and business information company in Israel's high-tech industry.

We help our clients understand the market, make connections and identify opportunities with access to the latest news, trends and developments.

From venture capital and private equity funds to industry leading companies and emerging startups across Israel's varied high-tech sectors, we cater to the varied business information needs that make up the Israeli high-tech ecosystem. We bring more than 25 years of experience of gathering and analyzing data, serving the IVC community. Our dedicated team of industry researchers and analysts has deep knowledge and hands-on experience working with Israel's high-tech sector.



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MC Name	MC ID	MC Reg #	MC status	Established Date	Managed Capital	MC website	MC Card Link	MC																																								
&TLV (and Te...	cbe878cb-118...	NA	Active Private	2021		http://www.andt...	&TLV (and Tel-...	<a href="http...</td> </tr> <tr> <td>10D Manage...</td> <td>a9308027-ac5...</td> <td>515915197</td> <td>Active Private</td> <td>2018</td> <td>1.065</td> <td>https://www.10...	10D Management	<a 62="" 693="" 766="" 803"="" data-label="Table" href="httpo...</td> </tr> </tbody> </table> </div> <div data-bbox="> <table border="1"> <thead> <tr> <th colspan="2">12A</th> <th colspan="10">Israeli VC Funds</th> </tr> <tr> <th>2B Community</th> <th>56830c0d-82f...</th> <th>NA</th> <th>Vintage Year</th> <th>Fund Last Status</th> <th>Fund Last Status Year</th> <th>Fund Website</th> <th>IVC Profile Link</th> <th>Fund IVC Card Link</th> <th>HQ Country</th> <th>HQ City</th> <th>Phone</th> <th>Addr.</th> </tr> </thead> <tbody> <tr> <td>83North 2017...</td> <td>137de34a-207...</td> <td>51564f</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> 	12A		Israeli VC Funds										2B Community	56830c0d-82f...	NA	Vintage Year	Fund Last Status	Fund Last Status Year	Fund Website	IVC Profile Link	Fund IVC Card Link	HQ Country	HQ City	Phone	Addr.	83North 2017...	137de34a-207...	51564f										
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2019	Fully Invested	2010	http://alephn.vc	Aleph I LP	http://www.ivc...	Israel	Tel Aviv	972-3-879...	32 R
2018	Fully Invested	2019	http://aleph.vc	Aleph II LP	http://www.ivc...	Israel	Tel Aviv	972-3-879...	32 R
2019	Fully Invested	2021	http://aleph.vc	Aleph III LP	http://www.ivc...	Israel	Tel Aviv	972-3-879...	32 R

Portfolio Companies Positions												
	Vintage Year	Fund Last Status	Fund Last Status Year	Fund Website	IVC Profile Link	Fund IVC Card Link	HQ Country	HQ City	Phone	Addr.		
2020	Final Closing	2022	http://alivev...	Aliv								
2020	Final Closing	2020	https://www...	Aliv								

Company Name	Company ID	Company Status	Country	City	Address	Contact...	Contact_ID	Position
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Zoma Tech Ltd.	b443571-9afa-ec...	Active Private	United States	New York	NA	Shachar ...	fe7d8c4d-9cf...	CEO & Co-Four
Acumen Labs Ltd.	5151fc7f-7818-e...	Active Private	Israel	Tel Aviv	6 Tushiya...	Daniel Shir	424d4b6a-fc7...	Board Member
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TECHNOLOGY EXPERTISE

Gornitzky GNY is at the forefront of technology and innovation. Our technology practice represents a wide array of clients, including global technology companies, start-ups, investors, and funds. With a comprehensive understanding of the evolving market, we provide legal solutions for software, hardware, cyber, communications, internet, fintech, life sciences, AI, and other emerging technology businesses. Our expertise spans the entire business life cycle, from formation, financing and commercial agreements to intellectual property matters and strategic advice. Through integration with our other practice areas, such as tax, employment, privacy, and litigation, we offer a comprehensive suite of services that address all our clients' legal needs.

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Gornitzky GNY's Private Investment Funds team offers a full range of services to investment funds, sponsors, founders, and investors throughout the entire fund lifecycle. Our expertise in both fund formation and investments in funds allows us to provide tailored and professional legal advice, suited for the specific needs and requirements of each client. We assist clients in structuring funds based on their investment strategies, regulatory requirements, and market practices. Our support extends to negotiations with investors, closings, regulatory compliance, corporate governance, and other aspects of fund operation. We collaborate with key players, including administrators, tax advisors, and regulators, to ensure a seamless experience for our clients.



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KPMG ISRAEL



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Fueled by a vibrant entrepreneurial culture, robust technological infrastructure and highly skilled human workforce that produces the most substantial number of startups per capita in the world, innovation is one of Israel's most valuable natural resources. At the same time, Israel is today home to over 350 R&D centers of multinational corporations, many of them Fortune 500 companies, illustrating Israel's profound and disproportionate impact on the advancement of global innovation as well.

The Israel Innovation Authority, an independent publicly funded agency, was thus created to provide a variety of practical tools and funding platforms aimed at effectively addressing the dynamic and changing needs of the local and international innovation ecosystems. This includes early-stage entrepreneurs, mature companies developing new products or manufacturing processes, academic groups seeking to transfer their ideas to the market, global corporations interested in collaborating with Israeli technology, Israeli companies seeking new markets abroad and traditional factories and plants seeking to incorporate innovative and advanced manufacturing into their businesses.

In order to meet the various needs of its wide range of clients, the Israel Innovation Authority has developed a new internal structure focused on six primary innovation divisions. Each division offers a unique "toolbox" of customized and comprehensive incentive programs. These divisions thus serve as a launch pad for successful innovative projects, providing entrepreneurs and companies with the most relevant plan for them to realize and implement their ideas, develop their products, and mobilize private investment.



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