

Infracrowd Capital Monthly

Newsletter

August Update

Hi there! The newsletter is a monthly update from Infracrowd Capital about our partnerships, sustainability, and the venture capital.

Highlights at Infracrowd Capital

- Infracrowd Capital supports the China Guangyuan-Singapore Enterprise Investment Symposium, promoting economic growth and investment exchanges. CEO Mr. John Lee discussed Guangyuan's potential and the role of sustainable innovation in achieving a brighter future. Party Secretary He Shuping and the leadership team, along with Singapore's A*STAR, we discussed synergies in green products, new energy, and digital solutions. Please read more here - <https://m.chinanews.com/wap/detail/chs/zw/275930.shtml>
- On 30th August 2023, Infracrowd Capital co-hosted along with Singapore Cooperation Enterprise (SCE) and CarbonCap, Carbon Markets Symposium as part of African Singapore Business Forum 2023. The event explores carbon markets' potential and challenges for Africa's sustainable development, featuring expert panelists.
- The Intake 3 from SCTP: Advanced Certificate in Driving Sustainability in the Future organized a corporate visit to Innovate 360. Innovate 360 is a Singapore-based food accelerator and venture capital firm that was founded in 2018. It is the first food accelerator in Southeast Asia with facilities. Innovate 360's mission is to drive innovation in the food space by supporting and investing in early-stage food startups.
- Infracrowd Capital is delighted to collaborate with Nanyang Technological University (NTU) for NBS Career Day 2023, emphasizing our commitment to nurturing and supporting talent growth.





Infracrowd Capital backs China Guangyuan-Singapore Symposium. CEO John Lee explores sustainable innovation.





Innovate 360

REGISTER NOW VIA NBS CAREERFIT

**NANYANG BUSINESS SCHOOL
CAREER DAY 2023**
20 SEPTEMBER 2023 (WEDNESDAY)
12.00PM - 6.00PM
NTU NANYANG AUDITORIUM

**ORGANISED BY
NBS ACADEMY FOR CAREER EXCELLENCE (ACE)**

GO-THE-EXTRA-MILE PARTNERS
Munich RE, UBS, PKF, Singlife

MOTIVATIONAL PARTNERS
Jardines, Bloomberg, RSM, Daimler Truck, Deloitte

PARTICIPATING EMPLOYERS
TikTok, DBS, Amazon, Atlas, ADM, AON, PHILIPS, etc.

NBS Career Day 2023





Carbon Markets Symposium



Media Features

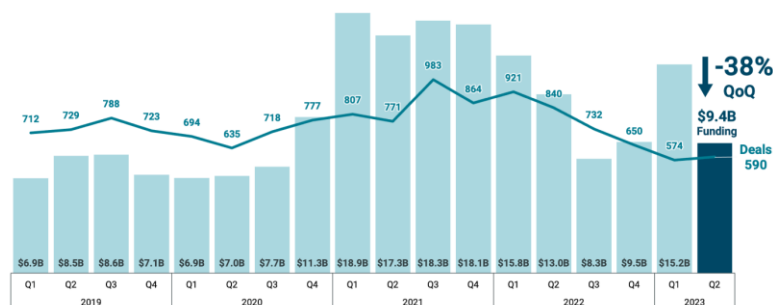
Associate Professor Edward Tay, our Chairman, was featured as the guest speaker in the Recent NUS Enterprise Summer Program for Entrepreneurship 2023. Please read more here - <https://news.nus.edu.sg/fuelling-entrepreneurial-dreams-in-aseans-start-up-scene/>



AI Investment Trends: Key Insights From Q2 2023

The second quarter of 2023 witnessed a dynamic landscape in the field of Artificial Intelligence (AI), marked by significant shifts in funding, unicorn births, and investment trends. Despite a 38% quarterly decline in global AI funding, the sector displayed resilience and noteworthy developments, as outlined in the CB Insights State of AI Q2'23 Report.

Quarterly AI funding drops 38% QoQ but remains on par with Q4'22, while deals tick up



State of AI Q2'23
Source: CB Insights

CBINSIGHTS

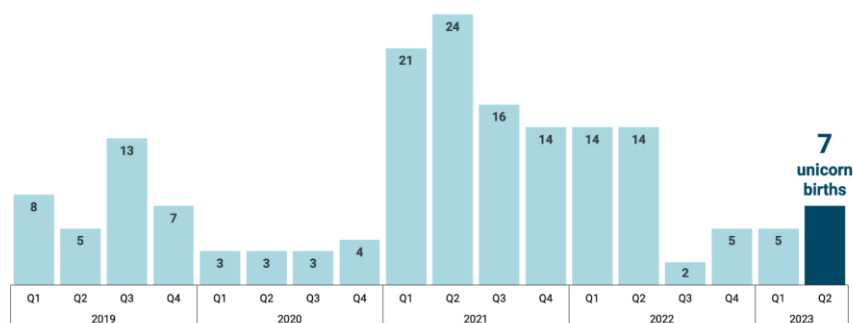
Global AI funding for Q2'23 amounted to \$9.4 billion, reflecting a decline largely attributed to the absence of OpenAI's monumental \$10 billion investment earlier in the year. However, a



closer analysis reveals that excluding this mega-round, funding would have surged by an impressive 81% QoQ. A key highlight was the uptick in deals, with 590 AI startups securing investments - a positive shift after five consecutive quarters of decline. Over 40% of these deals were directed towards US-based startups, reaffirming the country's stronghold in AI innovation.

The emergence of generative AI garnered considerable investor attention, driving the formation of seven new AI unicorns during Q2'23. A remarkable trend was the rise of five generative AI companies, including Cohere, Replit, Runway, Synthesia, and Typeface, each crossing the \$1 billion valuation threshold. These unicorns not only underscored the power of generative AI but also highlighted the sector's potential to reshape industries across the globe.

Q2'23 sees 7 new AI unicorns, including 5 genAI companies raising at \$1B+ valuations



State of AI Q2'23
Source: CB Insights

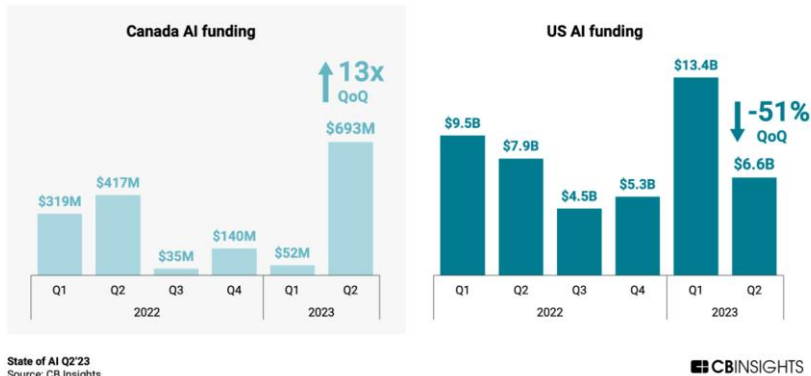
 CBINSIGHTS

The average deal size for AI companies in 2023 witnessed a remarkable 48% increase YoY, surging to \$29 million. This growth was predominantly fueled by the genAI boom, with startups like Inflection AI, Cohere, OpenAI, and Anthropic securing mega-rounds of over \$100 million. The number of such mega-rounds nearly tripled QoQ, reaching 22 in Q2'23.

Geographical trends also played a significant role in shaping AI investment patterns. Canada emerged as a surprising leader, experiencing an astounding 13x surge in AI funding, reaching \$693 million. This surge was driven by mega-rounds in genAI model developer Cohere and AI traffic management startup Miovision. Meanwhile, the US saw its AI funding decrease by half, and Europe and Asia displayed more modest upticks of 20% and 29% respectively.



AI startups in Canada see a 13x increase in funding QoQ, while US funding drops by half



In conclusion, Q2'23 illustrated a dynamic AI investment landscape characterized by fluctuations in funding, emergence of generative AI unicorns, and a growing trend of mega-rounds. Despite the decline in overall funding, the sector's resilience, innovation, and transformative potential remain undiminished, paving the way for continued advancements in the AI domain.

Shifting Dynamics: Tech Valuation Landscape in Q2 2023

In the ever-evolving world of technology startups, the valuation landscape in Q2 2023 revealed intriguing shifts across different funding stages. The CB Insights Tech Valuations Q2'23 Report sheds light on these fluctuations, highlighting key trends and takeaways that underscore the changing nature of startup valuations.

In this quarter, median tech valuations for Series A, C, and D+ startups experienced a notable decline. The most significant dip was observed in the later stages, with Series D and above witnessing a quarter-over-quarter (QoQ) decline of 33%. This trend indicated a movement away from unicorn-level valuations. In contrast, startups in their early stages, securing seed and angel rounds, enjoyed a slight growth of 5% in median valuation QoQ.

Despite these QoQ fluctuations, the report emphasizes that the median valuation remained down across the board when compared to the previous year. Notably, the later the stage of funding, the more pronounced the valuation decline was on a year-over-year (YoY) basis. Seed and angel rounds experienced a 15% and 29% YoY drop in median valuation, respectively. On the other hand, Series B to Series D+ valuations encountered more substantial declines, ranging from 30% to 60%.





Tech valuations are still deflating, especially at later stages.

Median valuations



How the valuations compare

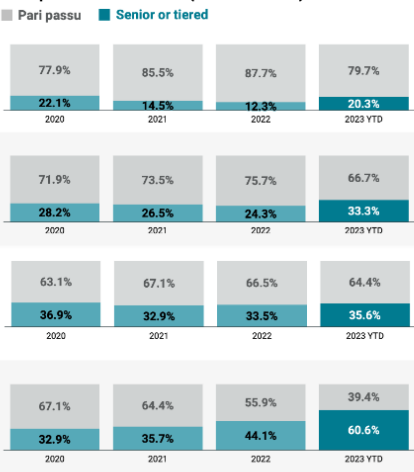
	QoQ Q2'23 vs. Q1'23	YoY Q2'23 vs. Q2'22
Seed/Angel	+5%	-15%
Series A	-14%	-29%
Series B	+7%	-30%
Series C	-9%	-48%
Series D+	-33%	-60%

Tech Valuations Report Q2'23
Source: CB Insights



Payout protection for investors becomes more common across stages.

US liquidation structures (share of deals)



2023 YTD vs. 2022

Series A	↑ +8 percentage points
Series B	↑ +9 percentage points
Series C	↑ +2.1 percentage points
Series D+	↑ +16.5 percentage points

Pari passu: an arrangement whereby, in the event of an exit, investors across all deal stages share proceeds pro rata to the amount of capital committed

Tech Valuations Report Q2'23
Source: CB Insights



A noteworthy shift in deal dynamics was the prevalence of seniority or tiered liquidation structures in negotiated deals. This was particularly evident across all stages from Series A to Series D+ during H1 2023. Impressively, over 60% of Series D+ deals in this period incorporated these structures, showcasing a growing trend of ensuring investor payout protection.



In conclusion, the Tech Valuations Q2'23 Report paints a picture of a dynamic landscape where median tech valuations continue to fluctuate, impacting startups at various funding stages. The report's insights underline the challenges and opportunities that startups face in securing favorable valuations while providing valuable data-driven perspectives to industry stakeholders.

Carbon Markets

- The Greensand pilot project, jointly led by INEOS Energy and Wintershall Dea (each holding a 40% stake), along with the Danish state's 20% share through Nordsofonden, seeks to demonstrate CO2 storage in the depleted Nini West oil reservoir in the Danish North Sea. Starting in late 2025, it plans to inject up to 1.5 million metric tons per annum (mtpa) of CO2, with the goal of scaling up to 8 mtpa by 2030. Wintershall Dea aims to attract potential customers in Germany as well. ([Reuters](#))
- The CCS Ravenna Hub, under the leadership of ENI (ENI.MI), is an initiative aimed at capturing carbon dioxide (CO2) and conveying it to depleted offshore gas reservoirs in the Adriatic Sea near Ravenna. The initial phase is planned for 2023, with the complete process of capturing, transporting, and storing CO2 capable of managing up to 100,000 metric tons per annum. ([Reuters](#))
- Brazil is considering a regulated carbon market with emissions limits for major companies, targeting industries like oil and gas, meatpacking, and manufacturing. The proposed legislation will undergo a two-year monitoring phase before the emissions cap becomes active. Companies surpassing their reduction targets can trade credits, and reforestation initiatives can generate offset credits. The legislation also seeks to protect indigenous communities from unfair practices in carbon offset projects, aligning with President Lula's environmental goals. ([Reuters](#))
- Indonesia's financial regulator aims to launch an onshore carbon exchange by the end of 2023, part of efforts to cut emissions by over 30% by 2030 and achieve net-zero emissions by 2060. The exchange will allow cross-border trade, using a cap-and-trade system with certificates quantifying greenhouse gas emission reductions. The operator must be Indonesian-based but can have up to 20% foreign ownership. Multiple companies have expressed interest in becoming the operator. Indonesia had initially planned a carbon tax but postponed it pending economic conditions. ([Reuters](#))

Sustainability

- Over 30 investors, including UBS Asset Management and AXA Investment Managers, have urged proxy advisor ISS to improve guidance for faster corporate decarbonization. They requested a "specialty net-zero policy" for 2024, integrating net-zero benchmarks into recommendations, and more robust climate proxy voting in ISS' widely-used 'Benchmark Policy.' ISS advises on voting at corporate meetings but has faced criticism



for not keeping pace with climate change risks. The Institutional Investors Group on Climate Change (IIGCC) is escalating efforts to push ISS towards more climate-conscious recommendations. ([Reuters](#))

- The Indian government has established a 2 kg CO₂ emissions limit for every kg of hydrogen produced to qualify as "green" from renewable sources. India aims to become a global green hydrogen hub, targeting 5 million metric tons of annual production by 2030, reducing carbon emissions and fossil fuel imports. ([Reuters](#))
- Indonesian President Joko Widodo launched a \$2.13 billion, 41.2 km Light Rail Transit (LRT) system in Jakarta to alleviate chronic road congestion and air pollution. Jakarta faces severe traffic and pollution issues, with nearly 1 million vehicles entering the city daily. The LRT connects central Jakarta with satellite cities in West Java, aiming to address these challenges. Additionally, plans for a new capital city on Borneo are underway to alleviate Jakarta's congestion. ([Reuters](#))
- Singapore-based Abaxx Commodities Exchange plans to launch the world's first futures contract for nickel sulphate, used in electric vehicle (EV) batteries, by year-end. It aims to offer better price discovery for emerging markets. The exchange, owned by Abaxx Technologies, intends to introduce futures in liquefied natural gas (LNG) and carbon as well. ([Reuters](#))
- A group of 32 investors managing \$7.3 trillion in assets has called on the G20 nations to align agricultural subsidies with climate and nature goals by the end of the decade. They urged governments to link subsidies with environmental obligations, promote sustainable agriculture, reduce subsidies for high-emission products, and support impacted workers. ([Reuters](#))
- The Asia Carbon Institute (ACI) has been launched in Singapore to bolster the market for urban and technology-based carbon projects in the region. ACI aims to support projects in areas like carbon capture and storage, direct air capture, waste management, energy efficiency, renewable energy, and nature-based solutions. It aims to address a gap in carbon project certification in Asia, where most standard-setters are based in Europe and the US. ACI plans to offer training, develop rulebooks, and foster transparency in the carbon credit market. ([Eco-Business](#))

Get in Touch

Infracrowd Capital is a licensed investment management company which aims to manage the cross border sustainable infrastructure and technology portfolio in Southeast Asia. We believe that the momentum in the rapid growth in both the technology adoption or disruption and sustainability pursuit will propel sustainable infrastructure as an attractive investment class to develop sustainable and long-term returns. Visit our website: <https://www.infracrowdcapital.com/>

