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## Zynga, Groupon, Pandora and LinkedIn Worked For This Investor

By Jonathan Cheng



When future archaeologists turn back the dial to 2011, amid the detritus of dead dictators, royal weddings and Anthony Weiner jokes, many will likely come to this conclusion: It's been one heckuva year for social media IPOs.

In the very present here and now, however, you might be hard-pressed to find too many stock investors nodding in agreement. Take today, for instance. As the broader market falls by about 0.6%, recent social-media arrivals Groupon, Pandora Media and LinkedIn are all taking it on the chin by 2% or more at last glance. And Zynga, which is holding up relatively well so far today, remains well below its IPO price.

But, dear future archaeologists, that doesn't mean all investors have been hurt by the recent wave of social media listings! Take, for instance, venture capital investors.

Amy Or of Dow Jones Newswires reports:

If you're spending the holidays with an investment manager, you may not want to ask them how their year has been — unless you happen to know someone from Institutional Venture Partners.

Even as money managers across the country have struggled this year, the later-stage venture capital and growth capital firm has had a banner year — “one of the best in 20 years,” according to general partner Norm Fogelsong, who joined IVP in 1989.

Amid choppy market conditions that make exiting an investment particularly tricky, three IVP portfolio companies pulled off initial public offerings this year,

including the \$1 billion share sale for Zynga in which IVP's less than \$15 million investment in Zynga grew by more than 20 times in three years.

At the moment, even the larger, more established private equity firms are struggling. Many investors in private equity funds are just taking comfort in knowing their investments are above water, irrespective of how minimal the rise is.

The average holding period for investments has climbed to 4.8 years, compared to 3.9 years in 2008, according to data provider Preqin, as firms hang on to portfolio companies for longer periods of time in hopes of better returns.

The past year has seen a slew of technology and internet companies braving the choppy public markets: Groupon raised \$700 million in its November listing on Nasdaq and still trades above its \$20 IPO price. LinkedIn and Pandora Media floated a combined \$588 million worth of shares in May and June.

Critics have taken Zynga's failure to register a first-day pop as a sign that public investors' interest in technology companies is waning. But Fogelsong says it's more a function of market volatility than genuine concerns about the company.

“The public market fluctuate substantially. This is an unusual year given volatility in the market,” he said. “But quality companies can go out in any market.”

IVP, founded by Reid Dennis, manages \$3 billion in committed capital. It made 12 new investments this year and is an investor in a stable of notable social-media names like Dropbox, LivingSocial and Twitter.

Fogelsong expects next year's deal flow—both in terms of new investments and monetizations via exits — to continue at a robust pace.

And for the time being, IVP investors can enjoy a relatively stress-free holiday season.

“All our recent investments are at or above costs. We haven't had any write downs in the most recent fund,” he said, referring to its \$750 million fund launched last year.