nvca

2026 YEARBOOK

Data provided by
PitchBook
a Morningstar company

Credits & Contact

National Venture Capital Association (NVCA)

Washington, DC | San Francisco, CA
nvca.org | nvca@nvca.org | 202-864-5920

Venture Forward (VF)

Washington, DC | San Francisco, CA
ventureforward.org

BOBBY FRANKLIN President & CEO

MARYAM HAQUE Executive Director, Venture Forward

CHRISTINA MARTIN COO

SHILOH TILLEMANN-DICK Research Director

JASON VITA Vice President of Business Development

MICHELE SOLOMON Vice President of Administration

CAROLINE SCHELHAS Vice President of Government Affairs

DIEM-MI LU Vice President of Government Affairs

ASHLYN ROBERTS Vice President of Government Affairs

ROBIN CEPPOS Senior Communications Manager

RHIANON ANDERSON Vice President of Programs, Venture Forward

TAYLOR JOHNSON Senior Director of Marketing & Communications, Venture Forward

JENNY ZEMEL Director of Membership Engagement

SAVANNA MALONEY Manager of Administration & Operations

JESS WOODIE Director of Marketing & Digital Storytelling

JUSTIN CRUZ Senior Manager of Data & Operations, Venture Forward

KYLIE LAPSLEY Manager of Special Projects

EMMA PETERS Manager of Government Affairs

ERINN WONG Program Operations Manager, Venture Forward

PitchBook Data, Inc.

NIZAR TARHUNI Executive Vice President, Research & Market Intelligence

DATA AND DESIGN

CHARLIE FARBER Manager, Data Analysis

KHAI VANO-PENALOZA Lead Designer

NVCA Board of Directors 2025-2026

EXECUTIVE COMMITTEE

VINEETA AGARWALA Andreessen Horowitz, Chair

GAVIN CHRISTENSEN Kickstart Fund, Chair-Elect

SANDY GRIPPO Bessemer Venture Partners, Treasurer

DEENA SHAKIR Lux Capital, At-Large

RICK YANG New Enterprise Associates, At-Large

ERICA BRESCIA Redpoint, At-large

JOHN NEIS Venture Investors LLC, At-Large

JEREMY LIEW Lightspeed Venture Partners, Secretary

BEEZER CLARKSON Sapphire Partners

MOLLY BONAKDARPOUR Drive Capital

GRAHAM BROOKS. 406 Ventures

ANDREW ADAMS Oak HC/FT

ALYSSA JAFFEE 7wire Ventures

SHAUNTEL GARVEY Reach Capital

NAVID FARZAD Frist Cressey Ventures

ADAM D'AUGELLI True Ventures

ALEX DOLL Ten Eleven Ventures

KIRSTEN GREEN Forerunner Ventures

NNAMDI OKIKE 645 Ventures

STEVE SOCOLOF Tech Council Ventures

RIC FENTON TCV

AZIZ GILANI Mercury Fund

RYAN NECE Next Legacy Partners

TOM SHEHAB Arboretum Ventures

CHELSEA STONER Battery

JARRID TINGLE Harlem Capital

AMY WU MARTIN Menlo Ventures

Contents

Note from NVCA

March 2026, Washington DC

If 2025 demonstrated anything, it is that American innovation does not wait for ideal conditions. In a year marked by rapid technological upheaval and heightened geopolitical uncertainty, the US venture ecosystem captured nearly two-thirds of global venture deal value, the highest share since 2013. Companies operating in artificial intelligence, aerospace, energy, quantum computing, and biotech led this activity, reinforcing the United States' central role in the global innovation economy.

The headline investment number for 2025 was notable: $320 billion in venture investment, the second-highest annual total on record. However, that topline figure masks important shifts beneath the surface. After several years of market volatility, the venture ecosystem began to settle into a new structure in 2025. A structure characterized by greater complexity, more concentrated capital flows, and a broader mix of market participants than the industry typically engaged a decade ago.

The complexity of today's venture market is reflected in three topline figures from 2025: $320 billion, $217 billion, and $67 billion. These represent total capital invested, capital returned to investors, and new capital raised by venture funds in 2025. On the surface, the numbers appear straightforward. In practice, each tells a more complicated story.

Start with investment. $320 billion sounds like a thriving market until you realize that 30 percent of the capital went to ten companies. $217 billion in returns sounds respectable, add $106 billion in VC secondaries, and the market starts to look significantly more productive. Finally, $67 billion in fundraising, the lowest in nine years. That seems straightforward enough until you realize that a significant portion of the market has changed from LPs into direct investors. Last year, conservative estimates put direct investments by non-traditional investors around $80 billion, and none of it ever appeared as dry powder on a VC's balance sheet.

At the same time, roughly $4 trillion in value remains locked in 859 private unicorns, while large financial institutions are moving aggressively into venture secondaries. Together, these forces are reshaping how capital flows through the ecosystem, and what startup cap tables look like.

The concentration dynamic is somewhat easier to trace. Fewer exits mean less capital returned to LPs, which in turn limits their ability to commit to new venture funds. Combine that with an emerging market consensus around eye-wateringly capital-intensive AI companies and fundraising clusters around a few brand-name funds. The result is a narrowing pipeline of new managers: fewer firms are entering the market, while others are exiting due to fundraising challenges. For emerging managers, the bar has risen significantly. New entrants to the market must be differentiated and be able to provide a compelling case for LPs who have access to gigantic platform funds or are increasingly comfortable making direct investments themselves.

At its core, venture capital is about building innovative, high-growth companies. Innovators and operators come together to turn flashes of inspiration into household names through a mixture of technical brilliance and business savvy. It's fundamentally a team sport. Well, the industry has come a long way from the garages of Menlo Park, and the field is a lot more crowded than it used to be. An investor might be competing for (or collaborating on) a deal with corporate investors, crossovers, sovereign wealth funds, or even the federal government. These players might be chasing financial returns, increased employment, vital IP, or strategic dominance. It doesn't matter why they're on the field, they're playing to win, and their presence has shifted from the margin to the mainstream of the innovation ecosystem.

What is NVCA doing about all of this? We're continuing to advocate for the innovation ecosystem. Last year we helped permanently restore the full expensing of domestic R&D, expanded the Qualified Small Business Stock exclusion, and preserved carried interest

tax treatment. These aren't abstract wins. For an emerging manager running a $20 million fund, or a biotech startup spending every dollar on R&D, it can be the difference between success and insolvency.

Going into 2026, we're focused on the industry's structural pressure points.

Supporting Emerging Managers: The emerging manager crisis is the venture industry's most underappreciated structural problem. When first-time fund formation is at its lowest in nearly two decades, we're not just losing GPs. We're losing the pipeline of tomorrow's top-performing firms. NVCA is advocating for the DEAL Act and the broader INVEST Act package, bipartisan legislation that passed the House 302-123 and would make it easier to launch and operate venture funds.

Solving The AI Patchwork: The federal-state clash over AI regulation must be resolved. VC-backed AI companies can't build the technology the country needs under a patchwork of incompatible frameworks. We need a single, workable federal standard that protects consumers without penalizing the companies building the technology.

Unlocking Exits and Liquidity: The exit backlog threatens the entire venture capital cycle. Exits drive distributions. Distributions drive recommitments. Recommitments drive new fund formation. NVCA is advocating for policies that support IPO accessibility, reduce regulatory barriers to M&A, and ensure the secondary market infrastructure continues to mature. The most consequential IPO pipeline in a generation is forming right now. Making sure those companies can access the public markets efficiently is vital to the future of American innovation.

America remains the best place in the world to start a company, to fund a company, and to build something that matters. That advantage isn't guaranteed. It's earned every year by the founders who take the risk, the investors who back them, and the policymakers who set the conditions.

Warm regards,
Bobby Franklin

Bobby Franklin
President and CEO
bfranklin@nvca.org

Executive Summary

Overview

The US venture market deployed $320 billion across 15,352 deals in 2025, a 51 percent increase in deal value and the second-highest total on record. At the same time, fundraising fell to $67 billion, and exits, while substantial at $217 billion, couldn't keep pace with a building backlog of companies which, at this rate, would take nearly 20 years to exit the pipeline. These signals are hard to reconcile, but they aren't contradictory. They're the result of a market that is working through a legacy capital surplus, an overdominant thesis, and new ways of managing inbound and outbound liquidity.

Market Dynamics

INVESTMENT

The biggest story in 2025 was AI. That's not news, but it can't be ignored. AI captured 65.4 percent of all deal value in the most extreme single-sector concentration in venture history. It reshaped the capital structure, the investor base, and the geography of the entire industry. But when it comes to market mechanics, it's only part of the story. The headline figure describes two markets stacked on top of each other. At the top, 487 mega-deals of $100 million or more accounted for 3.2 percent of deal count and 67 percent of total value. Remove them and the remaining market deployed roughly $105 billion across nearly 15,000 deals at an average of $7.1 million, comparable to 2018 or 2019. That's a healthy venture market, but not a historic one. The first market sets the narrative. The second one sets the terms for almost everyone reading this yearbook.

When compared with the year's relatively modest fundraising and dry powder numbers, 2025's lofty investment numbers look like they could be setting the industry on a pathway toward capital depletion. However, dry powder remained essentially flat in 2025. While capital recycling and an improving exit environment help explain part of the trend, the largest contributor is that roughly one-quarter to a third of the money invested into VC-backed companies in 2025 was never formally classified as venture capital. Instead, it came from non-traditional investors (NTIs) such as hedge funds, sovereign wealth funds, non-profit endowments, and corporate strategic investors. NTIs participated in roughly 30 percent of the deals made in 2025, yet those deals accounted for 83 percent of all investment last year. Combine that with the fact that NTIs led or were the sole investors in deals totaling $148 billion, and even conservative estimates put the floor for NTI involvement at around $80 billion with the true figure likely exceeding $100 billion. When the amount of "non-traditional" capital in your sector is larger than the entire European VC market (about $70 billion), it might be time for a new descriptor.

FUNDRAISING

Traditional US venture fundraising totaled $67 billion across 585 funds, representing a 34.3 percent decline in capital raised and a 42.6 percent drop in fund count from the prior year. That figure sits squarely within the pre-ZIRP band: between 2017 and 2019, annual fundraising ranged from $44.2 billion to $69.9 billion. The anomaly wasn't 2025, but the $485 billion that flowed into venture funds between 2020 and 2022.

The aggregate numbers also mask a sharp bifurcation in the market. The top ten funds alone raised a combined $22 billion, 32.9 percent of all VC capital, up 2.5 times from the 13 percent they claimed in 2021. That left roughly $44.9 billion to be divided among the remaining 575 funds. At the same time, first-time fund formation collapsed to 101 funds, the lowest level since 2007 and down 77.9 percent from the 457 launched in 2021. The total number of VC firms in existence declined for the first time as well, falling from 3,054 to 2,984. Nearly half of all venture investors active in 2021 have since exited the market.

Total assets under management reached $1.38 trillion, including $1.08 trillion in net asset value and $299.3 billion in dry powder. But the dry powder is concentrated in the same platform firms that dominate fundraising, leaving the median sub-$100 million fund with far less runway than the industry aggregate suggests.

VC isn't retreating; it's recalibrating. The capital is there, and the firms remain. The question, especially for emerging managers, is how to thrive in an ecosystem defined by a 3.75 percent federal funds rate on one side, and platform funds with tens of billions of dollars in AUM and decades of successful investing on the other.

EXITS

Total US venture-backed exit value reached $217.1 billion across 1,463 exits in 2025, more than double 2024's $97.6 billion and the strongest year since 2021. The recovery is real, but context matters: that total still represents only 27 percent of the $790.7 billion peak recorded in 2021, a year when roughly $320 billion of new venture capital poured into the market.

Forty-nine VC-backed IPOs generated $105.2 billion in exit value, led by CoreWeave ($17.1 billion), Figma ($15.7 billion), Chime ($9.1 billion), and BETA Technologies ($6.6 billion). The median time from first VC financing to IPO reached a record of 7.85 years, while the median return multiple climbed to 8.16x.

On the M&A side, 1,396 exits produced $109.0 billion in disclosed value, including 31 exits exceeding $1 billion. However, the M&A disclosure rate fell to 13.8 percent, meaning fewer than one in seven acquirers publicly reported the purchase price.

The recovery is real, but it isn't sufficient. Against 859 unicorns valued at an aggregate $4.34 trillion, $217.1 billion in annual exits is nowhere near enough to clear the backlog. It's barely keeping pace with new unicorn creation: 124 companies crossed the $1 billion threshold in 2025, while only about 30 to 40 unicorns exited. The backlog is therefore growing by 80 to 90 unicorns per year.

The pressure shows up in LP distributions. Across 2022 to 2024, limited partners received $322 billion less than they've invested. The 12-month distribution yield sits at 12 percent of NAV, well below the long-run average of 17.8 percent. The result is a self-reinforcing cycle: companies stay private because they can continue raising private capital, exits don't occur, LPs receive fewer distributions, LPs reduce or delay recommitments, fundraising contracts, GPs extend fund lives, and companies remain private longer. Every mega follow-on round that defers an actual exit simultaneously improves the near-term investment numbers and worsens the exit backlog.

Secondary markets have emerged as a genuine third liquidity channel. Estimated secondary volume reached $106.3 billion in 2025, roughly on par with public listings ($105.2 billion) and disclosed M&A ($109.0 billion). Major financial institutions are moving to build infrastructure around that market: Goldman Sachs acquired Industry Ventures. Morgan Stanley bought EquityZen. Charles Schwab acquired Forge Global. When three of the largest financial institutions acquire secondary platforms in the same year, it signals infrastructure buildout, not experimentation. But secondary transactions remain concentrated: the top 20 startups accounted for 86.4 percent of trading value. Secondaries function as a pressure valve. They aren't yet a systemic solution.

The exit backlog remains the industry's central challenge, and it won't resolve on its own. A large cohort of big companies are on the verge of going public in 2026. If even half of that cohort goes public, the resulting liquidity could change the math for distributions, recommitments, and fund formation across the entire ecosystem.

For now, the exit environment resembles a store with 859 people waiting to check out while more customers continue to join the line. The market is trying to determine which will happen first: more registers opening, or a riot.

Sectoral Trends

AI AND MACHINE LEARNING: THE EVERYTHING BET

AI captured 65.4 percent of total deal value and 39.4 percent of deal count in 2025. The deal count share matters: this is not simply a mega-deal artifact. AI dominated activity at every stage, from seed through venture growth.

The sector's share of venture capital has risen dramatically over the past decade. AI accounted for just 10.1 percent in 2015, climbed to 26.1 percent by 2020, crossed 50 percent in 2024, and reached nearly two-thirds of all venture dollars in 2025. Corporate venture capital committed 82 percent of its dollars to AI, and CVC participation accounted for 68.1 percent of total AI deal value. Most funding flowed into the infrastructure layer (chips, cloud, and compute) and the model layer (foundation labs), while the application layer remained comparatively underfunded.

One structural dynamic deserves attention: the hyperscaler-to-model-lab capital recycling loop. In this structure, a hyperscaler invests billions in a foundation model lab, which then commits much of that capital back to the hyperscaler for cloud compute. The hyperscaler records the initial outflow as an investment and the returning capital as revenue. Industry estimates suggest that as much as 30 percent of AI deal value involves some version of this structure.

This does not make the investments fictitious, but it does mean that the headline funding figures include a meaningful amount of capital circulating within a closed loop rather than flowing directly into new economic activity. In practice, it may represent strategic positioning by firms controlling one layer of the stack to secure exposure to value creation in others.

AI's underlying investment thesis is essentially one of escape velocity, burn fuel fast and hard in hopes of reaching orbit. Some will make it. Many won't land softly.

When roughly 65 percent of venture dollars are concentrated in a sector where most companies have yet to demonstrate sustainable unit economics, the question is no longer whether AI is real. It's whether the capital deployed reflects the actual trajectory or the aspirational one.

LIFE SCIENCES: ECLIPSED BUT UNDIMINISHED

Life sciences recorded its lowest share of total venture capital on record at 11.6 percent, with $37.3 billion invested across 1,908 deals. This is largely a denominator effect. In most years, $37.3 billion would represent a strong outcome, consistent with the 2019 to 2024 range and well above pre-2019 levels.

Drug discovery attracted $17.4 billion, biotechnology $4.0 billion, therapeutic devices $3.8 billion. Strip the AI mega-rounds and life sciences' share returns to roughly 20 percent, almost exactly in line with its historical average. Life sciences isn't struggling. Even the best string quartet gets drowned out when there's a rock concert next door.

ENERGY: DECADE HIGH

Energy investment hit $9.6 billion, its highest level in more than a decade, driven by grid infrastructure, power generation, and the data center energy buildout created by AI compute demand.

The partial preservation of IRA incentives in the OBBBA maintained commercial viability for projects already in development, even as the administration prioritized fossil fuel permitting. At the same time, regulatory reform around advanced nuclear energy added tailwinds for modular reactor companies.

Energy was the dark horse sector of 2025, and its impact could be felt for years to come.

DIGITAL ASSETS: THE REGULATORY THAW

The SEC's pivot from enforcement-led oversight to a dedicated Crypto Task Force framework helped reopen venture appetite for blockchain and digital asset companies after two years of contraction. At the same time, stablecoin legislation advanced further than in any prior Congress. Together, regulatory momentum and growing institutional adoption of tokenized real-world assets helped revive venture investment in the sector.

Geographic Concentration

The pandemic-era geographic dispersion has reversed. California dominated with $191.2 billion, roughly 60 percent of all US venture capital, driven almost entirely by AI. New York was a distant second at $30.3 billion, followed by Massachusetts at $16.5 billion. Together, the top three states accounted for nearly 75 percent of all dollars invested. The overall pie got bigger in 2025, but the Bay Area captured the largest slice, reflecting the concentration of AI talent and workforce.

Outside the traditional hubs, a few states stood out. Texas attracted $12.8 billion, anchored by defense and aerospace, including Firefly Aerospace's $5.6 billion public debut. Colorado pulled $7.6 billion. Florida hit $7.2 billion, and Vermont punched far above its weight with BETA Technologies' $6.6 billion IPO. Nearly 70 percent of funds closed in 2025 were based in the Bay Area, New York, Los Angeles, or Boston. Yet the $105 billion non-mega-deal market is more geographically distributed than the headline suggests.

Forward Outlook: 2026 Strategic Imperatives

Three forces will define the 2026 venture landscape.

The exit cycle. Exit value accelerated through 2025, rising from $60.2 billion in Q1 to $93.6 billion in Q4, a 55 percent increase that suggests building momentum rather than a one-off spike. Signals from OpenAI, Databricks, SpaceX, and Anthropic point to potential IPOs. If these proceed, the distribution logjam could begin to ease. Favorable estimates project 70-80 IPOs in 2026, but even that won't clear the backlog. It buys time, not full resolution.

The AI stress test. The question isn't whether AI is a legitimate technology platform. It's whether $222 billion in AI venture investment is priced for the actual trajectory of AI economics or for a speculative version of it. International competition, the rise of open-weight model trends, and the narrowing gaps among foundation model providers all suggest the infrastructure moat thesis may be less durable than current valuations assume. The sector needs a forcing event to start separating the signal from the noise.

The policy framework. The OBBBA's permanent R&D expensing, expanded QSBS, and preserved carried interest create the strongest domestic incentive structure in a generation. At the same time, the national security architecture (COINS Act, BIOSECURE Act, expanded CFIUS) restricts cross-border capital flows in ways that reshape who funds American innovation and on what terms. Immigration policy remains the underappreciated variable: domestic incentives only matter if the people building the technology choose to build it here. Startup visa legislation and expanded STEM pathways will determine whether the incentive structure attracts the talent it was designed to support.

Looking Forward

The venture capital industry entered 2026 in better shape than the fundraising numbers suggest and worse shape than the deal activity headlines imply. The $320 billion deployed is real, but it is concentrated: thirty mega-deals, one dominant technology sector, and capital sources that increasingly blur the boundary between venture capital and everything else. The $217.1 billion in exits represent genuine progress, and the additional $106 billion in secondaries make it look even better, but the line at the register is still long and people are getting restless.

The market of 2025 is fundamentally different from the market of 2020. Changes that seemed cyclical in 2023 and 2024 are likely permanent, and they will not resolve on their own. The exit backlog, fundraising bifurcation, emerging manager crisis, and the concentration of the entire industry into a single technology bet all require deliberate attention from every participant in the ecosystem. In an increasingly crowded and chaotic market, information is everywhere, insight isn't.

Shiloh Tillemann-Dick
Research Director
stillemanndick
@nvca.org

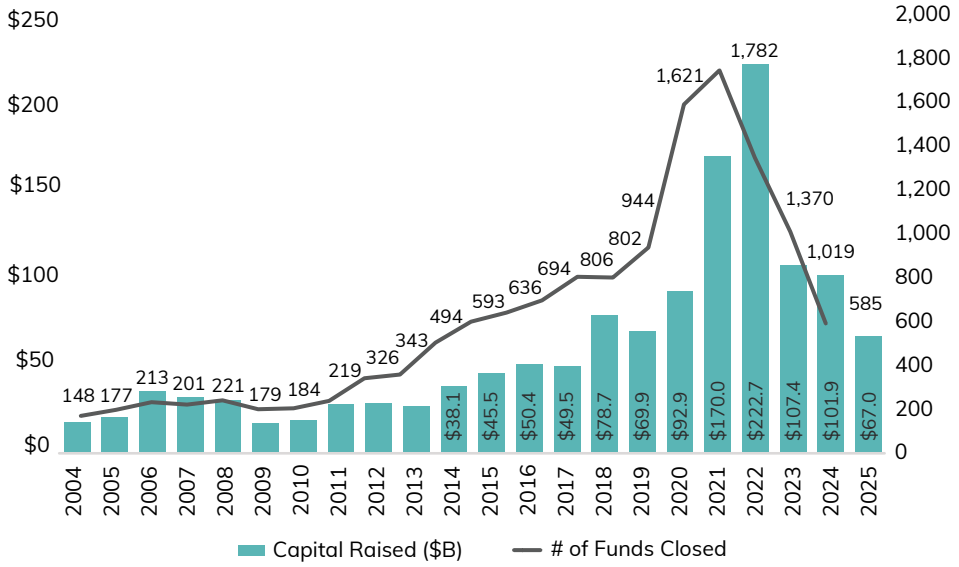
Fundraising

Facts and Figures

US venture capital fundraising in 2025 produced $67.0 billion raised across 585 funds, a 34.3 percent decline in capital and a 42.6 percent drop in fund count from the prior year. First-time fund formation collapsed to 101, down from 240 in 2024 and 457 in 2021, representing a 78 percent decline from peak. Funds exceeding $500 million captured more than 60 percent of all LP commitments. The number of VC firms in existence declined for the first time, falling from 3,054 to 2,984. Total assets under management reached $1.38 trillion, comprising $1.08 trillion in net asset value and $299.3 billion in dry powder.

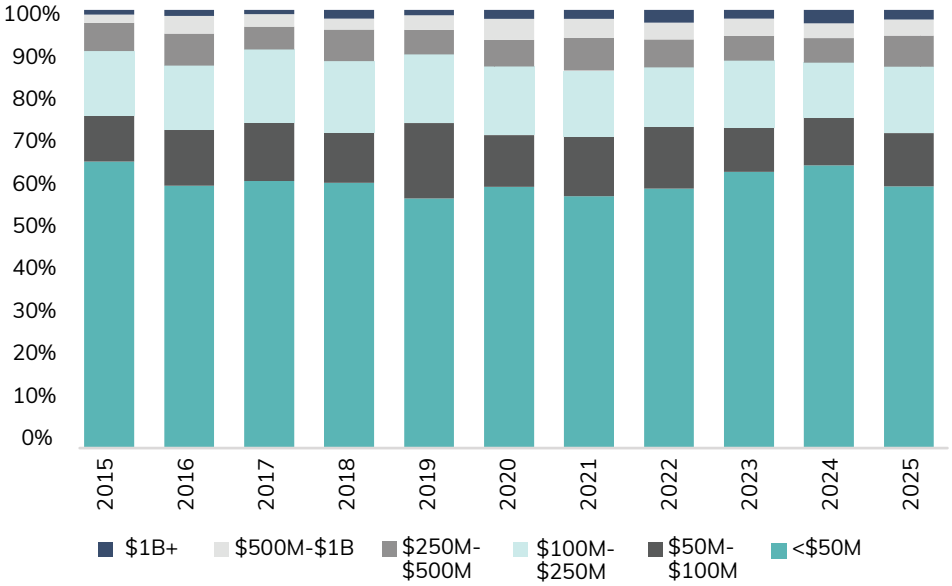
Aside from the overall decline in fund formation/capital raised, the other major trend in 2025 was concentration. While large funds are nothing new at the very top of the VC market, the scale of the largest funds relative to the median, has fundamentally shifted. With the largest 10 funds raising 32.9 percent of all VC capital in 2025, a 2.5x increase from the 13 percent they raised in 2021. For reference, the median VC fund in 2025 was just under $26 million, while the largest, while the largest raised was $4.6 billion, nearly a 175x difference. The full impacts of this change have yet to be fully realized across the market.

US VC Fundraising by Year



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Share of US VC Fund Count by Size Bucket



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Market Context

While it's easy to make assumptions about fundraising from the headline figures, there are a variety of stories to be told about the market in 2025 for anyone willing to look.

Firstly, in real dollar terms, fundraising has been set back to roughly 2019 levels. $67.0 billion dollars sits squarely within the pre-ZIRP fundraising band: between 2017 and 2019, US venture funds raised $44.2 billion, $55.3 billion, and $69.9 billion respectively. The anomaly was not 2025. The anomaly was 2020 through 2022, when zero interest rates and a torrent of institutional capital poured $485 billion into venture funds across three years, $92.9 billion, $170.0 billion, and $222.7 billion in succession. By that standard, 2025 is a reversion to mean.

This isn't the market of pre-2020. The top 10 funds closed in 2025 raised a combined $22 billion, in quantities ranging

from $1-4.6 billion. The remaining 575 funds raised $44.9 billion with the real concentration remaining in the roughly 29 funds which raised at least $500 million. Historically, those funds have made up a comfortable plurality of VC funding (generally about 40%). However, in 2020 there was a structural shift in the market, and $500M+ funds have claimed at least 50% of all capital raised every year since. That increase in capital going to very large funds has had a variety of impacts on the market. One of the most distinctive might be the dramatic increase in the length of time major VC-backed companies are remaining private. A decade ago, the average VC-backed company went public just over five years after its first VC round. Today, it takes closer to seven years. While there are a variety of other factors which could contribute to this, the increasing share of capital allocated to large, late-stage growth funds is a significant factor.

Mega cap funds are only part of 2025's fundraising story. Another significant change is that many large institutional investors that historically participated as limited partners across a wide range of funds are becoming more comfortable making direct investments themselves. While the specifics of their investments will be covered in the investing section, the change in their direct participation should be noted. For example, In 2015, sovereign wealth funds participation in two of the largest ten US VC deals. By 2025, they were involved in seven of the top deals, investing an estimated $25 billion combined. Although sovereign wealth funds accounted for only 8 percent of total capital invested in 2025, this capital did not show up as "dry powder" (uninvested capital) in industry report. Whereas ten years ago, that same capital might have been invested into traditional funds and counted as part of their fundraising totals. The deployment-versus-fundraising gap, $320 billion deployed against $67 billion raised, a nominal 4.8x ratio, highlights this trend even more. At first blush, it suggests that the sector is strongly drawing down against its reserves. However, the best available information indicates that there is still nearly $300 billion in dry powder as of the end of 2025. This riddle is partially answered by a strong increase in direct investments by non-traditional investors (NTIs) in 2025 with NTIs participating in deals with a combined value of $265

Fund and Firm Analysis

	Total Cumulative Funds	Total Cumulative Firms	Totoal Cumulative Capital ($B)	Existing Funds	Firms that Raised Funds in the Last 8 Vintage Years	AUM ($B)	Avg Fund Size ($M)	Avg AUM ($M)	Median Fund Size ($M)	Median AUM ($M)
2013	4,361	1,713	$480.58	1,886	1,082	$296.43	$94.47	$189.03	$25.00	$30.29
2014	4,855	1,935	$518.72	2,167	1,251	$331.87	$103.64	$191.61	$24.46	$26.63
2015	5,448	2,191	$564.24	2,559	1,455	$363.77	$97.06	$186.55	$19.00	$24.31
2016	6,084	2,461	$614.66	2,974	1,669	$379.10	$101.65	$175.19	$23.39	$21.09
2017	6,778	2,762	$664.20	3,489	1,928	$415.53	$95.08	$177.30	$25.68	$22.97
2018	7,584	3,075	$742.90	4,111	2,187	$509.67	$131.61	$204.74	$26.01	$29.32
2019	8,386	3,325	$812.79	4,694	2,386	$600.43	$109.04	$226.15	$32.50	$33.86
2020	9,330	3,607	$905.70	5,312	2,584	$797.89	$126.75	$272.32	$25.00	$37.66
2021	10,951	4,046	$1,075.72	6,590	2,939	$1,239.78	$134.72	$365.40	$30.00	$48.87
2022	12,733	4,307	$1,298.43	7878	3,063	$1,199.58	$176.19	$315.13	$29.28	$42.60
2023	14,103	4,600	$1,405.85	8655	3,199	$1,226.88	$117.66	$294.14	$25.00	$38.16
2024	15,122	4,718	$1,507.73	9038	3,152	$1,299.57	$137.12	$289.41	$20.00	$36.50
2025	15,707	4,727	$1,574.73	8929	2,984	$1,376.99	$127.37	$295.94	$25.95	$37.85

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

*Methodology note: due to potential issues reconciling current fundraising data with VMR fundraising, we elected to specifically pull FR data for this section. As a result, fundraising numbers may not match the VMR exactly.

Criteria used: only US-Based and closed funds were counted. A fund is assumed to exist if it closed within the eight years preceding the as-of year. Median and average firm size is calculated using the dry powder and remaining value of all funds of a given investor as of a given year. Median and average firm size is calculated using the dry powder and remaining value of all funds of a given investor as of a given year.

billion. While in most cases, the check sizes by these NTIs is not publicly known, their collective involvement was conservatively in the mid tens of billions of dollars, and none of that capital ever appeared as dry powder in VC market reports either. Sovereign wealth funds, large endowments, multi-class managers, CVCs, and other NTIs are now significant parts of the venture ecosystem, and founders and investors alike should view them as serious potential partners.

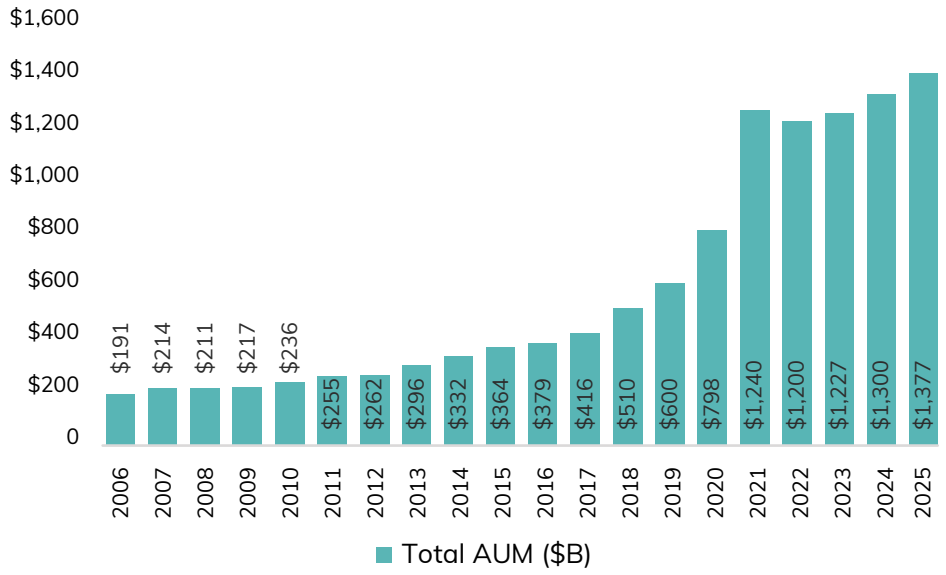
> "About 85–90 percent of the funds I see are having unbelievable difficulty raising. But the other 10–15 percent of VCs? I'm seeing these firms raise faster than ever. Single closes, substantially oversubscribed, often wrapped up in 4 months or less. It's the biggest dispersion of fundraising difficulty I've seen, maybe ever."—Samir Kaji, CEO of Allocate, June 2025

Points of Interest

THE BIFURCATION

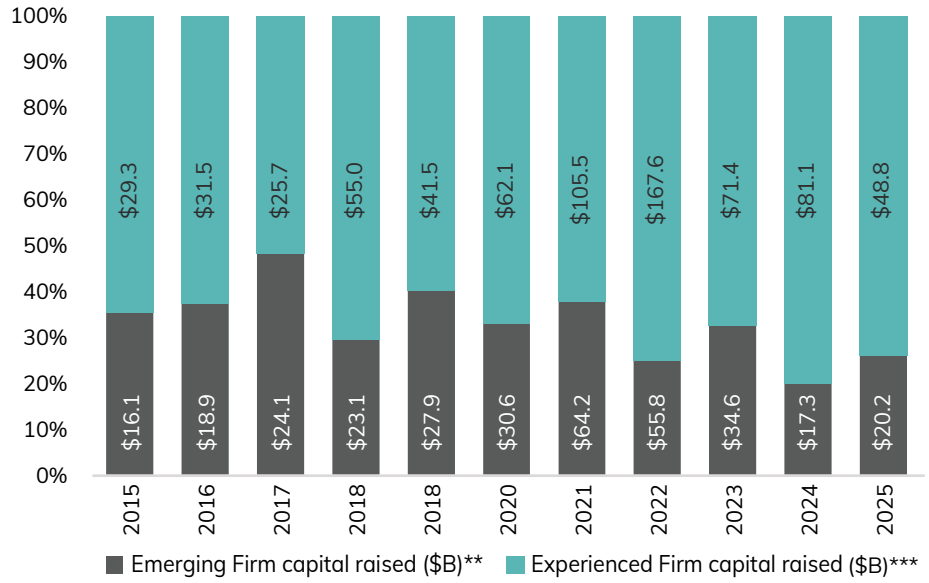
The industry's average AUM per firm reached $296 million in 2025, but the median stood at just $38 million, an eight-to-one ratio that reveals extreme top-heaviness in the distribution. The concentration is not merely a matter of LPs fleeing to size. Even some legacy blue-chip firms are losing LP commitments, suggesting that LPs are concentrating in perceived next-generation platforms, a selective flight to the future rather than a reflexive flight to familiarity.

US Venture Capital AUM by Year



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 6/30/2025

Share of US Venture Capital Raised by Manager Experience



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025
** Emerging is defined as firms that have launched fewer than four funds
*** Experienced firms are defined as firms that have opened four or more funds

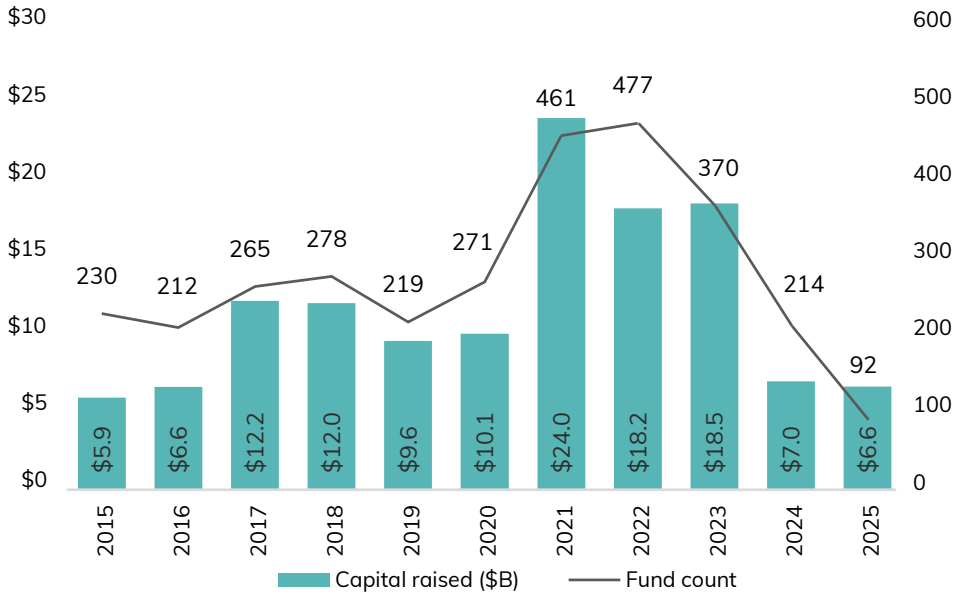
US Venture Capital AUM by Year

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Dry powder ($B)	$68.2	$71.0	$85.4	$100.7	$108.4	$131.7	$144.3	$171.9	$225.2	$281.3	$318.2	$295.9	$299.3
Remaining value ($B)	$228.2	$260.9	$278.4	$278.4	$307.1	$378.0	$456.1	$626.0	$1,014.6	$918.3	$908.7	$1,003.6	$1,077.7
Total AUM ($B)	$296.4	$331.9	$363.8	$379.1	$415.5	$509.7	$600.4	$797.9	$1,239.8	$1,199.6	$1,226.9	$1,299.6	$1,377.0

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 6/30/2025

Three LP allocation patterns drive the bifurcation. First, sector conviction is displacing generalism: AI, life sciences, and advanced energy demand deep technical GP expertise, and generalist funds increasingly struggle to articulate a differentiated thesis. Second, the distribution drought has made LPs conservative about new relationships, when existing GPs have not returned capital, the appetite for first-time commitments evaporates. Third, geographic diversification is creating modest openings, as state-level incentive programs in Ohio, Indiana, and Texas attract GP attention beyond traditional coastal hubs. This has led to opportunities for established managers or newer highly differentiated managers who are operating in favorable geographies, but overall this is the most segmented, and challenging fundraising market GPs have seen in years.

US VC First-Time Fundraising Activity



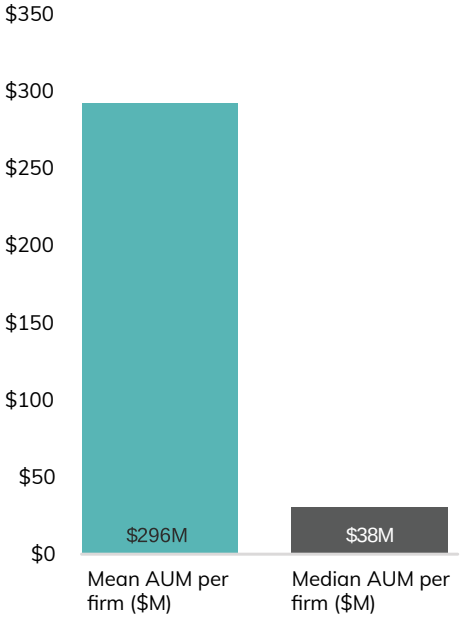
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Number of Active Investors (#)

	# of Active Investors	# of Active 1st Round Investors	# of Active Life Science Investors	# of Active VC Investors	# of Active VC 1st Round Investors	# of Active VC Life Science Investors	# of Active US Investors	# of Active US 1st Round Investors	# of Active US Life Science Investors	# of Active US VC Investors	# of Active US VC 1st Round Investors	# of Active US VC Life Science Investors
2013	8,899	4,033	1,436	2,612	1,237	642	4,668	2,255	1,036	1,949	1,005	511
2014	11,828	4,495	1,803	3,145	1,328	767	5,457	2,326	1,189	2,300	1,058	602
2015	13,077	4,463	2,202	3,590	1,398	901	5,892	2,299	1,345	2,574	1,111	698
2016	12,136	3,830	1,776	3,852	1,455	873	5,728	2,058	1,209	2,713	1,148	679
2017	12,905	3,821	2,231	4,465	1,767	1,104	6,199	2,170	1,476	3,103	1,376	831
2018	14,796	4,337	2,735	5,215	1,995	1,353	6,814	2,471	1,676	3,465	1,515	974
2019	16,299	4,672	2,884	5,688	2,096	1,452	7,468	2,615	1,822	3,852	1,636	1,074
2020	17,864	5,408	3,459	6,172	2,313	1,768	7,954	2,855	2,147	4,100	1,769	1,283
2021	25,969	8,715	4,516	8,489	3,665	2,238	10,358	3,895	2,689	5,166	2,491	1,578
2022	23,651	8,585	3,555	8,397	3,758	1,877	10,129	4,079	2,260	5,212	2,588	1,363
2023	16,743	5,827	2,841	7,184	3,108	1,631	8,322	3,239	1,930	4,675	2,249	1,228
2024	15,966	5,766	2,880	6,996	3,001	1,670	8,025	3,027	1,979	4,547	2,113	1,241
2025	13,634	4,610	2,608	6,292	2,624	1,592	7,139	2,709	1,802	4,172	1,955	1,188

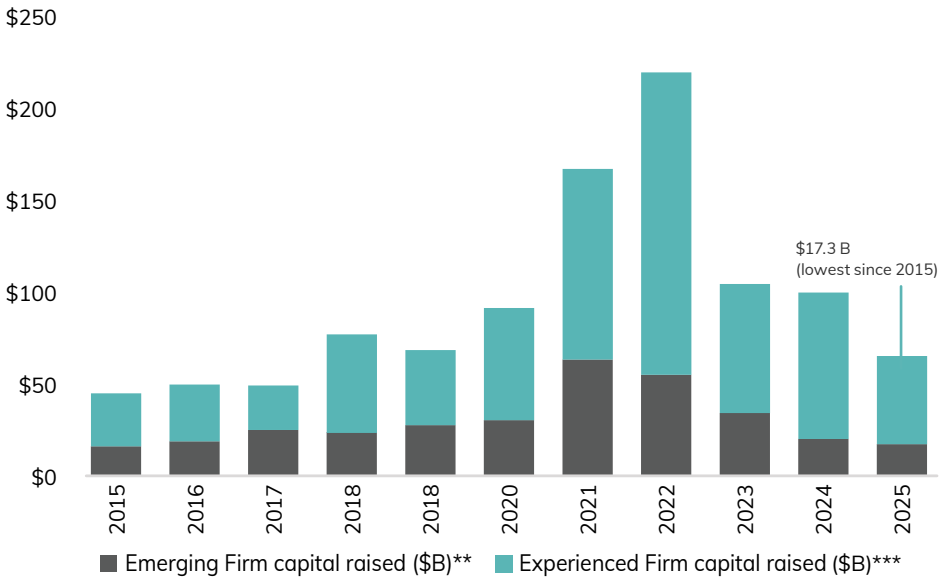
Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025
*Active investor definitions are as follows. Active Investors are Investors hq'ed globally who made 1+ venture capital type investments in US Companies. Active VC Investors are Venture Capital, Corporate Venture Capital, or Not-for-profit Venture Capital investors who are s headquartered globally and made 1+ venture capital type investments in US companies.

AUM gap



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Fundraising Bifurcation by Year



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

"A consistent theme across large institutional LPs is that very few have continued with their blue-chip relationships (outside of Index). 'Those funds are no longer hard to access.' Looking to concentrate in the next generation."
—Nichole Wischoff, GP at Wischoff Ventures, October 2025

THE EMERGING MANAGER CRISIS

Nearly half of all venture investors active in 2021 have left the market. The global count dropped from 25,969 to 13,634, a 47.5 percent decline. In the US, active VC investors fell 19.2 percent from 5,166 to 4,172. Most strikingly, the number of active first-round investors, the VCs writing initial checks into new companies, collapsed from 8,715 to 4,610, a 47.1 percent decline that directly constrains the pipeline of newly funded startups.

Just 101 first-time funds raised $7.3 billion, the lowest count since 2007, down 77.9 percent from 2021's 457. That $7.3 billion represented just 10.9 percent of total capital raised, the lowest proportional share on record. The GP population itself contracted for the first time, falling from 3,054 firms to 2,984, signaling that net GP exits now exceed new formation. Lux Capital warned in an LP letter that "over 50% of small VCs will involuntarily exit" the industry. The data suggests that process is already underway.

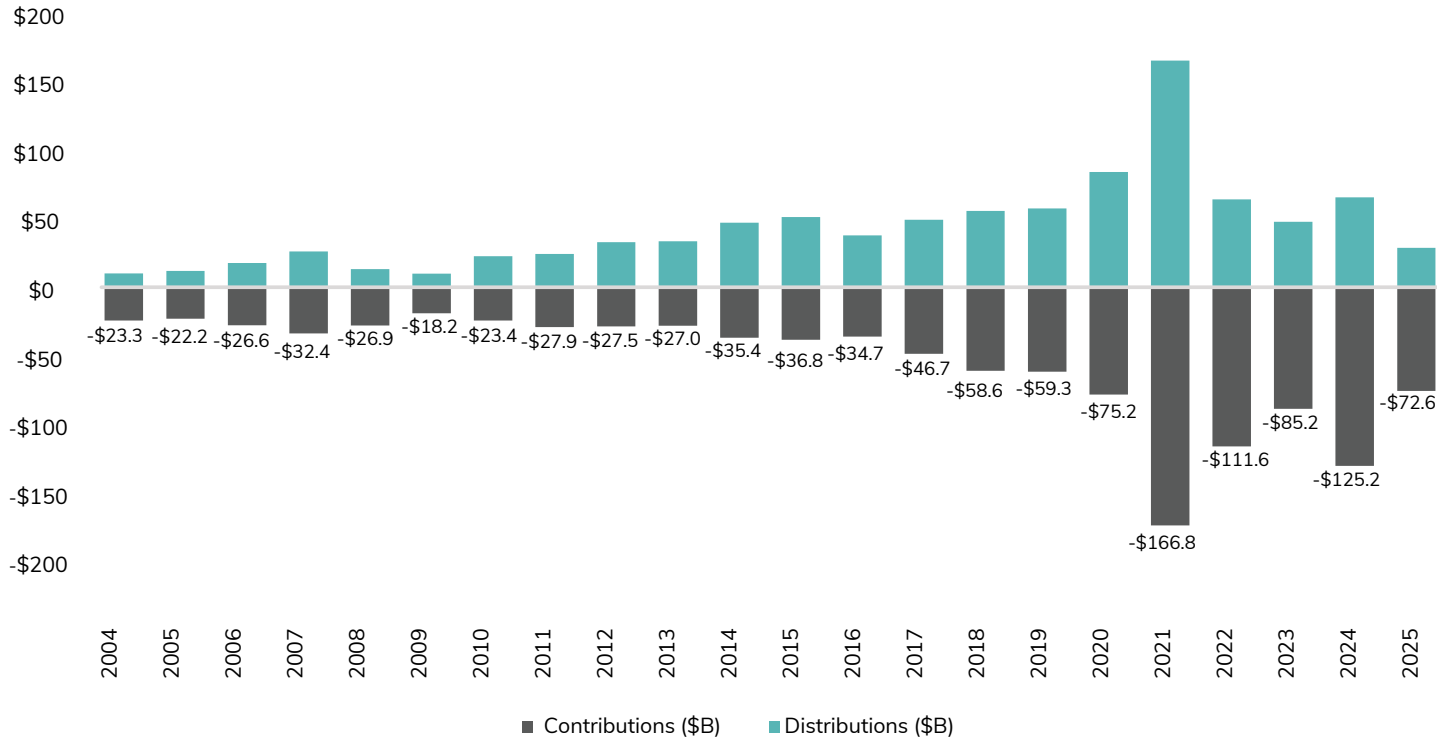
This matters beyond the immediate cycle. Every Sequoia, every Benchmark, every Andreessen Horowitz was once a first-time fund. If the pipeline of new GPs is permanently impaired, the long-term consequences for innovation, competition, and returns are real. LP distributions are procyclical and should flow most freely during expansionary periods. The current distribution drought during an economic expansion is structurally anomalous, and while the reasons behind could be debated, its future impact on the industry cannot.

DRY POWDER AND DEPLOYMENT

VC dry powder stood at $299.3 billion at year-end 2025, roughly flat with $295.9 billion at year-end 2024. At the 2025 deployment pace, that represents approximately 0.9 years of runway, a figure that appears tight but, again, requires the non-VC capital adjustment. Stripping estimated non-VC deployment from AI mega-rounds, the effective runway is closer to 1.2 to 1.5 years, which is tight but historically sustainable.

The aggregate, however, conceals distributional extremes. Dry powder is concentrated in the same platform firms that dominate fundraising. For the median sub-$100 million fund, the runway calculation is meaningfully tighter than the industry-wide figure suggests. The bifurcation in fundraising maps directly onto a bifurcation in deployment capacity: the firms that raised the most have the most to deploy, and the firms that struggled to raise have limited ammunition for follow-on investments in existing portfolios, a dynamic that compounds the fundraising disadvantage into a portfolio management disadvantage.

US VC Cash Flows ($B)



Source: PitchBook-NVCA Venture Monitor | As of 6/30/2025

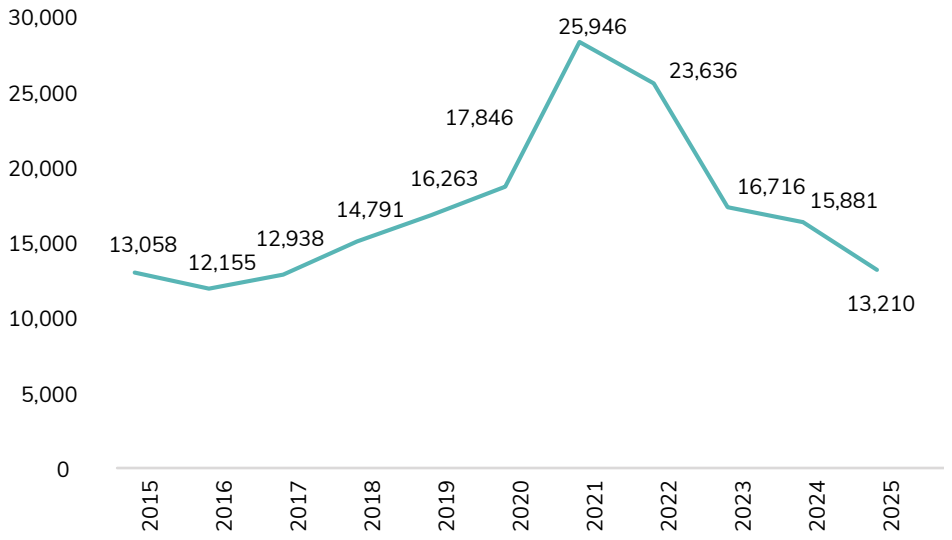
our portfolio there are funds that are 15, 18, even 20 years old, which are still would be happy to hold."
—Adam Grosher, Director, J. Paul Getty Trust, November 2025

Going Forward

In the general press, the most common framing for 2026 fundraising is "recovery." That may be the wrong frame. If 2020–2022 was the anomaly, then there may not be a recovery to the levels that many industry participants treat as normal. There may simply be a new equilibrium closer to $60–80 billion annually, roughly where the market sat before zero interest rates distorted the asset class.

The cash flow data makes the constraint concrete. In 2020, LPs received $5.5 billion more than they contributed, the last year of positive net flow. Since then, the deficit has compounded: negative $8.2 billion in 2021, negative $50.1 billion in 2022, negative $39.3 billion in 2023, and negative $62.4

Count of Unique Investors Participating in US VC Deals by Close Year



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025
Note: The close year is the close year of the deal that the investor invested in.

Share of US Venture Capital Raised ($B) by Size Bucket

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<$50M	$3.5	$3.3	$4.3	$5.2	$5.5	$5.2	$9.8	$9.6	$7.5	$5.4	$3.8
$50M-$100M	$3.3	$4.1	$4.5	$4.5	$7.3	$5.6	$11.2	$11.9	$6.1	$5.1	$4.0
$100M-$250M	$10.4	$10.9	$12.6	$13.8	$15.3	$16.4	$28.2	$24.6	$21.6	$12.7	$11.8
$250M-$500M	$10.5	$11.5	$9.5	$14.9	$11.5	$15.4	$30.1	$27.5	$17.4	$13.2	$11.6
$500M-$1B	$5.8	$12.4	$9.9	$9.4	$14.0	$22.6	$35.2	$31.8	$22.5	$15.7	$11.9
$1B+	$12.1	$8.1	$9.0	$30.2	$15.8	$27.4	$55.1	$117.5	$31.0	$49.1	$23.1

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US First Time VC Fundraising by Year

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital Raised ($B)	$3.59	$5.92	$5.49	$6.60	$12.23	$12.05	$9.59	$10.17	$24.01	$18.17	$19.15	$7.16	$7.32
# of Funds Closed	116	193	230	214	265	278	220	272	457	477	388	240	101

Source: PitchBook-NVCA Venture Monitor | As of 6/30/2025

billion in 2024. Through the first three quarters of 2025, distributions reached just $27.6 billion against $72.6 billion in contributions. The cumulative gap from 2021 through 2024 alone exceeds $160 billion. For LPs whose allocation models depend on recycling distributions into new commitments, the math does not work until exits reopen at scale.

The distribution unlock remains the key variable. LP recommitments depend on DPI, and DPI depends on exits. Until distributions accelerate meaningfully, and the exit landscape section of this yearbook examines why they have not, the bifurcation will persist. First-time fund formation may find modest support from policy tailwinds: the OBBBA's QSBS expansion and state-level incentives, including Ohio's venture capital deduction and Texas's capital gains exemption, create marginal tailwinds for smaller vehicles. AI-specialist funds, climate and energy transition funds, and geographically focused vehicles may find LP appetite in categories where differentiation still works.

The structural question for 2026 and beyond is whether the bifurcation stabilizes into a permanent two-tier industry, a small number of platform GPs managing the bulk of venture capital alongside a long tail of sub-scale funds, or whether the distribution cycle eventually reopens the market for emerging managers. The answer will depend less on aggregate fundraising totals than on whether exits accelerate enough to restart the LP commitment engine. At the moment, they have not.

Investing Capital

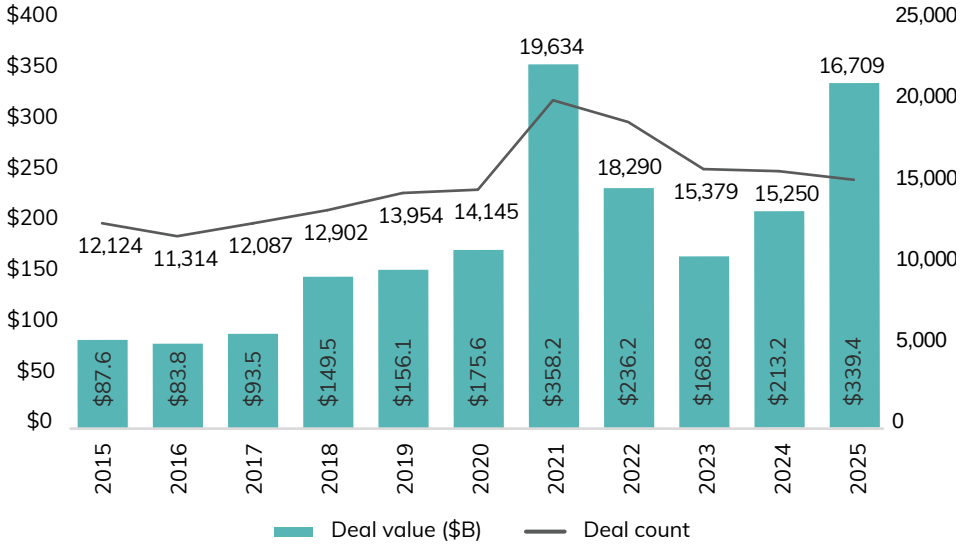
Facts and Figures

US venture capital deployed $320.0 billion across 15,352 deals in 2025, a 51 percent increase from 2024 and the second-highest year on record, just behind 2021's $358.5 billion. The fine print tells a different story: deal count was basically stagnant, up less than 1 percent. The entire surge came from bigger checks with the top five companies (OpenAI, CoreWeave, xAI, Anthropic, and Databricks) raising nearly $60 billion collectively. By way of comparison, in 2012, when Figma, Instacart and Coinbase were all founded (and one year before the founding of Databricks) the entire US venture market had just over $60 billion in investment. That is an unprecedented level of capital going to a small number of companies.

That last point is worth sitting with. Databricks, valued at more than $60 billion with over $2 billion in annual recurring revenue, is a company that would have gone public a decade ago. Instead, it raised another private mega-round. It is not alone. The venture growth stage, companies raising what are effectively pre-IPO rounds without the IPO, deployed $126.9 billion across 937 deals last year. These are mature businesses using venture capital as a permanent capital structure, and they account for nearly 40 percent of all deal value from just six percent of deals. While these kinds of businesses have contributed to the growth of the secondaries market, their absence has been felt on both the public and private markets.

Outside of AI, the market was more functional than the headlines suggest. Life sciences pulled in $37.3 billion across nearly 2,000 deals. Energy hit $9.6 billion, its highest level in over a decade, driven by grid infrastructure and power generation.

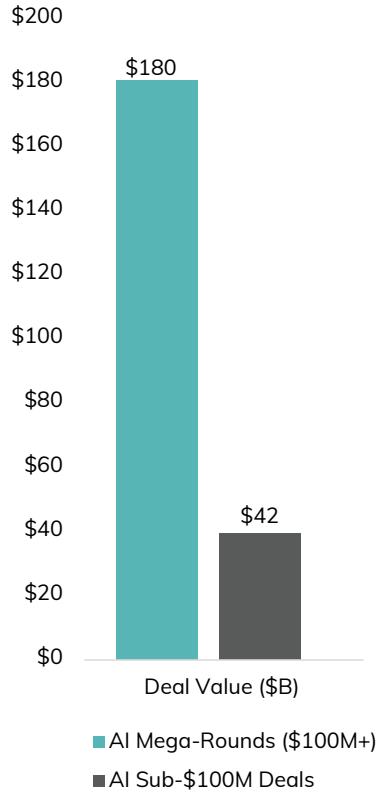
US VC Deal Flow



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

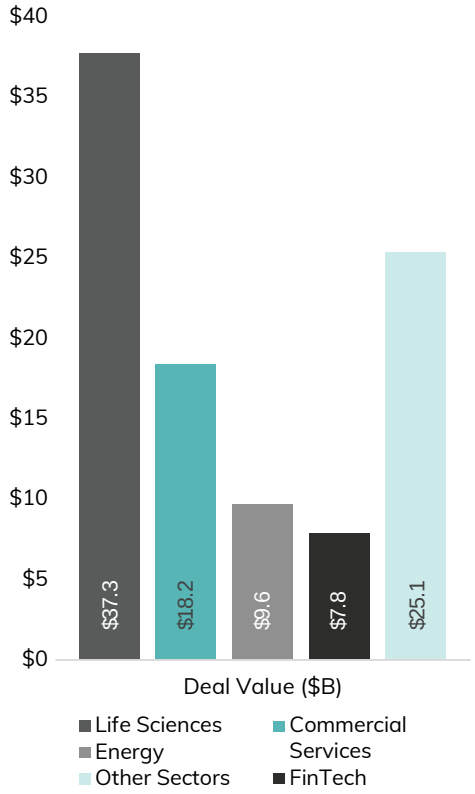
AI Market Deal Value

AI ($222B)



Deal Value Excluding AI

Other industries (~$98B)



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Healthcare services and devices combined for $24.4 billion. Geographically, California captured $191 billion, roughly 60 percent of all US venture capital, but Texas ($12.8 billion), Colorado ($7.6 billion), and Florida ($7.2 billion) each posted strong years, and two of the largest IPOs came from outside the coasts: BETA Technologies ($6.6 billion, South Burlington, Vermont) and Firefly Aerospace ($5.6 billion, Cedar Park, Texas).

Market Context

The $320 billion number is real. But like most headline numbers this year, it deserves a closer look.

Start with what preceded it. The 2022–2024 stretch was not just a rate-driven correction, it was a structural reset. Three things happened at once. US investment in Chinese venture capital, which had peaked at roughly $70 billion in 2021, fell by over 90% by 2023. Enterprise SaaS, the dominant venture thesis for the past two decades, was maturing into a lower-growth, higher-efficiency business, shrinking the addressable opportunity set.

Lastly, the uncertainty-fueled fundraising boom of 2020–2022 left the industry sitting on approximately $300 billion in dry powder that needed to go somewhere.

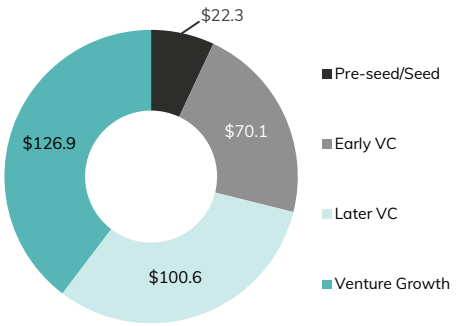
Then ChatGPT launched in November 2022, and the surplus got a thesis.

From an investment pattern perspective, generative AI looks like every previous venture cycle's hot sector (crypto, cleantech, mobile, social) compressed into a shorter timeline and amplified by the capital already in the system. The difference is scale: at 65 percent of deal value, AI isn't a hot sector. It's the market.

What that means in practice is that the 2025 venture market is really two markets. One is the AI market, roughly $220 billion, dominated by a small number of very large rounds, fueled by corporate strategics and sovereign wealth funds, operating at valuations that would have been unthinkable five years ago. The other is everything else, roughly $100 billion, spread across a variety of sectors, operating at levels that look like a normal, healthy venture year. The confusion comes from adding them together.

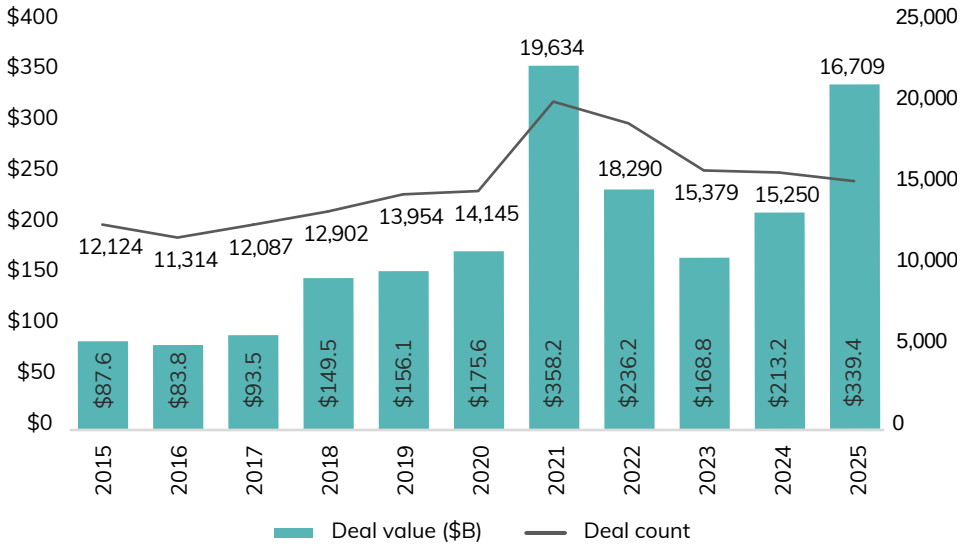
The everything-else market deserves more than a footnote, because it is where most venture investors actually live. Commercial products and services attracted $43.2 billion. Life sciences (pharma, biotech, and healthcare devices combined) pulled in nearly $50 billion. Healthcare services drew $16.0 billion. Energy hit $9.6 billion, its highest level in over a decade, driven by grid infrastructure and climate tech. Consumer, at $8.9 billion, was the one genuinely weak spot, down from $31.6 billion in 2021, reflecting both the post-pandemic correction in D2C and the shift of LP attention elsewhere. But the point is that outside of AI, this was a functional, investable market. It just got overshadowed.

2025 US VC Deals by Stage ($B)



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

US Deal Activity by Year



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

US VC Deal Flow by Stage (#)

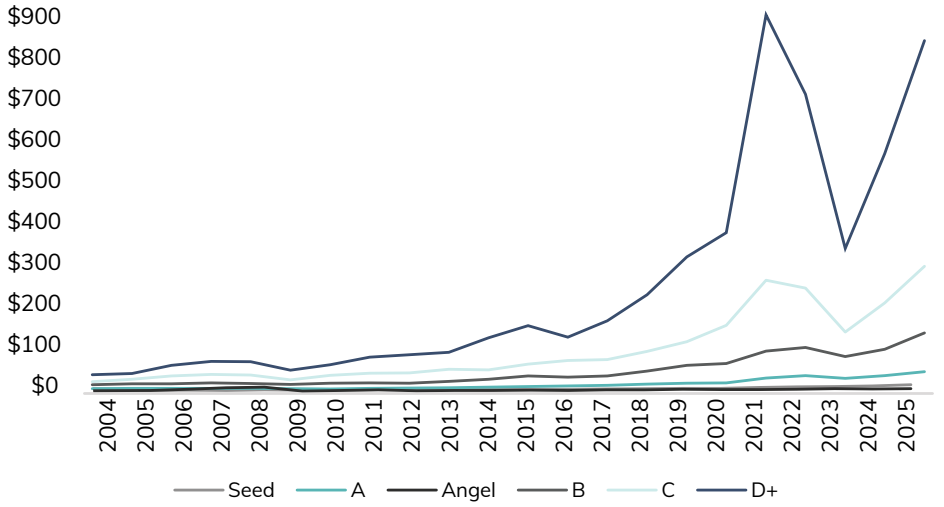
	2018	2019	2020	2021	2022	2023	2024	2025
Pre-seed/Seed	4,632	5,140	5,344	7,405	7,005	5,658	5,510	5,049
Early VC	4,486	4,523	4,251	6,062	5,643	4,597	4,711	5,165
Later VC	3,144	3,634	3,771	5,214	4,833	4,389	4,200	4,167
Venture Growth	626	663	765	948	790	708	786	937

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

The other feature of the 2025 market that demands scrutiny is the increasing meaninglessness of round labels. A company raising a $25 million “seed round” is not raising a seed round by any historical definition. A $500 million Series B is an IPO by 2015 standards. In 2025, 14 seed or pre-seed deals exceeded $100 million, a phenomenon that was virtually nonexistent before 2022. The median seed pre-money valuation hit $16 million, up 78 percent from the 2021 peak. Series A medians reached $49 million. These are not early-stage prices.

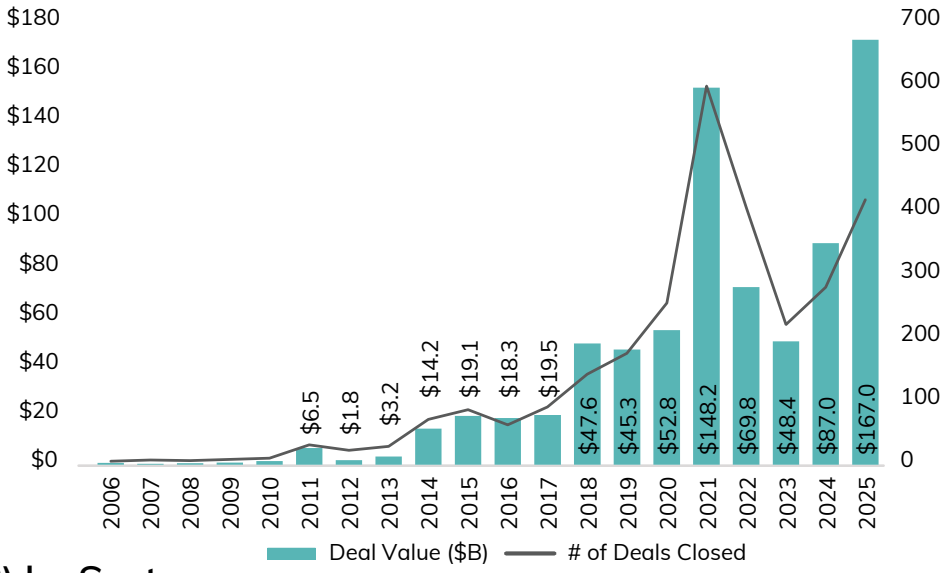
The nomenclature inflation matters because it obscures what is actually happening at each stage of company development. When an AI infrastructure company raises $200 million in what it calls a Series A, it is not comparable to a healthcare SaaS company raising $8 million in what it also calls a Series A. They share a label and nothing else. For LPs trying to assess stage-level performance, for GPs building portfolios with stage-based mandates, and for founders benchmarking their own rounds, the labels have become unreliable. The data in this yearbook is organized by PitchBook’s stage classifications, which are based on company maturity rather than self-reported round names. In the era of the $40 billion 'growth' round, that distinction matters.

Median US VC Pre-Money Valuation by Series



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC-backed Unicorn Deal Flow by year



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

2025 US VC Deal Value ($B) by Sector

Commercial Products & Services	$43.2
Consumer Goods & Services	$8.9
Energy	$9.6
HC Devices & Supplies	$8.4
HC Services & Systems	$16.0
IT Hardware	$19.7
Media	$2.3
Other*	$17.4
Pharma & Biotech	$25.2
Software	$166.6
Transportation	$2.6

* Other industry groups:

- Commercial Products
- Commercial Transportation
- Other Business Products and Services
- Consumer Durables
- Consumer Nondurables
- Services (Nonfinancial)
- Other Consumer Products and Services
- Utilities
- Other Energy
- Capital Markets/Institutions
- Commercial Banks
- Insurance
- Other Financial Services
- Other Healthcare
- IT Services
- Other Information Technology
- Agriculture
- Chemicals and Gases
- Construction (Nonwood)
- Containers and Packaging
- Forestry
- Metals, Minerals, and Mining
- Textiles
- Other Materials

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Points of Interest

STRIP THE MEGAS

The single most useful exercise for understanding 2025 is to remove the largest deals and see what's left.

Mega-deals, rounds of $100 million or more, accounted for 487 of the year's 15,352 deals. That's 3.2 percent of the count but 67 percent of the value: $214.8 billion. The average mega-deal nearly doubled from 2021's $239 million to $441 million.

Take them out and the remaining roughly 14,865 deals totaled about $105 billion at an average of $7.1 million. That's a solid but unremarkable year, comparable to 2019 or early 2020. The "$320 billion venture boom" is, for most participants, a $105 billion market with a $215 billion AI overlay on top.

This isn't an argument that the mega-deals don't count. They do, the capital is real, the companies are real, and the infrastructure being built is real. But if you're a Series A founder, a mid-market GP, or an LP trying to understand what your portfolio actually looks like, the mega-deal layer is someone else's market.

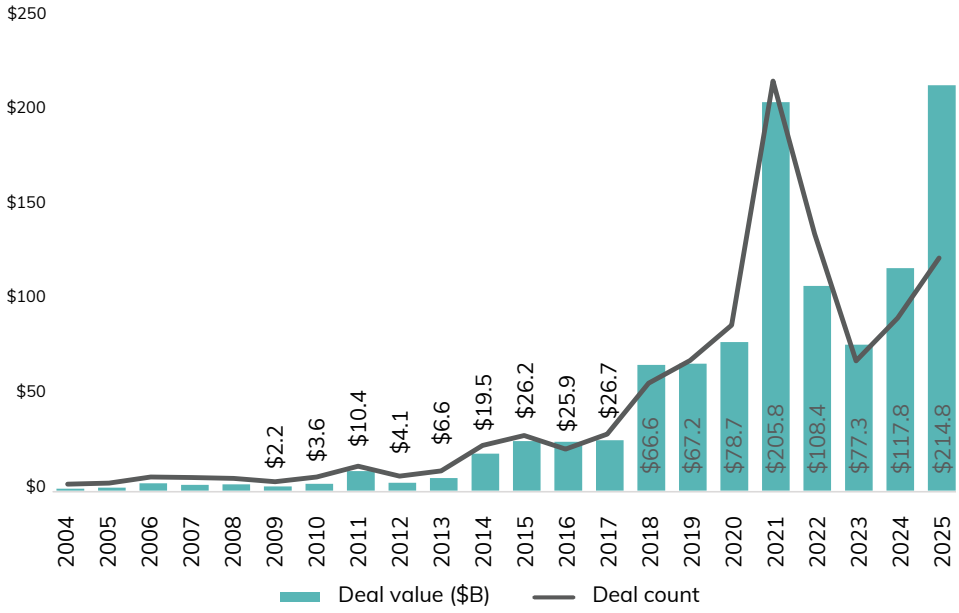
THE AI CONCENTRATION

AI and machine learning captured 65.4 percent of deal value and 39.4 percent of deal count. The count share matters: it confirms this isn't just a mega-deal artifact. AI dominated at every stage, from seed through venture growth.

To put the concentration in perspective: in 2015, AI's share was 10 percent. In 2020, it was 26 percent. In 2024, it crossed 50 percent. In 2025, it hit 65 percent. The acceleration is unlike anything in the historical record.

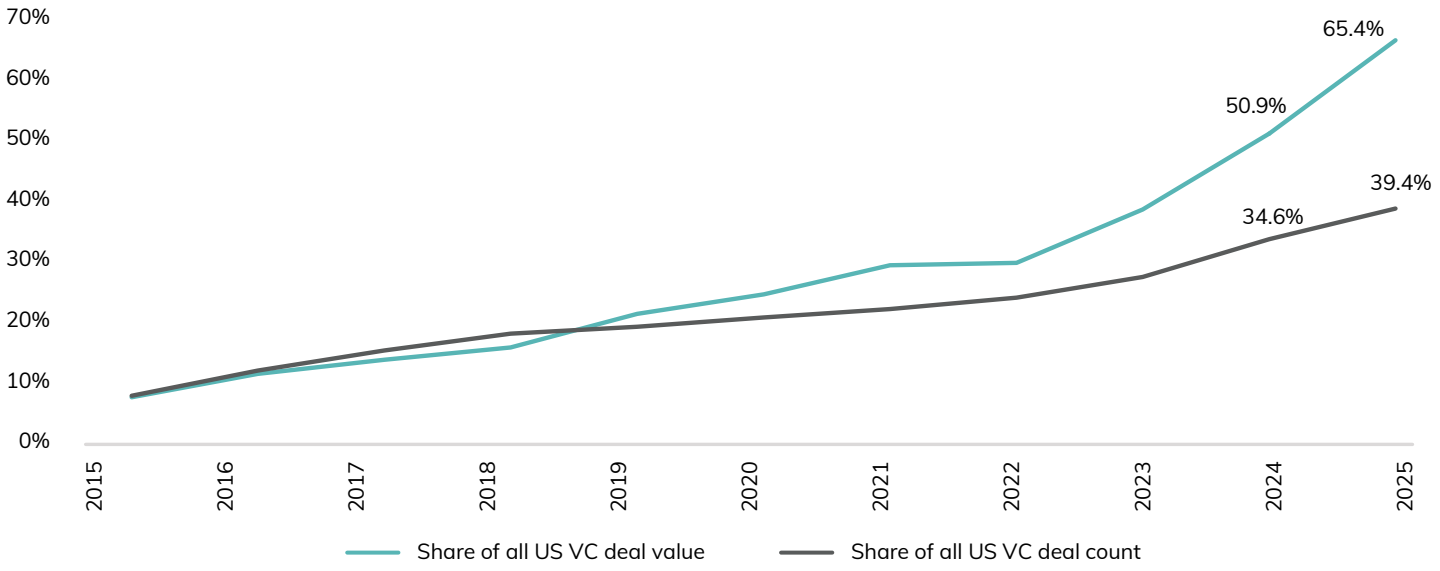
That said, the sectors outside AI are not collapsing in absolute terms. Life sciences attracted $37.3 billion, commercial products and services $43.2 billion, healthcare $16.0 billion. These are healthy numbers. They look small because they're sitting next to a $222 billion AI category that didn't exist at this scale three years ago.

US VC Mega Deals ($B)



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

AI & ML VC Deal Activity as a Share



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Academic literature offers some caution here. Zhang, Nanda, and Rhodes-Kropf (2021) find that herding into consensus sectors tends to reduce exit performance. Pontikes and Barnett (2017) show that "hot market" labels attract capital beyond what deal quality supports. None of this means AI investment is wrong, but 65 percent concentration in anything warrants attention to the historical pattern.

"The institutional investors have zero interest in non AI deals. Zero. It's more black and white than I could be successful in. If you angel fund a deal and have any hope of it raising money in the future, it has to be AI." —Jason Calacanis, All-In Podcast, November 2025

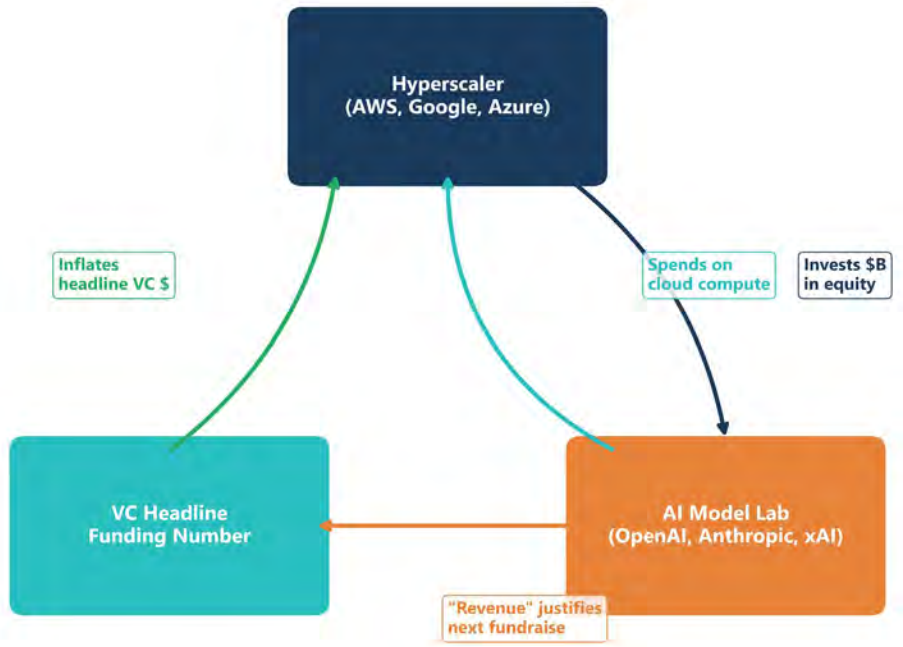
THE CIRCULAR AI ECONOMY

One feature of the AI boom warrants specific attention, because it affects how you read the $222 billion number. The mechanism works like this: a hyperscaler (Microsoft, Amazon, Google) invests billions in a foundation model company like OpenAI or Anthropic. The model company then commits a large portion of that capital back to the hyperscaler for cloud computing services. The hyperscaler books the outflow as an investment and the return flow as revenue. Industry estimates suggest up to 30 percent of 2025 AI deal value may involve some version of this structure.

This doesn't make the investment fake: real infrastructure gets built, real compute gets consumed, real capabilities get developed. But it means the headline numbers include a meaningful amount of capital that is circulating within a closed loop rather than flowing to new economic activity.

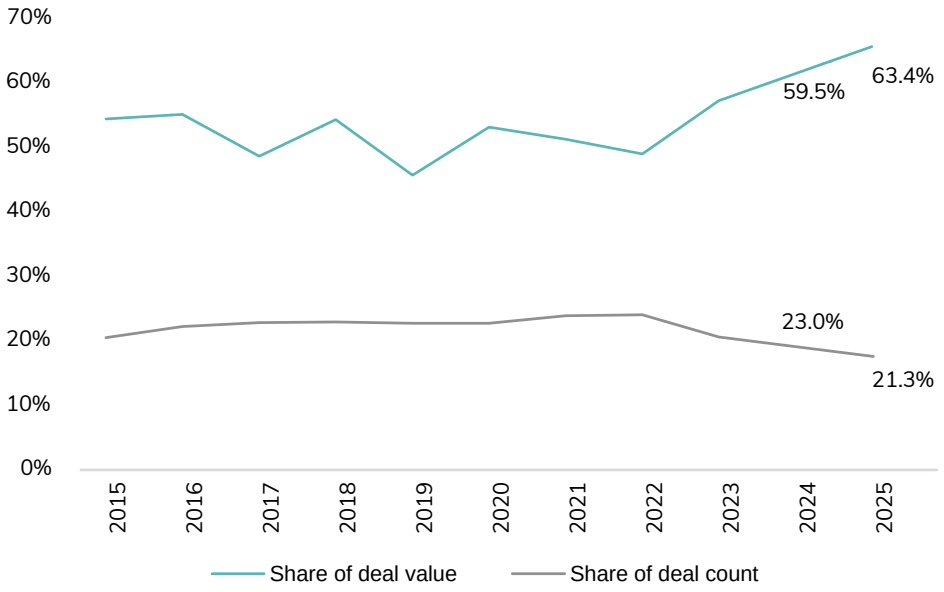
"Don't delude yourself into thinking you have real revenue when you have vibe revenue." —Pat Grady, Sequoia Capital, AI Ascent, May 2025

AI Circular Economy



Source: NVCA Analysis | Conceptual Illustration

Deal Activity with CVC Investor Participation



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

GEOGRAPHY: WHERE THE MONEY WENT

The $320 billion was not evenly distributed across the country. It wasn't even close.

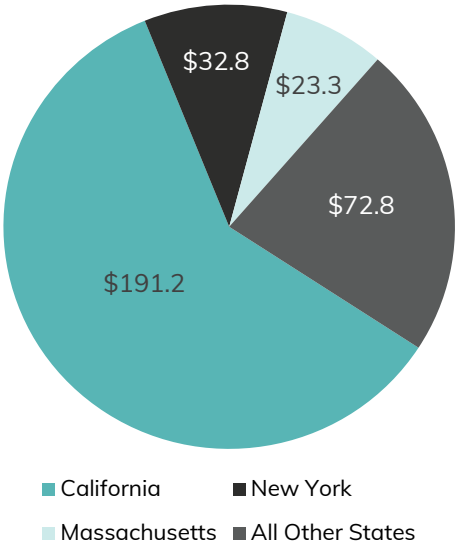
California captured $191.2 billion across 4,846 deals, roughly 60 percent of all US venture capital. New York was a distant second at $30.3 billion, followed by Massachusetts at $16.5 billion. The top three states accounted for nearly 75 percent of all dollars invested. This is not new. What is new is the degree to which California, and the Bay Area specifically, captured the growth. The pie got bigger in 2025, but the

Bay Area ate most of it, because that is where the workforce and enterprises behind the AI mega-deals are headquartered.

Outside the traditional coastal hubs, a few states stand out. Texas attracted $12.8 billion across 870 deals, making it the fourth-largest venture market by capital deployed and home to companies like Firefly Aerospace, whose $5.6 billion IPO from Cedar Park was one of the year's largest exits. Colorado pulled $7.6 billion across 398 deals, with a growing cluster in Boulder and Denver. Florida hit $7.2 billion across 644 deals, continuing its post-pandemic rise as a startup destination. Washington drew $7.5 billion, buoyed by the Seattle tech ecosystem.

Perhaps the most surprising state-level story was Vermont, which punched far above its weight thanks to BETA Technologies, the electric aviation company based in South Burlington that IPO'd at $6.6 billion, making it one of the top five venture-backed IPOs of the year. One company can change a state's venture profile overnight, and in 2025, BETA did exactly that. However, its long-term ecosystem impact remains to be seen.

Geographic Concentration of US VC



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

For founders and investors outside California, the practical takeaway is that a $105 billion non-mega-deal market is still a large market, and it is more geographically distributed than the headline figures suggest. The AI mega-rounds concentrate in the Bay Area. The rest of venture capital is somewhat more diffuse.

CORPORATE VENTURE CAPITAL: FROM NOVELTY TO NORM

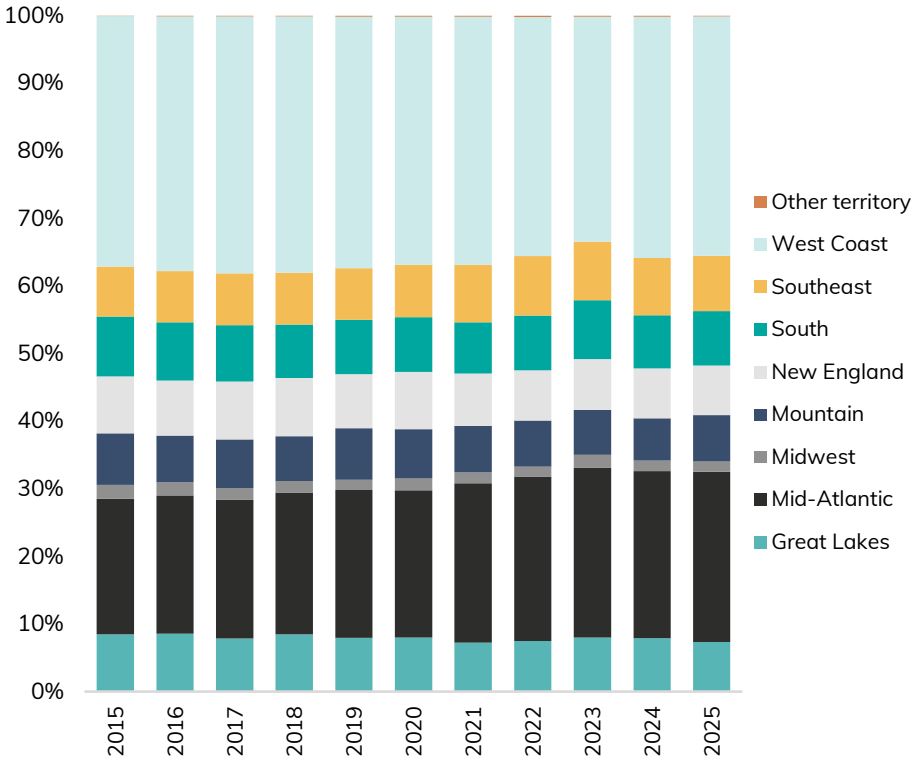
For the first time in the data's history, corporate venture capital participation crossed the majority threshold: CVC investors were involved in rounds totaling 57.7 percent of total deal value, or $184.6 billion. If there was a large deal in 2025, there was almost always a corporate venture fund on the cap table.

There is a distinction to be drawn here though. Corporations aren't funding the majority of venture capital. Rather, the largest rounds in the market almost always include at least one corporate strategic investor. For founders, this means corporate relationships are increasingly relevant to fundraising. For LPs, it means the return profile of large deals is shaped in part by strategic dynamics, not just financial ones.

In AI specifically, the corporate role is even more pronounced. CVC participated in rounds totaling $151.3 billion, or 68.1 percent of all AI deal value. The NVIDIA dynamic illustrates the complexity. NVIDIA simultaneously invested in CoreWeave, xAI, Mistral, Inflection, and dozens of other AI companies while serving as their primary GPU supplier and, in some cases, their most important customer. When the same entity is your investor, your supplier, and your customer, the traditional distinctions between strategic and financial capital start to break down.

Private equity further blurs the picture. PE-affiliated investors participated in deals totaling $180.7 billion across 1,454 transactions, 56.5 percent of total deal value. Between CVC and PE

Share of US VC Deal Count by Region



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

participation, the late-stage venture market is now characterized by mixed investor syndicates rather than pure VC-led rounds. Whether this is healthy diversification or unhealthy complexity depends on how the exits play out.

> **"Collectively, the venture market doesn't have the firepower to do this investing. It must be coming from other sources as well."**
> **—Beezer Clarkson, Partner, Sapphire Partners, January 2026**

> **"You don't have a bubble, really, until the majority of the expansion is done on debt. We have yet to see significant financing, but that absolutely should be something to watch. With MSFT 10 year bonds yielding 5.5%, the cost of capital math is getting harder."**
> **—Ted Zhang, Revere Asset Management, October 2025**

DEFENSE AND DUAL-USE: A QUIET SURGE

One of 2025's most distinct features was the emergence of defense and dual-use companies as a meaningful part of the venture landscape. Three of the year's top exits had clear defense or dual-use applications: BETA Technologies ($6.6 billion IPO, electric aviation, Vermont), Firefly Aerospace ($5.6 billion IPO, space launch systems, Texas), and Digital Global Systems ($5.0 billion M&A, AI-powered defense software, Virginia).

Combined, those three exits alone represented more than $17 billion in value, a number that would have been the entire venture-backed exit market in a slow quarter just a few years ago. The deals span different defense verticals (aviation, space, software) and different geographies (Vermont, Texas, Virginia), suggesting this is not a single-company story but a broader trend.

For venture investors, the message is straightforward: government procurement budgets are large, policy tailwinds are bipartisan, and the companies building dual-use technology are reaching venture-scale outcomes.

LIFE SCIENCES: ECLIPSED BUT UNDIMINISHED

Life sciences recorded its lowest share of total venture capital on record: 11.6 percent, with $37.3 billion across 1,908 deals. But this is entirely a denominator effect, the AI surge inflated the total to $320 billion, making every other sector's slice look smaller even when the absolute numbers are stable or growing.

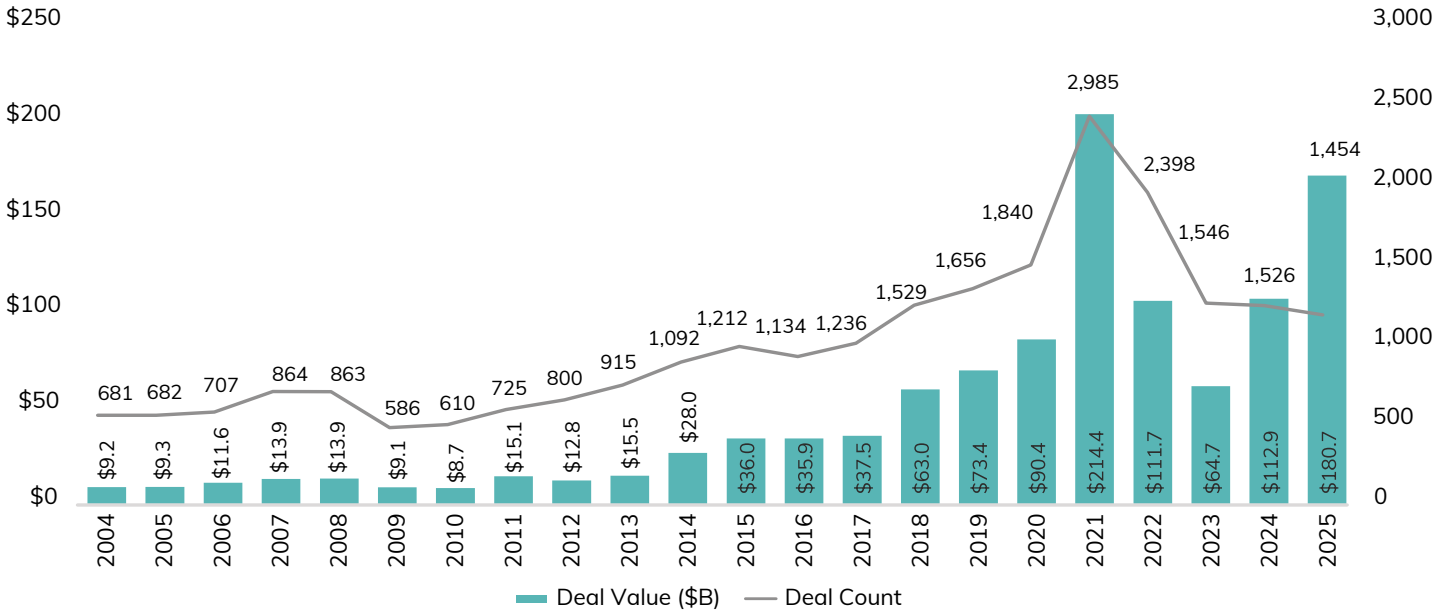
In any normal year, $37.3 billion in life sciences venture investment would be a strong result. Drug discovery received $17.4 billion, therapeutic devices $3.8 billion, biotechnology $4.0 billion. Life sciences is the clearest illustration of why the savvy analyst needs to be willing to look past mega-rounds to understand the current market. Remove the AI mega-rounds, and life sciences' share of the remaining venture market returns to approximately 20 percent, right in line with its historical average. Life sciences isn't struggling, but even the best string quartet gets drowned out when there's a rock concert next door.

Going Forward

What kind of year was 2025? The answer depends on where you sit.

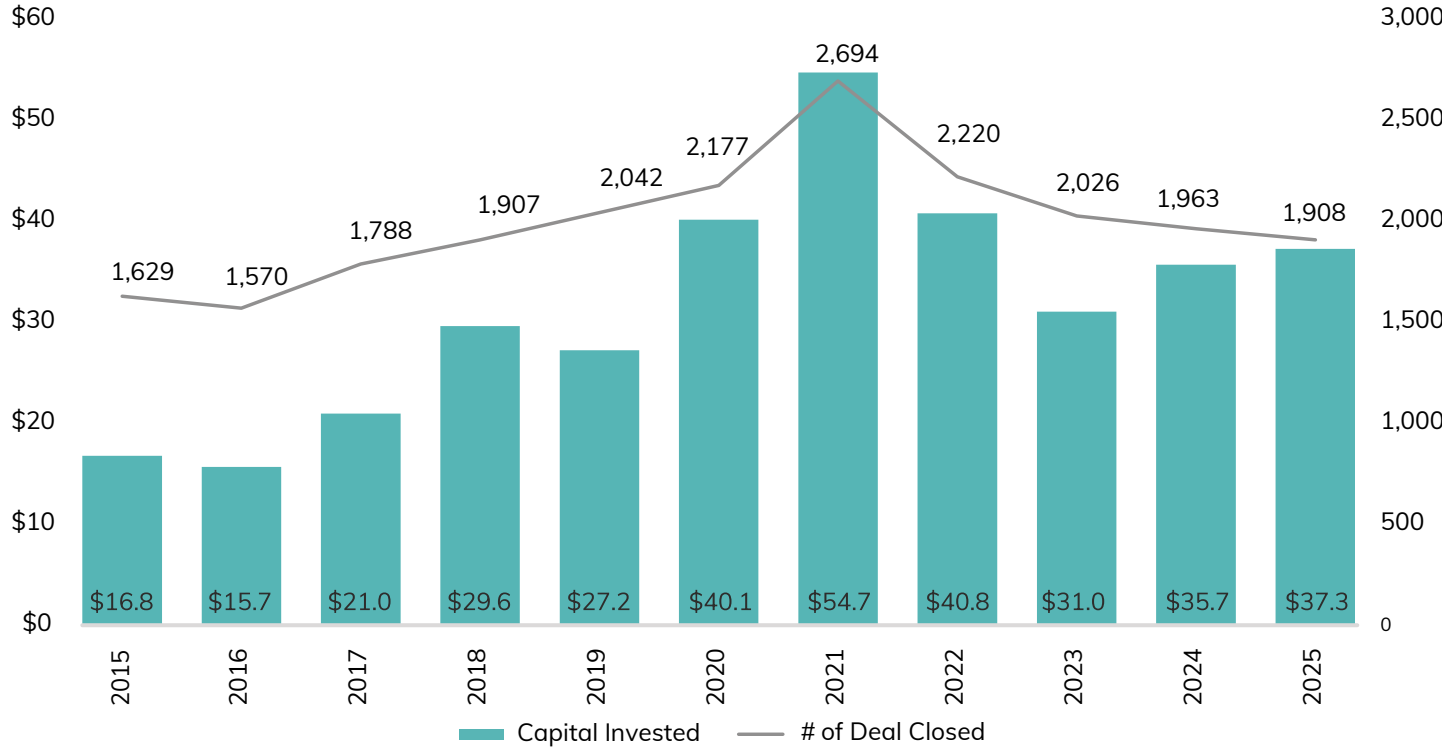
For the twenty to thirty companies raising $500 million-plus AI rounds, it was historically unprecedented, more capital

US VC Activity With PE Involvement



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

US Life Sciences VC Deal Flow

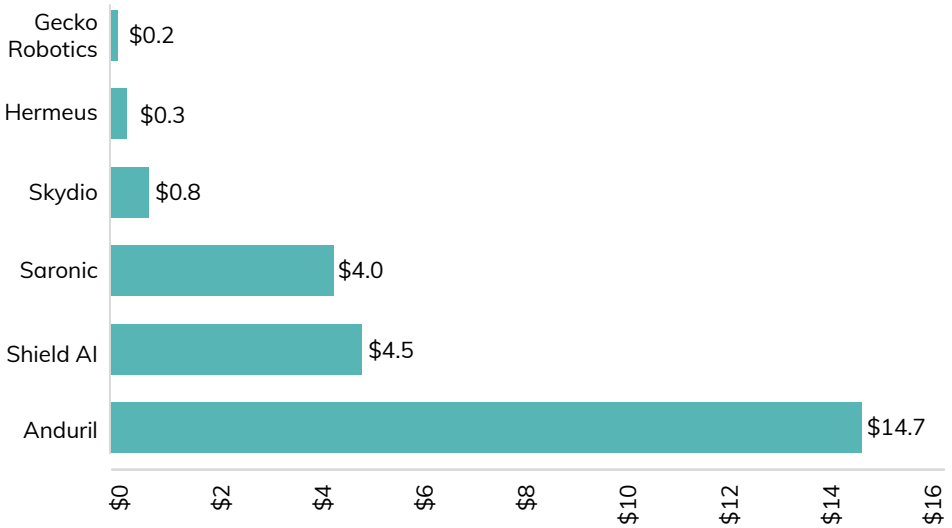


Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

available, at higher valuations, with more willing investors than at any point in venture history. For a Series A founder building enterprise software outside of AI, it was a normal-to-challenging year. For a seed-stage founder in consumer or media, it was difficult. For a defense-tech company with government contracts, it may have been the best fundraising environment in decades. The $320 billion headline describes all of these experiences at once, which is why it's both accurate and misleading.

The market that most founders, GPs, and LPs actually experience, the one below the mega-deal layer, deployed roughly $105 billion at healthy but unremarkable levels. That's the market where valuations are competitive but not irrational, where fundraising takes months rather than weeks, and where the exit math still has to work at conventional multiples. It is also the market that is somewhat more geographically distributed: while the AI mega-rounds concentrate in the Bay Area, the remaining $105 billion is spread more meaningfully across Texas, Colorado, Florida, and the broader startup ecosystem.

Defense and Dual-Use ($B)



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

"In the past six months, I've spoken to over 50 founders doing $1M–$10M ARR. 99% of them feel stuck. The transition from early-stage scrappiness to scale-ready operations isn't just about doing more of what got you here." —Adam Robinson, Founder & CEO of RB2B, Late 2025

The corporate venture dynamic is unlikely to reverse. CVCs now participate in the majority of venture deals by value, and the strategic logic, particularly in AI, where the technology stack is vertically integrated with the cloud providers funding it, only deepens. For founders, this means navigating a world where the investor may also be the supplier, and the

Median US VC Deal Size by Stage

	2018	2019	2020	2021	2022	2023	2024	2025
Pre-seed/Seed	$1.3	$1.4	$1.5	$2.0	$2.2	$2.2	$2.4	$2.9
Early VC	$3.9	$3.5	$4.0	$6.9	$5.2	$4.0	$5.0	$7.0
Later VC	$6.0	$6.0	$6.2	$10.0	$8.5	$5.8	$6.8	$9.0
Venture Growth	$17.5	$15.0	$18.0	$37.0	$20.1	$13.9	$11.2	$17.1

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC Activity (#) in Life Sciences by Stage

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pre-seed/seed deal count	360	391	446	477	549	591	759	639	551	519	398
Early-stage VC deal count	604	578	686	701	732	718	856	670	545	536	487
Late-stage VC deal count	523	488	525	575	617	694	896	764	776	750	764
Venture-growth deal count	139	110	134	151	141	171	191	149	154	155	176

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

distribution partner, or the competitor. For LPs evaluating fund returns, it means understanding that the largest deals in the market carry strategic complexity that pure financial analysis may not capture.

The defense and dual-use sector bears watching. Three of the top ten exits with defense applications in a single year, combined with bipartisan policy support and expanding government procurement budgets, suggest this is not a passing theme. For investors looking for a thesis outside of pure software AI, defense-adjacent technology offers large addressable markets, meaningful barriers to entry, and a customer (the federal government) that is unlikely to disappear.

The question heading into 2026 is whether the AI overlay sustains, moderates, or corrects. The venture growth surge and the exit backlog are two sides of the same coin: companies raise private mega-rounds because the exit environment doesn't accommodate them, and the exit environment stays clogged because those companies stay private. Databricks could go public. So could Stripe, SpaceX, Canva, and a dozen others. Breaking that cycle requires either a sustained reopening of the IPO window or a reckoning on private valuations, and 2025 offered early signs of both without resolving either.

The quarterly trajectory at the venture growth stage tells the story in miniature. Venture growth deals totaled $52.3 billion in Q1, then fell steadily to $32.2 billion in Q2, $28.2 billion in Q3, and just $14.2 billion in Q4, a 73 percent decline from peak to trough within a single calendar year. Early-stage VC moved in the opposite direction, nearly doubling from $13.0 billion in Q1 to $28.3 billion in Q4. The simplest reading is that the mega-round window opened early and closed fast, while the broader venture market gained momentum as the year progressed. Whether that momentum carries into 2026 depends on whether the capital that drove Q1 venture growth finds somewhere else to go or simply waits for the next thesis.

"This isn't your usual bubble mania. Most valuations are bonkers, yet some valuations, even some apparently high valuations are not bonkers. 2-3 percent of the startups will account for 85 to 90% of the total value. And the challenge for a venture capitalist is finding those 2-3 percent." —Vinod Khosla, 2025

2025 VC Deals & Company Counts by State

	Company Count	% of Total	Capital Invested ($M)	% of Total
California	4,651	31.5%	$191,215.4	59.8%
New York	1,939	13.1%	$30,321.1	9.5%
Massachusetts	825	5.6%	$16,454.2	5.1%
Illinois	335	2.3%	$2,639.7	0.8%
Texas	841	5.7%	$12,770.4	4.0%
Washington	409	2.8%	$7,486.0	2.3%
Florida	625	4.2%	$7,221.6	2.3%
Colorado	379	2.6%	$7,611.4	2.4%
Pennsylvania	281	1.9%	$3,030.8	0.9%
North Carolina	236	1.6%	$2,346.9	0.7%
All Others	4,236	28.7%	$38,876.3	12.1%
Total	14,757		$319,973.7	

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Top 5 States by Percentage of 2025 Deals Done in State Which Feature Investor(s) from Outside State

Company HQ State	% Invested From Outside State
District of Columbia	90%
Alabama	90%
Georgia	88%
Oklahoma	85%
New Hampshire	85%

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025
*This ranking includes states with 20 or more investments.

Top 5 States by Percentage of 2025 Deals Done in State which Feature Investor(s) from that State

Company HQ State	% Invested From Within State
Nebraska	95%
Kentucky	85%
California	72%
Louisiana	62%
Michigan	60%

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025
*This ranking includes states with 20 or more investments.

2024 # of States/Territory Invested into by Investor HQ State

Investor HQ State	# of States Invested In
California	51
New York	49
Texas	44
Illinois	44
Florida	41
Maryland	40
Massachusetts	40
Virginia	39
Georgia	39
Colorado	34
Utah	33
District of Columbia	32
Pennsylvania	32
Washington	32
Tennessee	31
Connecticut	30
New Jersey	30
Ohio	30
North Carolina	30
New Hampshire	29
Michigan	29
Minnesota	28
Indiana	27
Wisconsin	27
Delaware	26
Missouri	25
Arizona	24

Investor HQ State	# of States Invested In
Nevada	22
Kansas	22
Wyoming	20
Iowa	20
Montana	19
Kentucky	18
Oregon	17
Oklahoma	17
Louisiana	16
South Carolina	15
Nebraska	13
Arkansas	12
Idaho	11
Maine	11
Rhode Island	11
Alabama	10
Puerto Rico	9
Hawaii	7
New Mexico	6
South Dakota	6
Vermont	6
North Dakota	5
Alaska	5
Mississippi	4
Virgin Islands	3
West Virginia	3

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

of States California Investors Invested Into by Year

Year	# of States Invested In
2007	40
2015	45
2025	51

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

US Life Sciences VC Capital Invested ($M) by Selected Sector(s)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Biotechnology	$886.3	$1,527.8	$2,239.0	$1,871.6	$3,015.8	$3,355.4	$2,635.0	$4,695.3	$4,755.2	$7,639.6	$2,819.5	$3,671.0	$3,978.0
Diagnostic Equipment	$975.0	$977.2	$1,128.8	$1,034.1	$1,515.3	$1,873.1	$1,356.7	$2,532.9	$3,587.6	$2,095.3	$1,214.2	$1,969.1	$1,304.8
Discovery Tools (Healthcare)	$113.2	$217.4	$244.9	$290.1	$480.4	$1,137.7	$964.5	$1,100.2	$3,512.0	$2,081.3	$1,104.3	$1,762.2	$2,631.9
Drug Delivery	$427.7	$595.2	$536.7	$844.1	$1,215.3	$554.7	$441.1	$1,032.2	$705.8	$885.7	$751.9	$461.3	$411.7
Drug Discovery	$3,776.4	$5,150.1	$6,239.3	$5,967.1	$8,050.6	$13,300.8	$12,612.2	$18,893.1	$27,868.7	$16,557.8	$14,445.3	$17,218.1	$17,444.7
Medical Supplies	$171.1	$701.9	$48.9	$44.0	$47.3	$97.5	$118.7	$92.2	$283.5	$316.4	$72.7	$217.3	$308.5
Monitoring Equipment	$398.9	$624.5	$515.7	$551.2	$507.1	$795.0	$788.7	$1,066.2	$1,033.8	$1,060.3	$593.5	$739.0	$727.1
Other Devices and Supplies	$575.3	$423.2	$605.4	$320.6	$774.8	$736.9	$459.2	$1,034.5	$970.6	$938.5	$806.0	$611.3	$881.3
Other Pharmaceuticals and Biotechnology	$207.2	$138.7	$226.4	$473.9	$171.2	$657.0	$740.1	$1,290.1	$1,683.7	$1,231.0	$915.2	$351.2	$394.0
Pharmaceuticals	$704.2	$557.1	$865.7	$382.3	$274.1	$1,366.9	$967.2	$635.5	$395.0	$176.5	$55.9	$492.2	$356.2
Surgical Devices	$866.2	$1,191.5	$905.1	$931.2	$1,081.6	$1,248.4	$1,439.4	$1,050.2	$1,510.5	$1,220.7	$1,585.4	$1,570.8	$1,435.4
Therapeutic Devices	$979.1	$1,121.7	$1,298.5	$1,125.9	$1,623.9	$1,720.8	$1,673.0	$2,670.3	$2,649.5	$2,508.8	$3,597.7	$2,687.3	$3,769.1

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

US VC Activity (#) in Life Sciences

	2019	2020	2021	2022	2023	2024	2025
Life Sciences Deal Count	2,042	2,177	2,694	2,220	2,026	1,963	1,908
Life Sciences as % of Total US VC (#)	14.61%	15.38%	13.71%	12.14%	13.17%	12.88%	12.43%
Company count	1,917	2,048	2,516	2,090	1,934	1,870	1,816

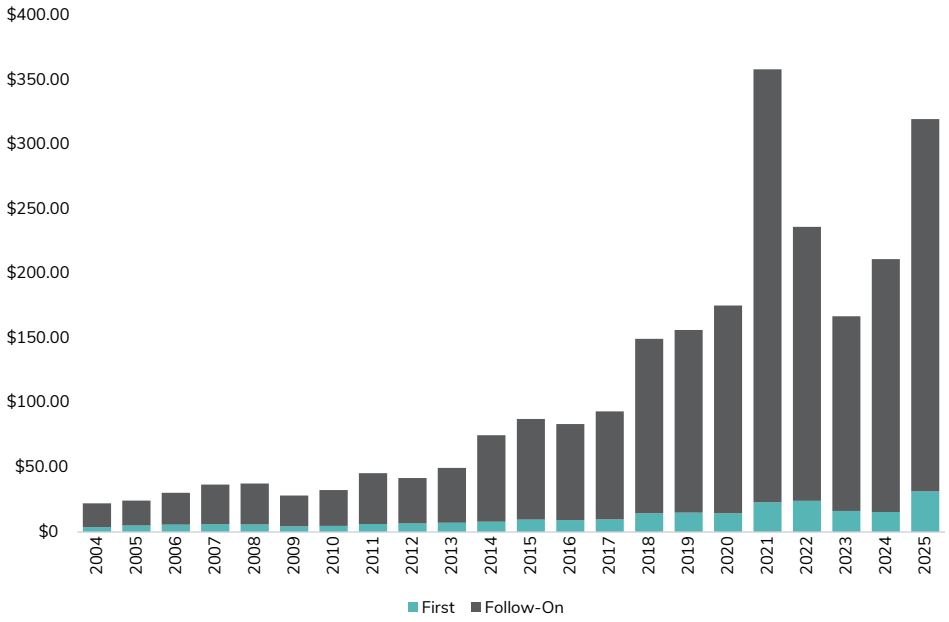
Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

US VC Activity ($B) in Life Sciences

	2018	2019	2020	2021	2022	2023	2024	2025
Life Sciences Deal Count	$29.62	$27.21	$40.14	$54.73	$40.79	$31.03	$35.69	$37.25
Life Sciences as % of Total US VC (#)	19.79%	17.38%	22.86%	15.27%	17.25%	18.57%	16.88%	11.64%

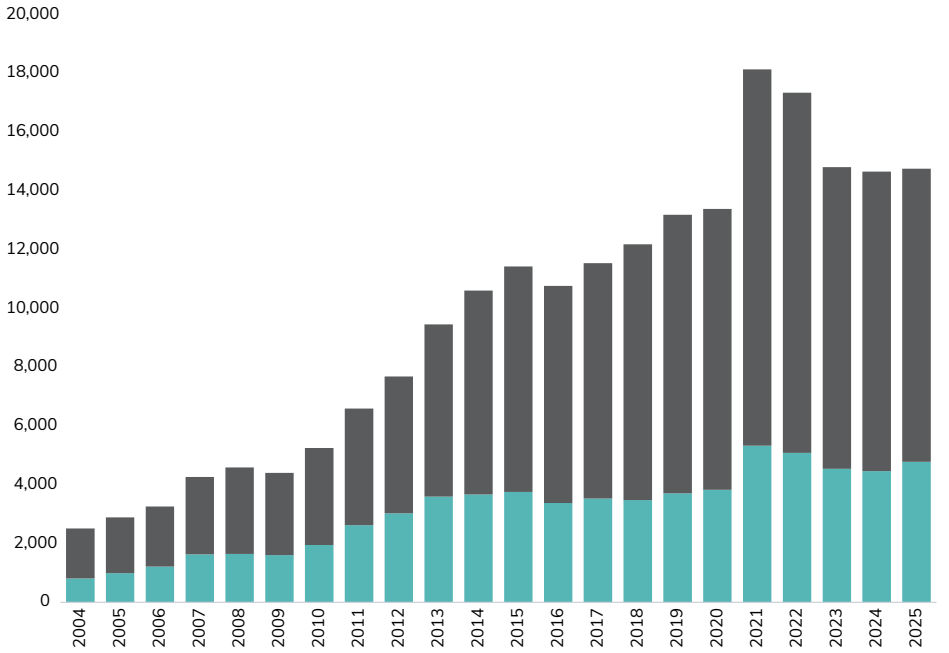
Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

US First VC & Follow on VC Deal Flow ($B)



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

US First VC & Follow on VC Deal Flow (Company Counts)



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

US VC Deal Activity by Sector: First-Round VC in 2024

Sector	# of Deals Closed	Capital Raised ($M)
Commercial Products & Services	1,241	$6,671.1
Consumer Goods & Services	570	$1,278.8
Energy	60	$1,170.7
HC Devices & Supplies	86	$283.0
HC Services & Systems	357	$1,135.1
IT Hardware	108	$785.6
Media	109	$280.3
Other	337	$1,867.0
Pharma & Biotech	173	$3,553.1
Software	1848	$14,532.0
Transportation	25	$55.9

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Median US VC deal value ($M) by series

	2019	2020	2021	2022	2023	2024	2025
Seed	$6.7	$7.0	$9.0	$10.5	$11.5	$13.5	$16.0
A	$19.7	$21.0	$33.0	$39.0	$32.5	$39.4	$49.0
Angel	$4.5	$3.8	$4.2	$5.0	$6.3	$5.3	$6.6
B	$65.0	$70.0	$101.0	$110.0	$87.0	$106.0	$147.0
C	$125.0	$166.1	$280.0	$260.0	$149.3	$223.0	$315.0
D+	$339.0	$400.0	$950.0	$750.0	$360.2	$600.0	$885.0

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Median US VC Company Age (Years) by Series

	2019	2020	2021	2022	2023	2024	2025
Seed	2.5	2.4	2.4	2.3	2.5	2.4	2.4
A	4.1	4.1	4.0	4.3	4.9	4.7	4.6
Angel	4.1	4.3	4.2	4.3	4.5	4.7	4.6
B	5.6	5.7	5.6	6.1	6.5	6.6	6.5
C	7.0	6.8	6.8	7.3	8.2	7.9	8.0
D+	8.7	9.3	8.7	9.2	10.1	9.9	10.0

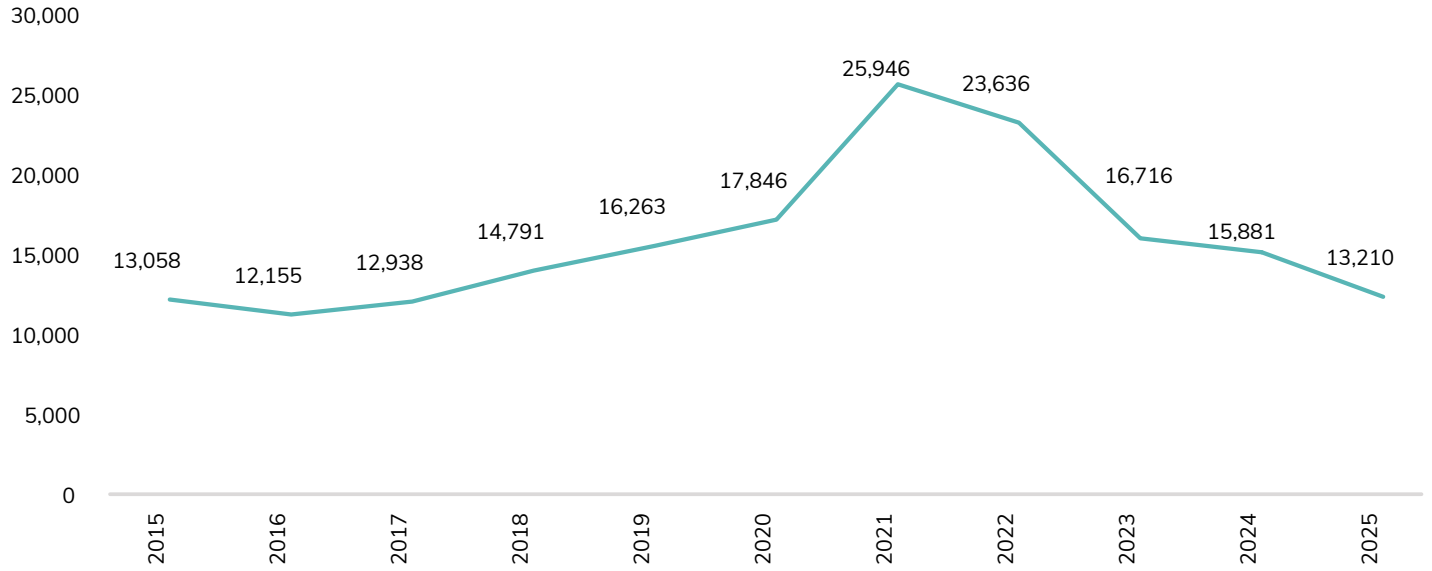
Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Count of unique CVC and Nontraditional Investors That Invested in US-Headquartered Target Companies by Close Year

	2018	2019	2020	2021	2022	2023	2024	2025
Unique nontraditional investor count	3,919	4,121	4,471	6,482	6,208	4,733	4,602	3,933
Unique CVC investor count	1,858	1,930	2,020	3,047	3,124	2,311	2,322	1,937
Unique crossover investor count	359	336	405	663	537	417	387	374
Total unique investor count	14,791	16,263	17,846	25,946	23,636	16,716	15,881	13,210

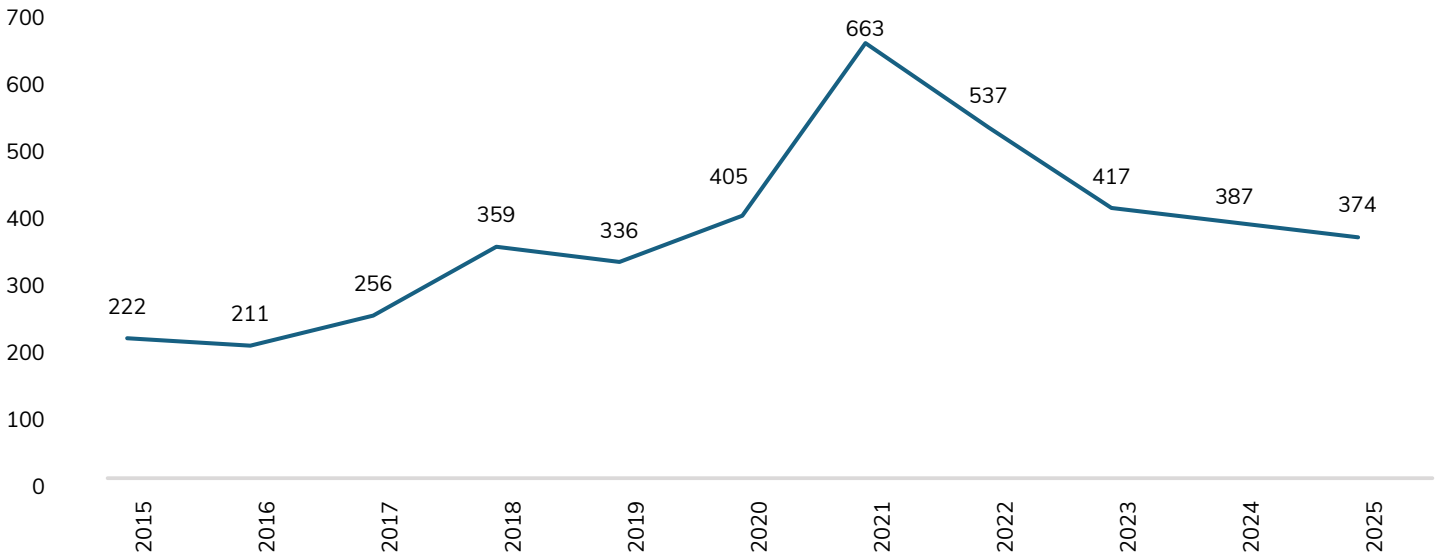
Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025
Note: The close year is the close year of the deal that the investor invested in. CVC investor is defined as a corporation or corporate venture capital investor. The CVC and nontraditional investor categories are not mutually exclusive.

Total Unique Investor Count



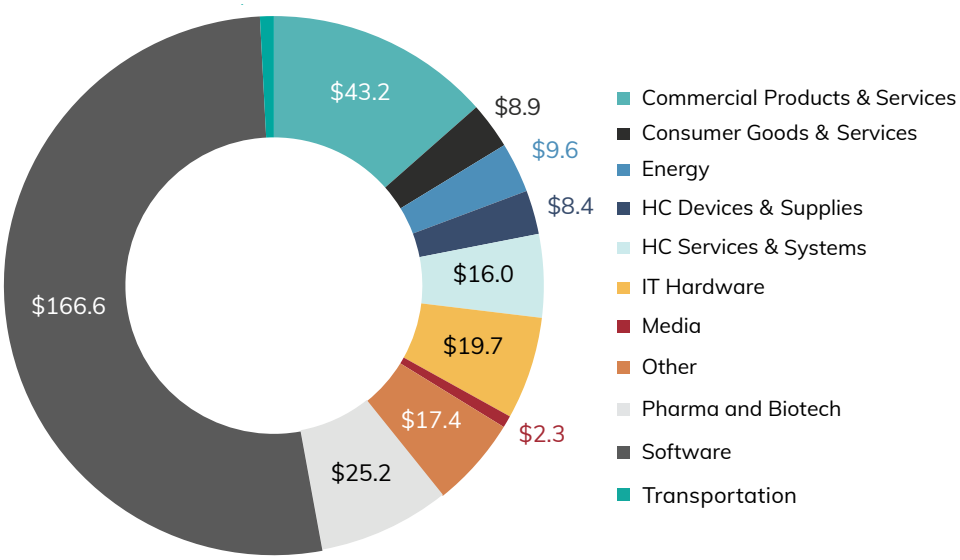
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Unique Crossover Investor Count



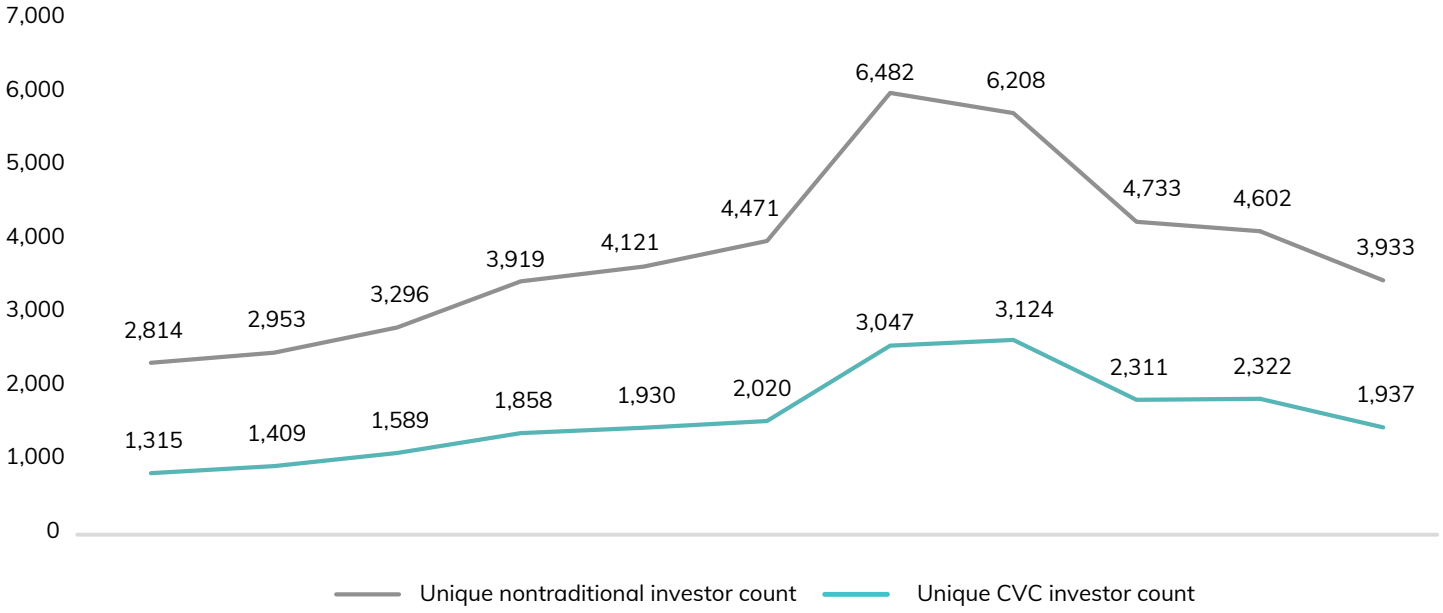
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

2025 US VC Deals by Sector ($B)



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Count of unique CVC and nontraditional investors that invested in US-headquartered target companies by close year



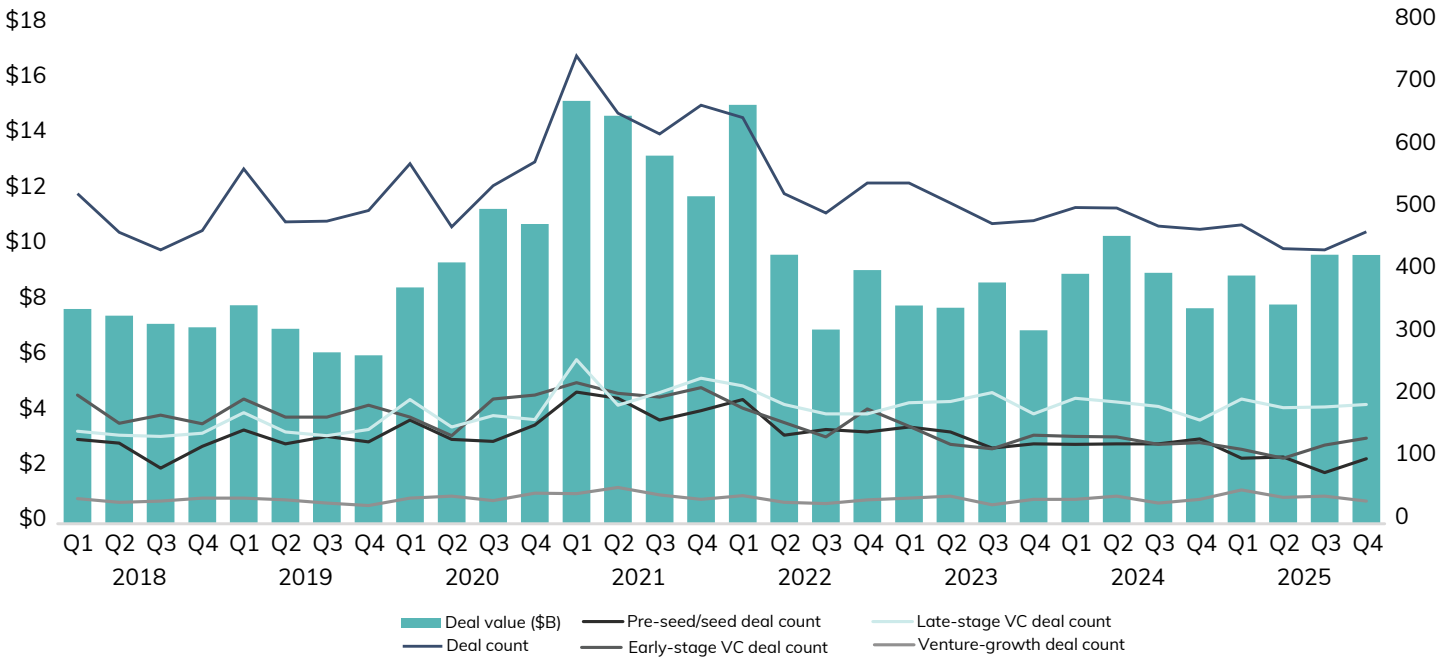
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US Life Sciences VC Deal Activity by Quarter

	2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Deal value ($B)	$15.1	$9.7	$7.0	$9.1	$7.9	$7.8	$8.7	$7.0
Deal count	651	529	498	546	546	514	481	486
Pre-seed/seed deal count	199	142	151	147	155	147	121	128
Early-stage VC deal count	185	162	139	184	156	127	120	142
Late-stage VC deal count	221	191	176	176	194	196	210	176
Venture-growth deal count	45	34	32	38	41	44	30	39
	2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Deal value ($B)	$9.0	$10.4	$9.0	$7.8	$8.9	$7.9	$9.7	$9.7
Deal count	507	506	477	472	479	441	439	468
Pre-seed/seed deal count	127	128	128	136	105	107	82	104
Early-stage VC deal count	140	139	127	130	119	105	126	137
Late-stage VC deal count	201	195	188	166	200	186	187	191
Venture-growth deal count	39	44	33	39	54	42	44	36

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US Life Sciences VC Deal Activity by Quarter



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Exit Landscape

Facts and Figures

Total US venture-backed exit value reached $217.1 billion across 1,463 exits in 2025, more than double 2024's $97.6 billion and the strongest year since 2021. That sounds like a recovery. In context, it is just 27 percent of 2021's $790.7 billion peak, produced during a year when $320 billion in new capital poured in. The industry returned roughly 68 cents for every dollar it deployed. That is not a recovery. That is falling behind.

Forty-nine VC-backed IPOs generated $105.2 billion in exit value. The median IPO pre-money valuation hit a record $1.05 billion, meaning half of all venture-backed companies that went public were already valued above a billion dollars before they listed. Median time from first VC financing to IPO reached 7.85 years, also a record. These are not young companies testing the public markets. These are mature businesses that finally graduated.

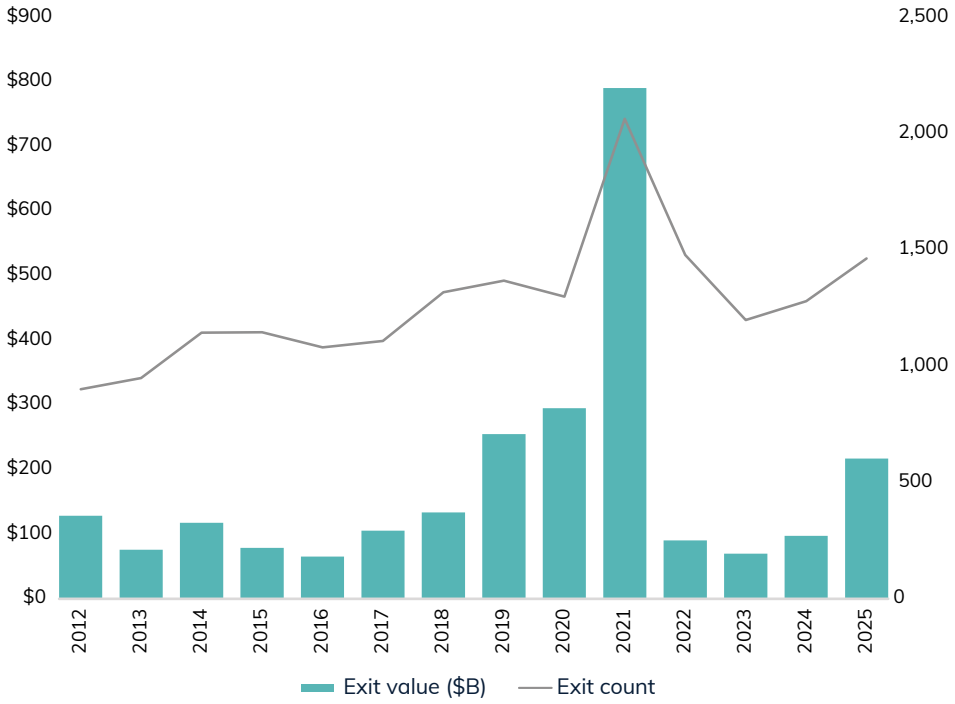
On the M&A side, 1,396 M&A exits produced $109.0 billion in "disclosed" value. Thirty-one M&A exits exceeded $1 billion, double 2024's count. But "disclosed" is doing a lot of work in that sentence, as we'll see.

Market Context

The exit numbers improved. The structural problem deepened. Those two statements are not in conflict;they describe the same system.

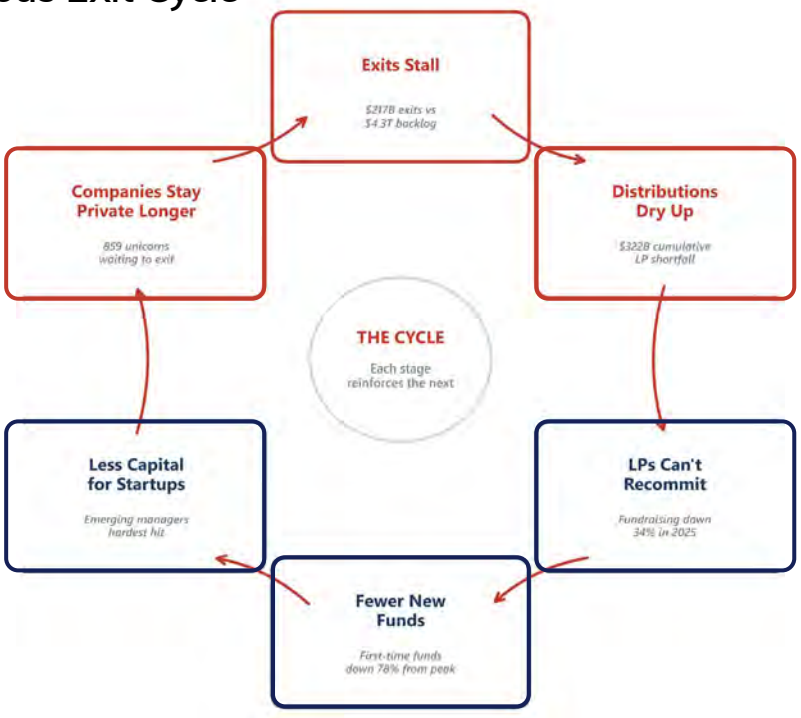
The real question is not whether exits improved. They did. The question is whether they improved at a rate that matters relative to what is trapped in the system. At year-end 2025, 859 active unicorns held an aggregate post-money valuation of $4.34 trillion. That is not a queue. It's a gridlock, and it's continuing to compound: 124 new unicorns were created

U.S. as a % of Global VC Exits by Year



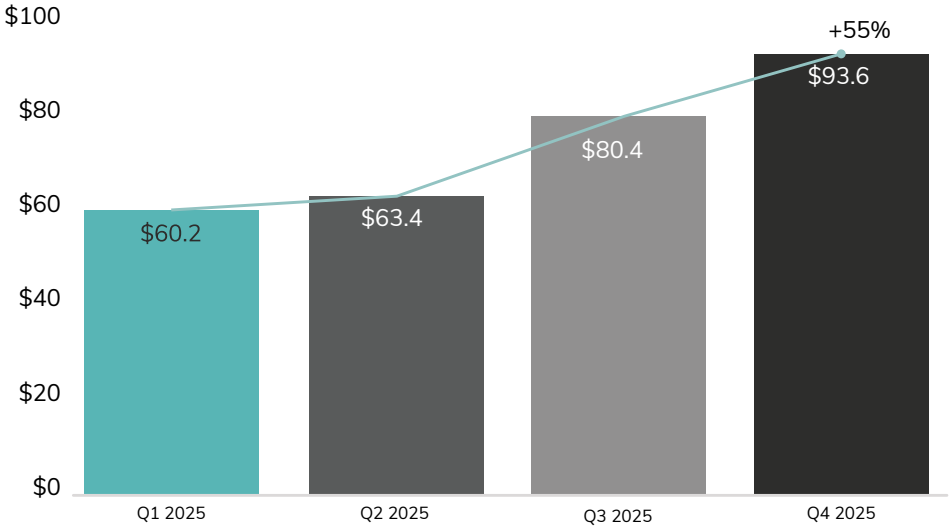
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Vicious Exit Cycle



Source: NVCA Analysis of PitchBook Data | As of 12/31/2025

Quarterly Exit Value Acceleration ($B)



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US IPOs by Year

	# of All IPOs	# of VC Backed IPOs
2013	472	88
2014	468	129
2015	339	85
2016	245	48
2017	289	69
2018	289	95
2019	293	92
2020	507	114
2021	986	198
2022	203	42
2023	151	43
2024	184	44
2025	250	49

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

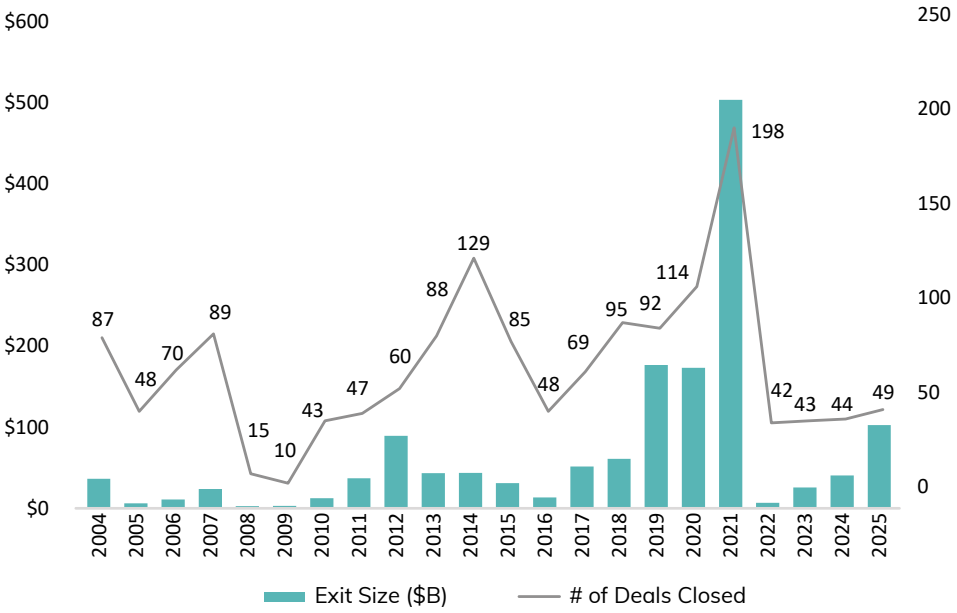
in 2025 against roughly 30 to 40 unicorn exits. The backlog grows by 80 to 90 unicorns every year.

Against that backlog, $217.1 billion in exits is bailing out a barge with a coffee cup. At 49 IPOs per year against 859 unicorns alone, the theoretical queue is 17.5 years, and that does not account for the thousands of non-unicorn venture-backed companies that also need liquidity events.

"A lot of capital was deployed that doesn't deliver returns." —David Solomon, CEO, Goldman Sachs, October 2025

The problem is worse than even the unicorn headline suggests. The actual backlog includes layers of accumulated obligations that compound with each passing year. Some of the sector's new structural complications include, follow-on deals stacks. Continuation vehicles that defer exits rather than facilitating them. Down rounds at 15.9 percent of all deals, a decade high, that disconnect marked values from realizable value. And companies aging in place, with median age at Series D and beyond reaching 10.02 years.

US VC Exit via IPOs

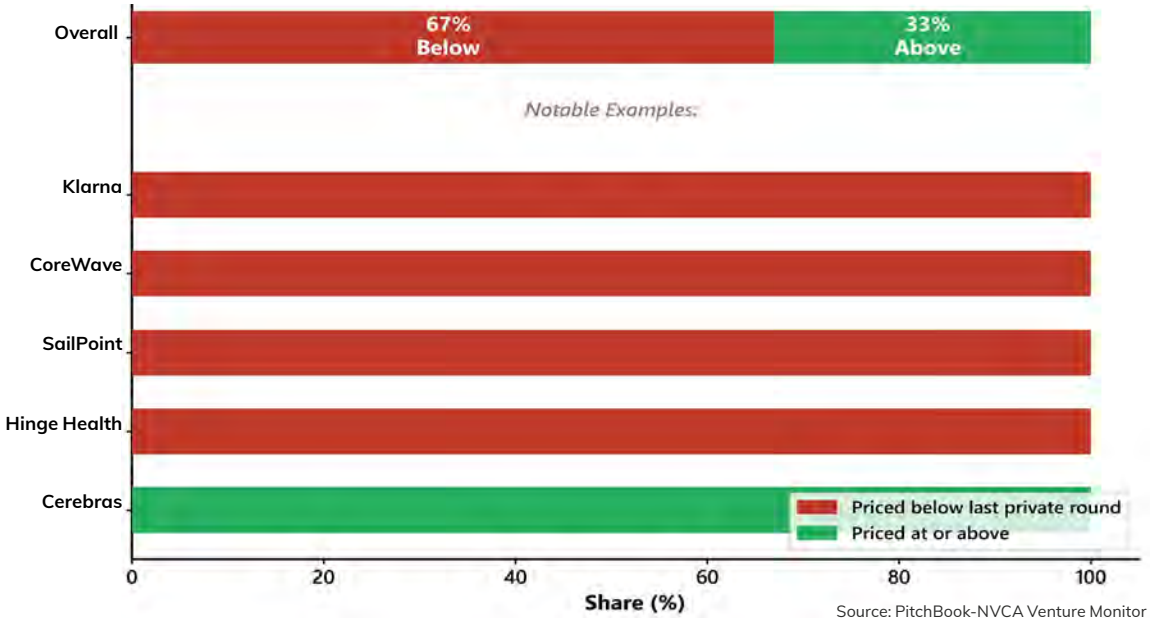


Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025
Exit size represents pre-money valuation

Gornall and Strebulaev (2020) found that post-money valuations overstate fair value by approximately 50 percent due to complex share class structures. If that holds for the current cohort, the "$4.34 trillion" overhang is closer to $2–3 trillion in realizable value. That is still enormous. And distributions as a percentage of net asset value sit at historic lows, 12.0 percent as of Q3 2025, well below the long-run average of 17.8 percent and a fraction of the 32.2 percent peak reached in Q1 2021.

Venture capital has a cycle, and that cycle has been severely disrupted beyond historical norms and has yet to find a new equilibrium. Until the pipeline for returning capital to investors has been renormalized, it is unlikely to do so.

Down Rounds IPOs



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Points of Interest

THE IPO WINDOW: ELITE BUT NARROW

The 2025 IPO class was exceptional by any per-deal measure. CoreWeave led at $17.1 billion, the largest US technology IPO since Arm Holdings. Figma followed at $15.7 billion, choosing the IPO path after regulators blocked its $20 billion sale to Adobe in 2023. Chime Financial debuted at $9.1 billion. BETA Technologies, the electric aviation company from South Burlington, Vermont, came in at $6.6 billion. Circle listed at $6.4 billion with a 168 percent first-day gain. Netskope, Firefly Aerospace, Navan, Figure Technology Solutions, and Via Transportation rounded out the top ten.

Those ten IPOs totaled approximately $80 billion, roughly 76 percent of all IPO exit value from 20 percent of the count. The concentration is the point. The bar to go public has risen so high that only the most mature, highest-performing companies attempt it, which creates a survivorship bias in the data: IPO returns look exceptional because only exceptional companies participate.

The return multiple hit 8.16x, second only to 2021's 8.34x. But that number describes a world where the median IPO pre-money is $1.05 billion. For LPs, this creates a paradox: per-exit returns are strong, but there are too few exits relative to portfolio size. An 8.16x return on 49 IPOs does not compensate for hundreds of portfolio companies that never exit at all.

M&A: THE HEADLINE AND THE FINE PRINT

Groq led M&A at $20 billion, NVIDIA acquiring a stake in the year's marquee AI semiconductor deal. io Products and Ampere Computing each closed at $6.5 billion. Digital Global Systems sold for $5.0 billion. Halda Therapeutics at $3.1 billion and Scorpion Therapeutics at $2.5 billion represented life sciences exits, demonstrating that pharma acquirers continue to use venture-backed biotech as an R&D pipeline. These ten deals totaled approximately $54 billion, nearly half of all M&A exit value from less than one percent of M&A transactions.

Now the fine print. The M&A disclosure rate has been quietly collapsing. In 2021, approximately 30.5 percent of M&A

Median US VC Pre-Money Valuation ($M) by Series

	2019	2020	2021	2022	2023	2024	2025
Pre-seed	$3.7	$3.7	$4.3	$5.3	$5.9	$6.5	$8.3
Seed	$6.7	$7.0	$9.0	$10.5	$11.5	$13.5	$16.0
A	$19.7	$21.0	$33.0	$38.4	$32.5	$40.0	$49.0
B	$65.0	$70.0	$102.0	$110.0	$87.0	$106.0	$145.0
C	$125.0	$167.2	$281.0	$262.0	$150.0	$225.0	$316.3
D+	$345.0	$400.0	$955.0	$750.0	$355.0	$615.5	$856.5

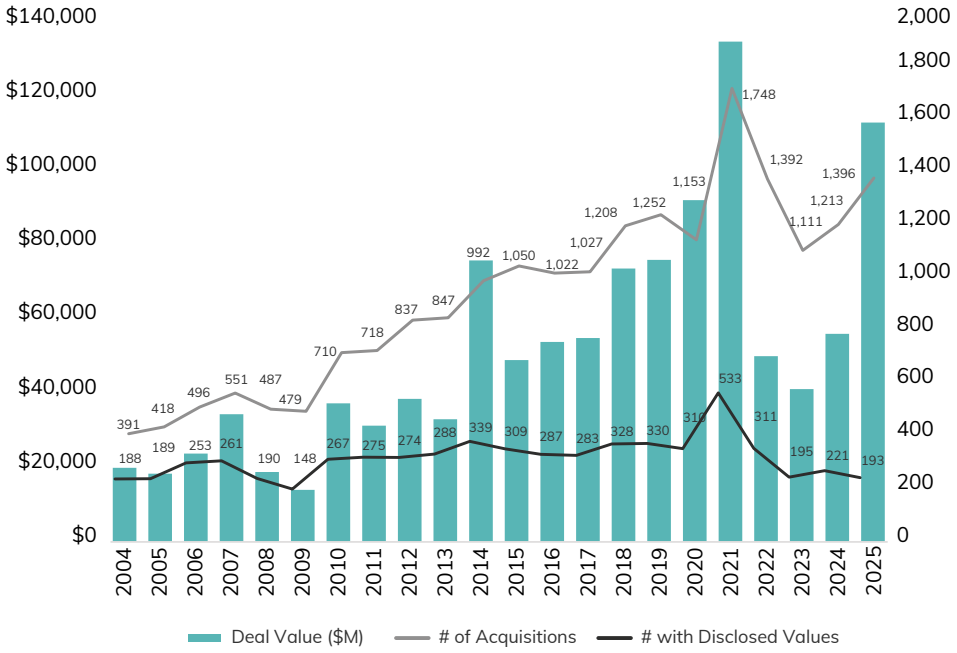
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

transactions disclosed their values. By 2023, the rate fell to 17.6 percent. In 2025, it hit 13.8 percent, just 193 of 1,396 acquisitions disclosed their price, fewer than one in seven.

That trajectory tells you something. Even as headline M&A value doubled, the fraction of deals willing to report what they sold for has been cut by more than half since 2021. The undisclosed majority is likely dominated by acqui-hires, talent acquisitions, and distressed sales at unflattering valuations. Thirty-one companies couldn't stop talking about their exits. Another 162 were happy to share. The other 1,203 preferred to keep the specifics to themselves.

Buyouts represented 22.3 percent of exit count, up from historical norms of 10–15 percent. Private equity has become a permanent provider of venture liquidity. PE buyouts are real exits that deliver real cash to LPs. But they are also a form of deferral, the company has not gone public, and the

US VC Backed M&A Value and Age Characteristics



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

US VC-backed M&A Value and Age Characteristics

	# of Acquisitions	# with Disclosed Values	Deal Value ($M)	Median Deal Value ($M)	Average Deal Value ($M)	Median Time from 1st VC to Exit	Average Time from 1st VC to Exit
2017	1,027	283	$52,864.1	$50.0	$186.8	4.78	5.79
2018	1,208	328	$71,013.9	$66.3	$216.5	5.00	5.90
2019	1,252	330	$73,282.3	$67.2	$222.1	5.08	5.90
2020	1,153	310	$88,821.9	$70.0	$286.5	5.27	6.18
2021	1,748	533	$130,088.9	$65.0	$244.1	5.31	5.93
2022	1,392	311	$48,154.5	$44.9	$154.8	5.27	6.10
2023	1,111	195	$39,601.5	$40.0	$203.1	4.84	5.82
2024	1,213	221	$53,974.1	$60.0	$244.2	4.92	5.79
2025	1,396	193	$109,011.8	$150.0	$564.8	5.08	6.08

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Average US VC Pre-Money Valuation ($M) by Series

	2019	2020	2021	2022	2023	2024	2025
Pre-seed	$4.6	$5.3	$7.3	$6.6	$8.0	$10.2	$12.0
Seed	$9.0	$9.9	$13.3	$19.6	$18.0	$22.5	$38.7
A	$32.8	$49.2	$62.9	$64.8	$54.3	$68.4	$98.1
B	$117.2	$130.5	$192.0	$229.0	$164.6	$456.7	$337.4
C	$231.5	$340.6	$573.8	$456.3	$340.9	$722.8	$999.9
D+	$1,201.9	$1,178.0	$2,273.2	$1,681.7	$1,683.0	$1,699.9	$5,317.1

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

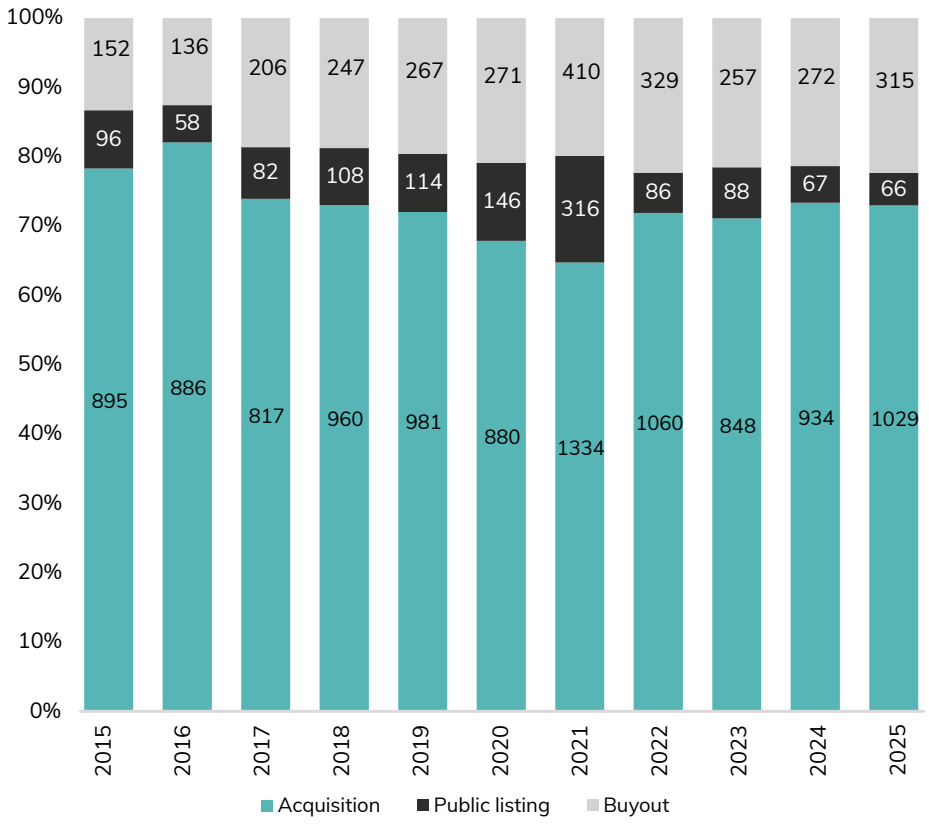
ultimate exit has been transferred to a new set of investors operating under a different fund structure with its own timeline.

COMPANIES THAT SHOULD BE PUBLIC

The most telling feature of the 2025 exit landscape is who did not exit. Databricks, valued above $60 billion, having raised over $10 billion in private capital, generating over $2 billion in annual recurring revenue, is still private. So is SpaceX. Stripe only recently found its way to the public markets. Canva remains private. The list of companies that would have been public in any prior market cycle but continue to be sustained by private investors is long and growing.

This creates a vicious cycle that connects across every section of this yearbook. Companies stay private because they can raise privately. Because they stay private, exits do not happen. Because exits do not happen, LPs do not receive distributions. Because LPs do not receive distributions, they cannot recommit to new funds. Because LPs cannot recommit, fundraising collapses.

Share of US VC Exit Count by Type



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

U.S. as a % of Global VC Deal Flow by Year

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Global Deal Value ($B)	$185.8	$201.0	$221.8	$349.7	$348.5	$381.3	$753.1	$528.0	$365.6	$391.4	$501.1
US Deal Value ($B)	$87.6	$83.7	$93.5	$149.7	$156.5	$175.6	$358.5	$236.4	$167.2	$211.5	$320.0
Global Deal Count (#)	$31,038.0	$32,169.0	$34,494.0	$38,821.0	$40,403.0	$42,546.0	$58,404.0	$55,639.0	$46,152.0	$42,914.0	$39,831.0

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

U.S. as a % of Global VC Fundraising by Year

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Global Capital Raised ($B)	$135.8	$185.4	$200.6	$338.0	$283.1	$262.1	$385.8	$415.1	$279.0	$220.3	$123.8
US Capital Raised ($B)	$45.5	$50.4	$49.5	$78.7	$69.9	$92.9	$170.0	$222.7	$107.4	$101.9	$67.0
Global Fund Count (#)	$2,259.0	$2,597.0	$2,873.0	$3,191.0	$2,917.0	$3,246.0	$4,564.0	$4,504.0	$3,619.0	$2,232.0	$1,241.0

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Because fundraising collapses, GPs extend fund lives. Because fund lives extend, companies stay private longer. Every mega follow-on round that substitutes for an IPO simultaneously improves the investment numbers, it counts as venture growth deployment, and worsens the exit backlog.

Somaya and You (2024) found that highly scalable startups delay their IPOs for longer, but only when VC funding availability is high. Abundant private capital is itself the mechanism keeping companies out of the public markets.

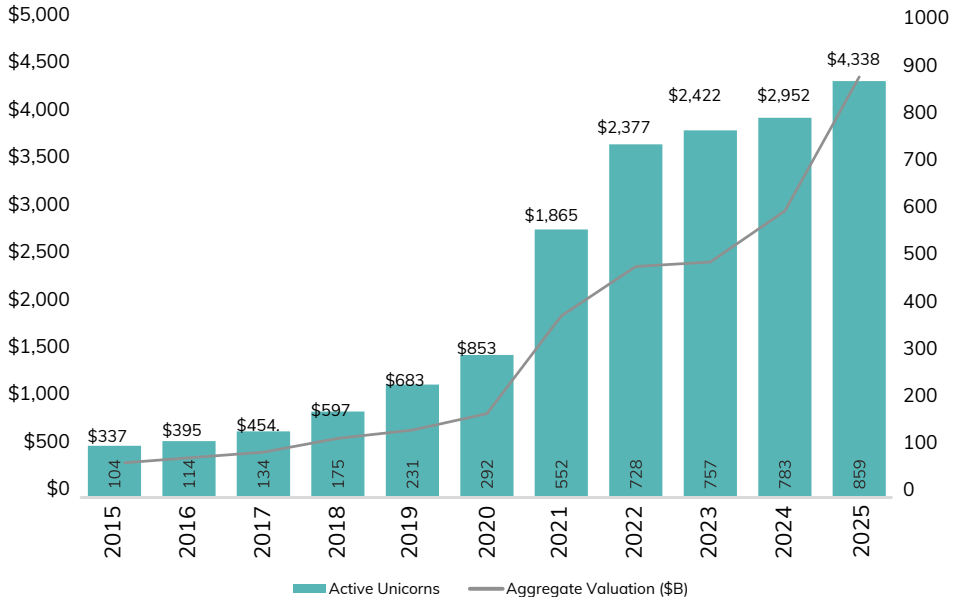
In their H2 2025 State Of The Market's Report, Silicon Valley Bank's analysis of roughly 726 unicorns underscores the scale of the mismatch: only about 37, roughly 5 percent, met the conventional bar to go public, defined as $300 million or more in revenue and passing the rule of 40. Another 182 had the revenue scale but not the efficiency. The remaining 500-plus had declining or sub-20 percent growth. This reality highlights an ecosystem which is currently struggling to value a large number of assets which are promising, but illiquid.

THE COMPOUNDING BACKLOG

The unicorn backlog is not static. It is compounding. At year-end 2025: 859 active unicorns at an aggregate post-money valuation of $4.34 trillion. Average unicorn valuation increased 32 percent to $5.0 billion. But that average masks enormous dispersion. A 2021-vintage unicorn sitting at a stale $1.2 billion valuation faces very different exit prospects than a 2025-vintage AI unicorn at $5 billion with real revenue growth.

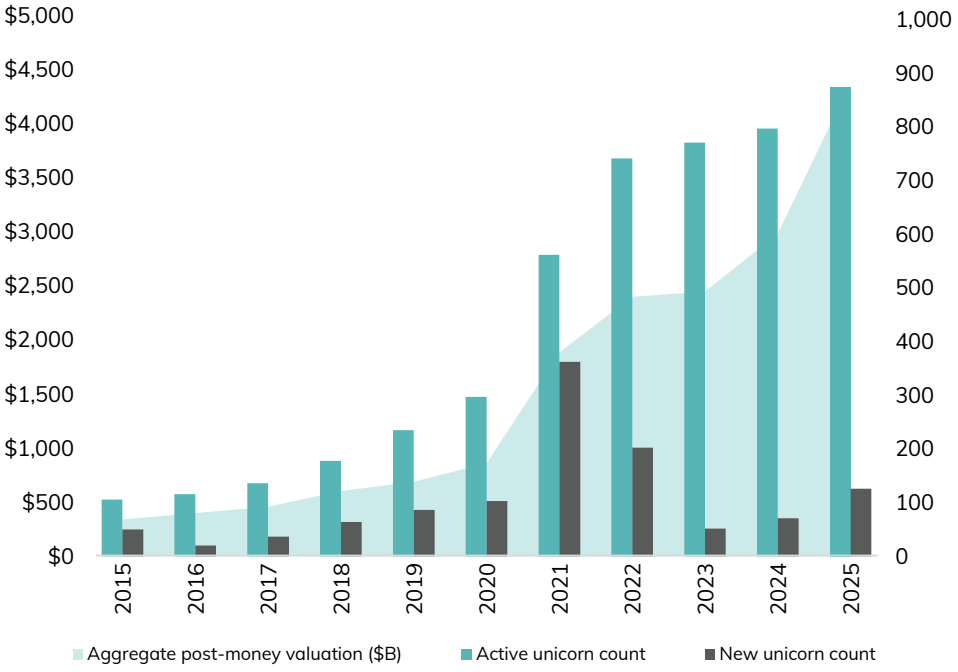
LPs have poured in $322 billion more than they have received back across 2022–2024. The fund structure makes the math worse: ten-year fund lives collide with 7.85-year median time to first IPO, meaning many exits, if they happen at all, occur during fund extension periods, well past the point when LPs are expecting returns.

Aggregate Unicorn Backlog



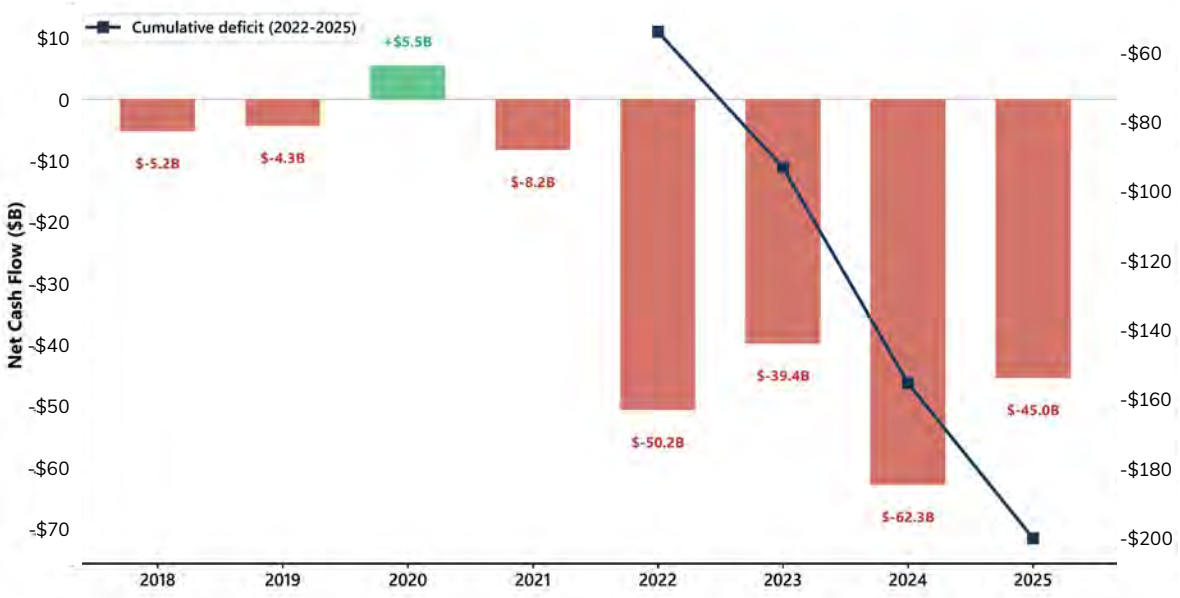
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US Unicorn Count and Aggregate Post-Money Valuation



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

LP Cashflow Deficit



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

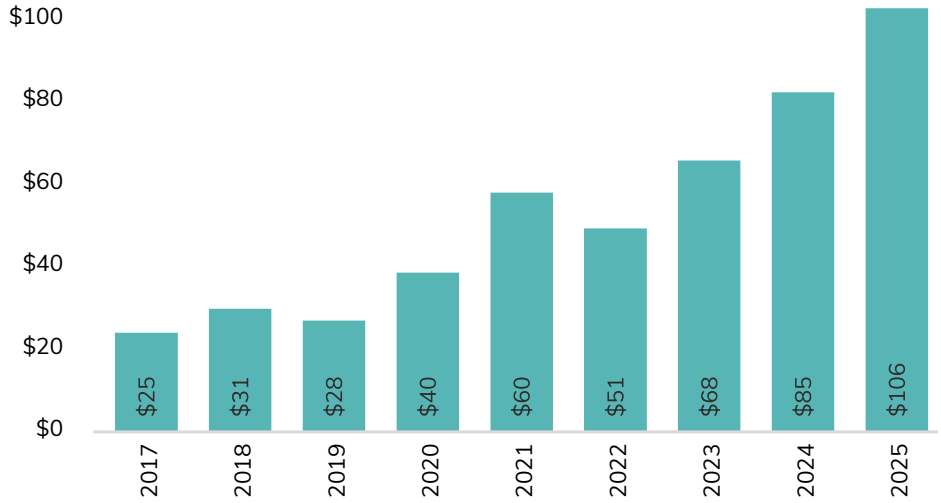
Robinson and Sensoy (2015) documented that distributions are procyclical: they should flow most freely during economic expansions. The current distribution drought during a period of economic growth is structurally anomalous. The system has accumulated more companies, at higher valuations, with more invested capital, than the exit channels can process.

"Most venture-backed companies end up in the same place: raised 3–4M seed, built real product, got to 300–500K ARR, VCs stopped caring, founders stuck with high pref stack, can't raise more, can't exit, can't even shut down cleanly. These aren't bad businesses, they're just wrong cap tables." —Rohit Mittal, founder of Stilt, investor at Helium Ventures, November 2025

RESOLUTION: THE HARD WAY

The backlog resolves one of five ways: IPO at a realistic valuation, M&A at a discount to peak, recapitalization through a structured down round, GP-led continuation vehicle, or shutdown. Each path has friction, and all of them are happening simultaneously.

Secondary Market Volumn ($B)



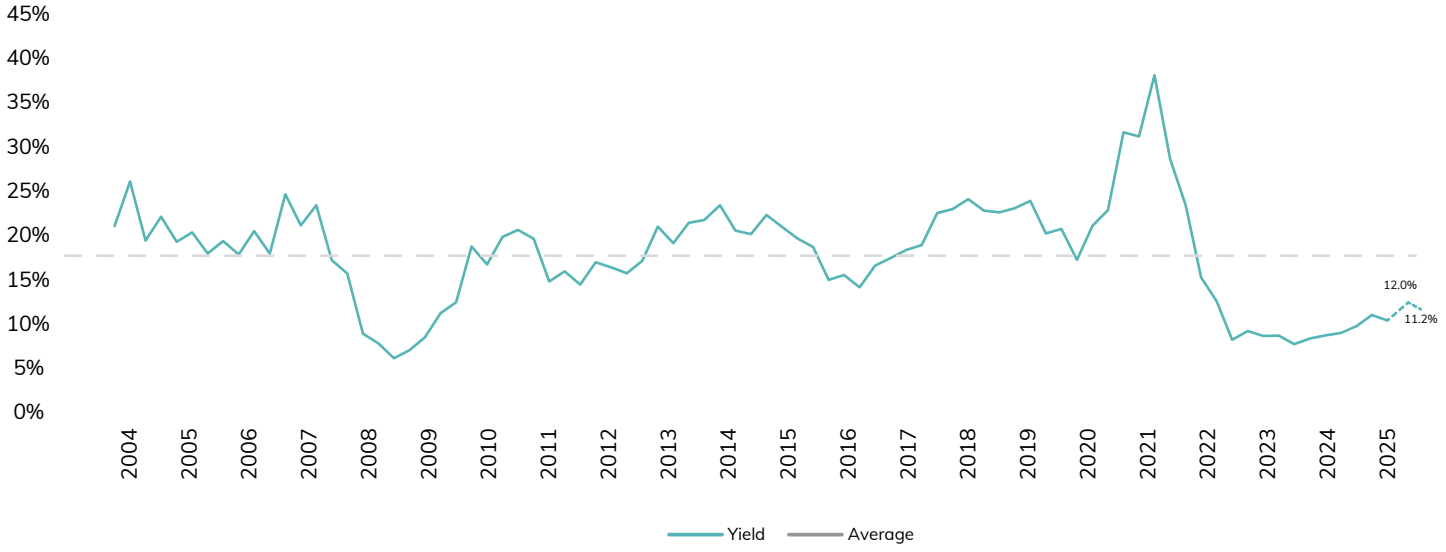
Source: Industry estimates (Jefferies, Greenhil, Setter Capital) | NVCA Analysis

Down-round IPOs, once taboo, became commonplace in 2025: two-thirds of unicorn IPOs were priced below their last private valuation, with a median IPO-to-last-private ratio of 0.9x. Many then traded up post-listing, suggesting that public investors will pay fair prices but not fantasy ones. For companies unwilling or unable to go public, recapitalizations and structured rounds offer a path, but at a cost. Preference stacks get renegotiated, common shareholders get diluted, and the cap table complexity that already discourages acquirers gets worse.

"You move on with your life instead of the charade of trying to somehow justify this number that you didn't set. You move on with your life instead of the charade of trying to justify a number from 2021."—Shu Nyatta, Founder of Bicycle Capital, 2025

Shutdowns, the most final resolution, are accelerating and moving up-market. SimpleClosure's 2025 State of Startup Shutdowns report found that Series A

Distributions as a % of NAV



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025
Note: The values for Q2 and Q3 2025 were estimated from venture exit values. Data is based on funds five years and older. The methodology was updated in Q3 2025 to include interpolated fund returns.

shutdowns jumped from roughly six percent to 14 percent of all closures, a 2.5x increase. The companies shutting down are older (Series A failures averaged seven years old, Series B and above closer to a decade) and have raised more capital than prior cohorts. The first meaningful wave of AI startup shutdowns arrived in 2025, with AI representing 12 to 20 percent of closures across most stages. This was not the seed-stage churn that venture expects. It was the post-ZIRP generation running out of runway.

"False-positive signals can keep a company going longer than it should." —Sarah Haggard, CEO & Founder of Tribute, December 2024

GP-led continuation vehicles offer a fourth path, one that keeps assets in friendly hands while giving existing LPs the option to cash out. CV volume reached $115 billion in 2025, with continuation vehicles accounting for 89 percent of GP-led transactions and roughly 43 percent of total secondary market volume. Nearly 75 percent of the largest global PE firms have now executed at least one continuation transaction. For venture specifically, CVs let GPs hold their best portfolio companies past fund life without forcing a fire sale.

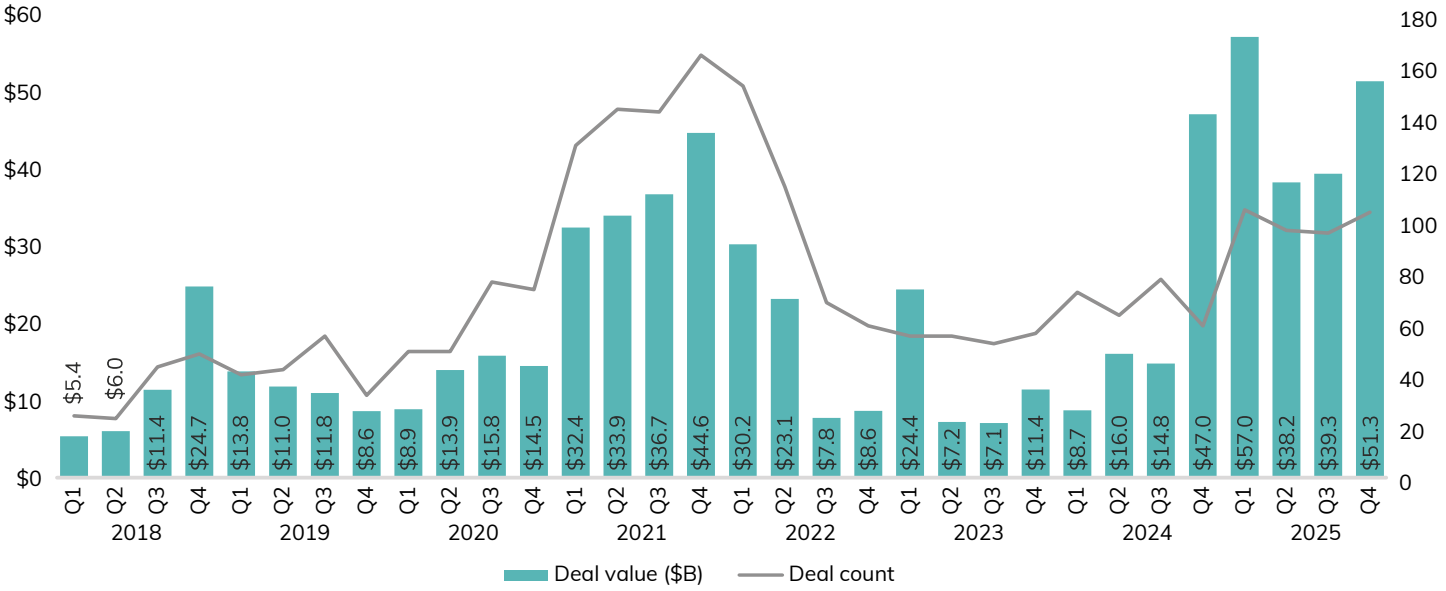
SECONDARY MARKETS: TOO BIG TO IGNORE, TOO SMALL TO HELP?

For years, secondaries were a footnote, a pressure valve for LPs who needed cash and employees who wanted to sell a few shares. In 2025, they became something else. There were roughly $106.3 billion in venture secondaries changed hands over 2025, $91.7 billion in direct transactions and $14.6 billion in GP-led deals. Put that next to IPOs at $105.2 billion and disclosed M&A at $109 billion. For the first time, secondaries are operating at roughly the same scale as the two traditional exit channels. Mendoza and Vermeulen (2011) called secondaries a critical "third exit" path alongside IPOs and trade sales. It took fourteen years, but the data caught up to the theory.

Wall Street noticed. Goldman Sachs acquired Investor Industry Ventures. Morgan Stanley bought EquityZen. Charles Schwab acquired Forge Global. When three of the largest financial institutions in the world buy secondary platforms in the same year, that is not experimentation. That is infrastructure buildout. Dedicated VC secondary dry powder reached $11.8 billion, up 2.8x from 2022, though still just 3.9 percent of primary venture capital. The plumbing is going in. The water pressure is still low.

The concentration problem is familiar. On Hiive, the top 20 startups accounted for 86.4 percent of all secondary trading value in Q4 2025. SpaceX ran a $2.6 billion tender at an $800 billion valuation. OpenAI ran a $6.6 billion tender at $500 billion. Ramp, Rippling, Notion, Plaid, Vercel, the tender offer has quietly become standard operating procedure at the top of the market. Nearly half of all unicorns had their first VC round in 2016 or earlier; their employees and early investors have been waiting a decade for a payday. Secondaries are delivering one, at least for the names everyone already knows. For the other several hundred unicorns and the thousands of non-unicorns below them, the secondary market remains more promise than reality.

US Unicorn Deal Activity by Quarter



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025
Note: The close year is the close year of the deal that the investor invested in.

"Every LP and every GP should actively engage with the secondary market. If you don't, you yourself become detached from what has become the foundation of the liquidity paradigm." —Matt Hodan, Lexington Partners, November 2025

Going Forward

The 2026 outlook depends on three variables.

First, IPO market health. Any sustained reopening of the window would disproportionately benefit the exit backlog, but the window has been open only to the most elite candidates, and there is no structural reason to expect a dramatic broadening. The companies that went public in 2025 were exceptional by every measure. The hundreds that did not go public are, on average, not.

Second, M&A policy. The Trump administration's shift from size-based antitrust enforcement to foreign-influence-based antitrust may ease the path for domestic AI acquisitions, potentially triggering a wave of consolidation. This would help at the margin but would not move the needle on the unicorn overhang.

Third, secondary market scaling. At $106 billion in 2025, secondaries have graduated from curiosity to third exit channel. The institutional infrastructure (Goldman, Morgan Stanley, Schwab) is in place. The question is whether trading can broaden beyond the top 20 names that currently dominate volume.

The deeper risk is structural. Even if exits recover to $400–500 billion annually, an optimistic scenario, at current unicorn creation rates, the backlog continues to grow. The math does not work until either IPO volume triples, a wave of consolidation M&A clears hundreds of companies from the pipeline, or a painful valuation reset forces write-downs and shutdowns that clear the queue the hard way.

One note of genuine optimism: exit value accelerated through the year, from $60.2 billion in Q1 to $93.6 billion in Q4, a 55 percent increase that suggests building momentum rather than a one-off spike. If that trajectory holds into 2026, the exit environment may be entering a sustained recovery, even if its pace remains insufficient to clear the accumulated backlog.

The 2025 exit data illustrates the power law at every level: ten IPOs account for 76 percent of IPO value. Ten M&A deals account for nearly half of M&A value. 487 mega-deals account for 67 percent of all deal value. The system produces magnificent outcomes for a few and functional outcomes for some. The question for the next several years is what happens to the many for whom it produces nothing at all.

Secondaries are helping, they're just not helping enough.

Top 10 U.S. VC-backed IPOs in 2024

Company Name	Exit Size (Millions)	Pre Value (millions)	Post Value (millions)	Deal Type	Industry Sector	Industry Group	Industry Code	Verticals	City	State
CoreWeave	$17,100.4	$17,100.4	$18,564.0	IPO	Information Technology	Software	Business/ Productivity Software	Artificial Intelligence & Machine Learning, Big Data, CloudTech & DevOps, SaaS	Livingston	New Jersey
Figma	$15,674.6	$15,674.6	$16,086.2	IPO	Information Technology	Software	Multimedia and Design Software	Artificial Intelligence & Machine Learning, CloudTech & DevOps, SaaS	San Francisco	California
Chime Financial	$9,140.1	$9,140.1	$9,839.4	IPO	Information Technology	Software	Financial Software	FinTech, Mobile, Mobile Commerce, SaaS	San Francisco	California
BETA Technologies	$6,594.5	$6,594.5	$7,609.5	IPO	Business Products and Services (B2B)	Commercial Products	Aerospace and Defense	CleanTech, Manufacturing, Mobility Tech, Robotics and Drones	South Burlington	Vermont
Circle	$6,439.9	$6,439.9	$6,898.7	IPO	Financial Services	Other Financial Services	Other Financial Services	Cryptocurrency/ Blockchain, FinTech, Mobile Commerce, TMT	New York	New York
Netskope	$6,351.2	$6,351.2	$7,259.4	IPO	Information Technology	Software	Network Management Software	Cybersecurity, SaaS	Santa Clara	California
Firefly Aerospace	$5,595.9	$5,595.9	$6,464.2	IPO	Business Products and Services (B2B)	Commercial Products	Aerospace and Defense	Space Technology	Cedar Park	Texas
Navan	$5,455.5	$5,455.5	$6,206.0	IPO	Information Technology	Software	Business/ Productivity Software	Artificial Intelligence & Machine Learning, FinTech, Mobile, SaaS	Palo Alto	California
Figure Technology Solutions	$4,625.2	$4,625.2	$5,212.9	IPO	Information Technology	Software	Financial Software	Artificial Intelligence & Machine Learning, FinTech, Mortgage Tech	Charlotte	North Carolina
Via Transportation	$3,321.9	$3,321.9	$3,650.4	IPO	Business Products and Services (B2B)	Commercial Transportation	Other Transportation	Artificial Intelligence & Machine Learning, Mobile	New York	New York

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

NVCA's 2025 Year in Review

Our three platforms collectively served the venture ecosystem through advocacy, research, education, programming, and advancing the VC industry.

Three Complementary Structures Supporting the Venture Ecosystem

venture forward >

Public Charity 501(c)(3)

- Mission-driven
- Expanding, educating, and empowering a vibrant VC investor community
- Primarily funded by donations from individuals or private entities
- Donations are tax-deductible

nvca

Trade Association 501(c)(6)

- Membership-driven
- Lobbying and advocacy efforts to protect the VC industry from external regulatory forces
- Funded by annual member firm dues
- Membership dues are not tax-deductible

nvca VenturePAC

Political Action Committee 527

- Membership/Politics-driven
- Supports the election of candidates who champion for the VC industry
- Funded by individual contributions
- Donations are not tax-deductible

This timeline features highlights from the past year to provide the VC community with an overview of our priorities, impact, and accomplishments.

Bobby Franklin, Aziz Gilani, Shauntel Garvey, and John Neis at NASDAQ

NVCA's 9th annual Strategic Operations and Policy Summit

April 2025

NVCA Member Testifies on Expanding Access to Capital: Bill Baumel, Managing Director of NVCA member firm, Ohio Innovation Fund, testified before the House Committee on Small Business at a hearing titled, "Fueling America's Future: How Investment Empowers Small Business Growth." Read Bill's full testimony here.

NVCA Raises Policy Priorities at the White House: NVCA met with White House officials to advocate for stronger IPO pathways, balanced AI and crypto frameworks, and startup visa reforms to bolster U.S. innovation and competitiveness.

Op-Ed Defending Carried Interest: In a Fox Business op-ed, NVCA President and CEO Bobby Franklin underscored the critical role of carried interest in driving long-term investment, innovation, and job creation nationwide, warning that changes to its tax treatment could undermine capital formation and entrepreneurial growth.

NVCA Letter Urges Delay of FinCEN AML Rule: NVCA submitted a letter to FinCEN requesting a 12-month delay of its new AML/CFT requirements for investment advisers, arguing the rule is duplicative, misaligned with deregulatory priorities, and warrants a fresh cost-benefit analysis.

Letter Supporting Federal Research Funding: NVCA sent a NVCA letter to Michael Kratsios highlighting the importance of sustained federal research funding, including through National Institutes of Health and National Science Foundation, to sustain the startup innovation pipeline and U.S. competitiveness.

VC University San Francisco Meetup: Venture Forward hosted a VC University community meetup in San Francisco, bringing together alumni and current cohort members to strengthen relationships and expand professional networks across the venture ecosystem.

NVCA & Venture Forward San Francisco Office Warming: NVCA and Venture Forward welcomed members of the venture community to celebrate the opening of their new San Francisco office, creating a space for collaboration and industry convening.

NVCA Venture Forward Office Warming

NVCA Venture Forward Office Warming

May 2025

NVCA Board Meets with Speaker Johnson: The NVCA Board met with Speaker Mike Johnson and other key lawmakers and administration officials to advocate for protecting carried interest and advancing the venture industry's tax priorities.

NVCA Webinar on Navigating First 100 Days: NVCA hosted members for a timely discussion on how early actions by the new Administration and Congress may shape the venture ecosystem.

Emerging Manager Office Hours 13: Venture Forward hosted the 13th Emerging Manager Office Hours program virtually, convening 25 emerging fund managers with LPs, experienced GPs, and industry advisors for curated discussions and one-on-one meetings focused on fundraising and fund management.

Sarah Du (Uncork Capital) and her colleagues celebrate her Rising Star award

June 2025

NVCA Convenes CA Advisory Committee Meetings: In June, NVCA brought together 90+ venture leaders across Silicon Valley for five policy-focused meetings covering taxes, AI, healthcare, national security, and energy.

NVCA Leadership Gala: On June 5 in Menlo Park, NVCA presented individuals, firms, and organizations across the venture capital community with its annual industry awards.

New Board Chair: NVCA appointed Vineeta Agarwala, General Partner at Andreessen Horowitz, as the 2025-2026 Chair of the NVCA Board of Directors.

NVCA Fights to Keep AI Moratorium: In a June 26 letter to Senate Majority Leader John Thune, NVCA expressed strong support for a 10-year federal "temporary pause" on state AI-specific regulations, reinforcing the need for national leadership to prevent a fragmented, state-by-state patchwork that could hinder innovation and investment.

Venture Forward Board Leadership Updates: Venture Forward announced new board leadership, welcoming Candice Morgan (fmr. GV) as Board Chair, appointing Courtney Russell McCrea (Recast Capital) and Hilary Gosher (Insight Partners) as board officers, and adding Jeff Clavier (Uncork Capital), Marian Nakada (fmr. Johnson & Johnson Innovation – JJDC), and Chris Rizik (Renaissance Venture Capital) as board directors.

Venture Forward Five-Year Anniversary: Venture Forward marked its five-year anniversary on June 16, celebrating the organization's growing impact in expanding access to venture capital education, mentorship, and community. Across its programs, 45% of alumni now work in VC or LP institutions, 48% have made direct investments, and 51% now mentor others, reflecting Venture Forward's role in strengthening the next generation of venture leaders.

July 2025

Q2 VC Power Hour with Elliott Robinson: Venture Forward hosted a VC Power Hour session featuring Elliott Robinson, Partner at Bessemer Venture Partners, providing mid-career venture investors with insights on investing strategy and career development.

Q2 Emerging Manager Power Hour with Courtney McCrea: Venture Forward hosted an Emerging Manager Power Hour session with Courtney McCrea, Co-founder of Recast Capital and Venture Forward board director, focused on LP relationships and fundraising strategies.

VC University Cohort 19: Venture Forward launched VC University Cohort 19, continuing its flagship venture capital education program delivered in partnership with NVCA and UC Berkeley Law Executive Education.

Celebrating Pride: Venture Forward featured 5 LGBTQ+ founders and funders in VC.

One Big Beautiful Bill Passage Secures VC Wins: On July 3, the U.S. House of Representatives narrowly approved the Senate's version the "One Big Beautiful Bill Act," delivering major wins for the venture ecosystem—including preservation of carried interest, expanded QSBS benefits, permanent R&D expensing, and protection of PTET elections.

FinCEN Announces Two Year AML Pause: Following industry engagement that included advocacy from NVCA (see April letter), the Financial Crimes Enforcement Network announced a two-year delay of its AML and SAR requirements for investment advisers, moving implementation to 2028.

August 2025

VC University DC Meetup: Venture Forward hosted a VC University alumni meetup in Washington, D.C., bringing together participants from multiple cohorts to strengthen community connections within the venture ecosystem.

Q3 VC Power Hour with Marian Nakada: Venture Forward hosted a VC Power Hour session featuring Marian Nakada, Vice President of Venture Investments at Johnson & Johnson Innovation—JJDC.

Q3 Emerging Manager Power Hour with Jeff Clavier: Venture Forward hosted an Emerging Manager Power Hour session featuring Jeff Clavier, Founding Partner at Uncork Capital, focused on venture firm building and fundraising.

September 2025

NVCA Hosts Capitol Hill Reception: On a rainy September evening amidst a looming government shutdown, NVCA brought together 70+ Capitol Hill staffers, Trump Administration officials, DC-based VCs, and its Board of Directors for an intimate evening reception overlooking the U.S. Capitol.

NVCA Board Advocates at SEC, on Capitol Hil: NVCA Board members activated Capitol Hill in Washington, DC, ensuring venture's voice is heard at the highest levels of government through meetings with the U.S. Securities and Exchange Commission and key congressional offices.

Newsom Signs Landmark AI Transparency Bill: Gov. Gavin Newsom signed SB 54 at the end of September, making California the first state to require AI safety disclosures from frontier developers while launching a new state-backed compute hub and setting a potential model for future AI oversight.

Boston VC Invitational Golf Tournament: The NVCA team partnered with industry partner, Insperity, to co-host its second annual investors-only golf tournament at Brae Burn Country Club in Massachusetts.

VC University Cohort 20: Venture Forward launched VC University Cohort 20, continuing to expand access to venture capital education through its flagship certificate program.

Venture Forward Five-Year Anniversary Celebration: Venture Forward hosted a five-year anniversary celebration in San Francisco, bringing together donors, volunteers, and alumni to reflect on the organization's impact and community growth.

Secondaries Decoded Webinar with Sydecar: Venture Forward partnered with Sydecar to host a webinar exploring the growing role of secondaries in venture capital for both GPs and LPs.

Aziz Gilani and John Neis at NASDAQ

Nicole Harlem Capital–Rising Star Award

Ross DeVol accepting Impact Award

David Rothzeid (Shield Capital) and his colleagues celebrate her Rising Star award

October 2025

NVCA and Darden Briefing: NVCA hosted its fourth VC 101 briefing on Capitol Hill, NVCA President and CEO Bobby Franklin and Les Alexander of the University of Virginia Darden School of Business. The briefing drew 85 congressional staffers for a standing-room-only session on how venture capital fuels innovation, entrepreneurship, and job creation.

RAISE Conference: Member firm, Akkadian Ventures, invited NVCA and Venture Forward to co-sponsor its annual LP/GP conference in San Francisco that attracts several hundred emerging managers raising first and second funds.

RAISE Global Summit–GP Day: Venture Forward sponsored and participated in the 2025 RAISE Global Summit, where Executive Director Maryam Haque led fireside discussions with Ullas Naik (Streamlined Ventures) and Mar Hershenson (Pear VC) on fundraising strategies, building durable LP relationships, and navigating the challenges of raising early-stage venture funds.

Q4 Emerging Manager Power Hour – NVCA Members Edition: Venture Forward hosted a members-only Emerging Manager Power Hour featuring Beezer Clarkson, General Partner at Sapphire Partners and NVCA board members.

Q4 VC Power Hour with Aziz Gilani: Venture Forward hosted a VC Power Hour session featuring Aziz Gilani, General Partner at Mercury Fund, focused on career advancement in venture capital.

GP Masterclass Launch: Venture Forward launched the inaugural GP Masterclass in partnership with the Ford Foundation, convening experienced venture capital general partners to focus on scaling venture firms, portfolio management, and long-term fund strategy.

Hispanic Heritage Month: To celebrate Hispanic Heritage Month, Venture Forward featured 5 VC leaders shaping the future of the industry.

November 2025

NVCA's 9th Annual SOPS Summit: NVCA's 9th annual Strategic Operations and Policy Summit (SOPs) brought together a record number of venture CFOs, COOs, and operations leaders in DC for two days of strategic dialogue, hands-on AI training, and insights into venture operations, policy, and emerging trends.

Emerging Manager Office Hours 14: Venture Forward hosted Emerging Manager Office Hours 14 in San Francisco, convening 24 emerging fund managers with LPs, experienced GPs, and industry advisors for panel discussions and curated one-on-one meetings.

December 2025

The Venture Forward Annual Holiday Celebration: Venture Forward hosted its annual holiday gathering in New York City, bringing together donors, volunteers, and program participants to celebrate the organization's growing impact and community. The event featured a fireside chat with Howard Morgan, Co-Founder and Chairman of B Capital Group.

NVCA's Ashlyn Roberts and Jason Vita at SXSW Annual VC Brunch

Bobby Franklin and Gavin Christensen alongside Rising Star winners at Leadership Awards Dinner

Strategic Operations and Policy Summit

Bobby Franklin presenting at RAISE Global Summit

January 2026

2026 Annual Meeting: The NVCA 2026 Annual Meeting brought members together for in-depth policy updates, insights on Washington dynamics, and emerging trends across AI, healthcare, energy, and national security, while highlighting opportunities to engage with NVCA advocacy and advisory initiatives.

HHS Fireside Chat at JPM: NVCA convened more than 150 venture investors at its annual healthcare event in San Francisco to discuss the evolving health AI regulatory landscape, featuring speakers Jim O'Neill, Vineeta Agarwala of Andreessen Horowitz, and Thomas Keane of the U.S. Department of Health and Human Services.

February 2026

VC University Cohort 21: Venture Forward launched VC University Cohort 21, continuing its venture capital education program for emerging investors.

VC University Bootcamp Launch: Venture Forward launched the inaugural VC University Bootcamp in collaboration with Stanford Law School Executive Education, UC Berkeley Law Executive Education, and NVCA to support experienced venture investors on the path to general partner leadership.

Black History Month: To celebrate Black History Month, Venture Forward featured three fund managers making an impact in VC.

March 2026

Juniper Square Fundraising Best Practices Webinar: In a virtual format, Juniper Square and NVCA explored the 2026 venture fundraising landscape, including market shifts, strategies for differentiating firm branding to build LP trust, and using operational alpha to gain a competitive edge.

Q1 Emerging Manager Power Hour with Alex Konrad: Venture Forward hosted a Q1 Emerging Manager Power Hour featuring Alex Konrad, Founder of Upstarts Media and former Forbes Midas List curator, where emerging fund managers discussed strategies for building media visibility and gaining exposure for their firms and portfolio companies.

Q1 VC Power Hour with Molly Bonakdarpour: Venture Forward hosted a VC Power Hour session featuring Molly Bonakdarpour, General Partner at Drive Capital, convening mid-career venture investors for an AMA-style discussion on career development, portfolio management, and navigating emerging venture ecosystems.

Michele Solomon
Vice President, Administration
msolomon@nvca.org

Robin Ceppos
Senior Manager, Communications
rceppos@nvca.org

Savanna Maloney
Manager, Administration & Operations
smaloney@nvca.org

Evan Keller
Director, Communications
ekeller@nvca.org

Jess Woodie
Director, Marketing & Digital Storytelling
jwoodie@nvca.org

Kylie Lapsley
Manager, Special Projects
klapsley@nvca.org

NVCA Growth Policy Dinner

VCs in Boston Event

Expanding, educating, and empowering a vibrant VC investor community

venture forward >

Venture Forward is a 501(c)(3) supporting organization to NVCA.

NVCA EMPOWERS THE NEXT GENERATION OF AMERICAN COMPANIES

As the leading trade organization in this country, **NVCA provides a wealth of resources for VCs**, including access to exclusive data, education, connecting with peers, and shaping the policy agenda.

Beth Seidenberg
Founding Managing Director
of Westlake Village Biopartners

Become a NVCA member today | www.nvca.org

nvca

Public Policy Recap:

The 2025 Federal Reset

2025 was a big year for the venture community in Washington. On one side, deregulation and tax cuts from Congress, the SEC, and the president's AI executive order addressed many of the industry's long-standing friction points. On the other, increased scrutiny on cross-border investment and supply chain legislation from biotech to digital assets gave the industry new cause for concern. The result is a policy environment that's simultaneously more supportive of domestic capital formation and more restrictive on how that capital moves across borders.

Capital Markets and SEC Reform

The confirmation of SEC Chairman Paul Atkins in April 2025 marked a clear shift in the Commission's posture. Within weeks, the SEC withdrew fourteen pending rulemakings from the prior administration, including proposals on third-party service provider oversight, predictive data analytics, cybersecurity risk management, and ESG disclosures. The agency also implemented a roughly 15 percent staff reduction and restructured its Enforcement Division to focus on what leadership called "genuine harm and bad acts" rather than expansive theories of liability.

For private fund advisers, the practical changes came through staff-level guidance rather than formal rulemaking: eased verification requirements for Rule 506(c) offerings, more flexibility in performance presentation under the marketing rule, and revisited restrictions on closed-end funds' ability to allocate to private funds. The direction is clear. The SEC is reducing friction in capital formation and expanding investor pathways into private markets.

The Commission is also signaling willingness to revisit structural issues that have long constrained market participation, including expanding retail investor access to private funds, modernizing accredited investor frameworks, and clarifying regulatory treatment of digital assets and tokenized securities.

Congress is moving in a similar direction. The House passed the INVEST Act, a bipartisan legislative package containing several capital formation bills. The DEAL Act would modernize the definition of "qualifying investments" for venture capital funds, allowing limited secondary transactions and fund-of-fund investments while maintaining exempt reporting adviser status. The ICAN Act would expand the "qualifying venture capital fund" exemption under the Investment Company Act by increasing fund size and investor limits. Together, these measures would make it easier for emerging managers to raise and deploy capital into early-stage companies.

Taken together, these developments represent the most capital-formation-friendly SEC policy environment since the years immediately following the JOBS Act. Whether that trajectory endures beyond the current administration will depend, as it often does, on the political cycle.

Tax Policy: The One Big Beautiful Bill Act

The OBBBA, signed on July 5, 2025, delivered the most significant tax wins for the startup ecosystem since the 2010 QSBS expansion. NVCA advocated for all three provisions that made it into the final law.

Bill Baumel of Ohio Innovation at House Small Buisness. Hearing

Steve Case Financial Services Committee Hearing

Section 174: R&D Expensing Permanently Restored. Since 2022, companies had been required to capitalize and amortize R&D expenses over five years, limiting their ability to reinvest in growth. The House initially proposed a temporary fix. Sustained advocacy from NVCA and a broad coalition secured a permanent restoration in the final bill, with retroactive application for small businesses.

Section 1202: QSBS Protected and Expanded. The Qualified Small Business Stock exclusion, which allows investors to exclude capital gains on qualifying startup investments from federal taxation, faced significant pressure during the OBBBA debate as lawmakers searched for revenue offsets. NVCA worked with coalition partners to ensure the provision was not only protected but strengthened.

The final law made three changes. It increased the asset cap from $50 million to $75 million, broadening the universe of qualifying companies. It raised the individual gain exclusion cap from $10 million to $15 million. And most importantly, it established a phased-in benefit: a 50 percent exclusion after three years, 75 percent after four, and the full 100 percent after five.

That tiered structure matters more than it appears. The previous regime was an all-or-nothing cliff at five years. The new phase-in removes the "5-year wall" that discouraged earlier exits and secondary transactions. Given the secondary market growth documented in the exit landscape section of this yearbook ($106 billion in venture secondaries in 2025), the timing isn't coincidental. A policy that makes earlier partial liquidity more tax-efficient dovetails directly with a market that desperately needs more liquidity of any kind.

Carried Interest: Preserved. Proposals again emerged to eliminate capital gains treatment of carried interest and tax it at ordinary income rates. NVCA strongly opposed these efforts, and the final legislation preserved the existing treatment. For emerging and smaller managers in particular, this was essential.

Other Relevant OBBBA Provisions: The OBBBA also included permanent bonus depreciation for qualifying capital equipment, a provision relevant to the defense and dual-use manufacturing companies discussed in the investing section. For companies like Anduril building a drone factory in Ohio or Relativity Space building a million-square-foot rocket factory in Long Beach, permanent bonus depreciation on manufacturing equipment reduces the effective cost of the production buildout that the venture market is now financing at scale.

AI Regulation: Federal Acceleration Meets State Resistance

AI policy in 2025 was defined by a widening gap between federal efforts to accelerate deployment and state efforts to impose guardrails. That tension will shape the regulatory environment for AI startups for years to come.

The Trump Administration's AI Action Plan, released in July 2025, signaled a decisive shift toward an innovation-first approach. The plan emphasized rapid infrastructure buildout, expanded AI exports to allied countries, and regulatory sandboxes designed to speed commercialization. Federal procurement policy emerged as a subtler lever: agencies were directed to prioritize AI systems that are "truth-seeking" and "ideologically neutral," a standard that could shape evaluation frameworks for startups seeking government contracts. The broader frame positioned AI as a strategic technology race, with federal policy organized around competitiveness, compute capacity, and scaling American AI globally.

The administration complemented this with targeted research initiatives. The Genesis Mission executive order launched a federal "AI for Science" program pairing advanced AI models with national laboratory computing infrastructure across energy, materials science, and biotechnology. The initiative reflects a growing belief in Washington that AI leadership will be determined as much by scientific breakthroughs as by commercial model development, an approach that could benefit startups at the intersection of AI, biotech, climate tech, and advanced manufacturing.

Board Meerting at Capitol Hill

Board Meerting at Capitol Hill

Group Photo of Board Members at Capitol Hill

At the same time, competition with China became the dominant geopolitical frame for AI policy. Bipartisan concern intensified in late 2025 over reports that advanced AI chips and related technologies were still reaching Chinese companies through indirect channels. Lawmakers in both parties pressed the Commerce Department to tighten export controls and scrutinize licensing decisions involving high-performance semiconductors and model training infrastructure.

The policy debate became most contentious around federal preemption of state AI regulation. A proposal in the 2025 reconciliation bill to impose a multiyear moratorium on state AI laws collapsed in the Senate after bipartisan resistance centered on states' rights and child-safety concerns. The episode illustrated the political fault line that now defines AI policy: the federal government arguing that a patchwork of state rules will slow innovation, and states arguing that waiting for Congress risks leaving consumers unprotected.

The administration subsequently shifted tactics, issuing an executive order aimed at discouraging "onerous" state AI regulations and signaling potential litigation to challenge them. It also committed to delivering a proposed federal AI framework by the end of 2026, setting up a major legislative debate over the balance between innovation and safeguards.

Emerging Technology and Federal R&D Funding

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs stalled for five months due to a congressional stalemate between Senators Ed Markey and Joni Ernst before a March 2026 compromise. Beyond ensuring continuity, the reauthorization strengthens foreign due diligence requirements, creates Phase 2 Strategic Breakthrough Awards with a clear pathway to commercialization, establishes annual application caps, and defines standards for denials to promote consistency and transparency for entrepreneurs.

Federal research funding in 2025 was marked by budget pressures and shifting priorities. Federal investment increasingly emphasized emerging technologies, AI, semiconductors, biotechnology, and climate research, building on the CHIPS and Science Act. But constrained grant funding in some programs, shifts toward multi-year models that reduced new awards, and policy debates over potential cuts at NIH and NSF left the research community navigating significant uncertainty.

Foreign Investment

Legislative and executive branch developments in 2025 reshaped the rules governing capital flows between the United States and foreign nations, particularly countries of concern. Two key areas stand out: outbound investment restrictions and CFIUS reform on inbound investment review.

The Outbound Investment Security Program and COINS Act. The OISP Final Rule took effect on January 2, 2025, implementing Executive Order 14105. Administered by Treasury's new Office of Investment Security, the program targets three technology sectors in countries of concern (initially China, Hong Kong, and Macau): semiconductors and microelectronics, quantum information technologies, and artificial intelligence.

The COINS Act, signed in December 2025 as part of the FY2026 NDAA, codified and expanded the existing program. It extends "countries of concern" beyond China to include Russia, Iran, North Korea, Cuba, and Venezuela, and broadens technology coverage to include high-performance computing, supercomputing, and hypersonics. It also expands the definition of "covered foreign persons" to include entities "subject to the direction or control" of adversarial countries, which may affect onboarding of foreign LPs or US LP participation in foreign-domiciled funds. The legislation introduces a pre-clearance mechanism modeled on the CFIUS process and requires Treasury to maintain a database of covered foreign persons.

The bipartisan consensus here is unmistakable. In an increasingly partisan Washington, outbound investment scrutiny is one of the few areas where both parties are pushing in the same direction.

CFIUS Reform: America First Investment Policy. President Trump's America First Investment Policy memorandum, released February 21, 2025, tightens CFIUS scrutiny on adversary-linked investment while streamlining approvals for allied capital. The memorandum directs CFIUS to restrict PRC-affiliated investment in healthcare, agriculture, energy, and critical infrastructure; expand authority to review "greenfield investments" (new foreign operations in the US, historically a jurisdictional gap); and create a fast-track process for allied nations including Australia, Canada, and the UK.

The numbers tell the story of where this has been heading. Chinese foreign direct investment in the US has fallen from $46 billion in 2016 to under $4 billion in 2024, an approximately 91 percent drop. Capital from trusted partners is increasingly filling the gap. Gulf sovereign wealth funds alone deployed an estimated $25 billion directly into US venture rounds in 2025, benefiting from a more streamlined review environment.

Looking ahead, expect continued developments on both fronts. In February 2026, Treasury issued a Request for Information seeking industry feedback on streamlining CFIUS review, including a proposed "Known Investor Program." With new Treasury leadership under Assistant Secretary Chris Pilkerton, CFIUS reform and COINS Act implementation will remain active policy areas through 2026.

National Security and Defense Procurement

The FY2026 NDAA includes major acquisition reforms aimed at making DoD procurement faster, more flexible, and more accessible to commercial innovators. The legislation incorporates elements of the SPEED Act and FoRGED Act, prioritizing commercial purchasing and removing statutory barriers that slow adoption of emerging technologies.

Secretary Pete Hegseth complemented this with a Pentagon initiative to accelerate weapons delivery, including Portfolio Acquisition Executives with performance incentives tied to timelines, commercial solutions as the default option, and a Wartime Production Unit to rapidly scale manufacturing capacity. The emphasis on larger, longer-term contracts is designed to give private capital clearer demand signals and encourage investment in the defense industrial base.

The Office of the Under Secretary for Research and Engineering consolidated its 14 priority areas into six Critical Technology Areas: applied AI, biomanufacturing, contested logistics, quantum and battlefield information dominance, scaled hypersonics, and scaled directed energy. For venture-backed defense companies, this consolidation provides a clearer map of where federal dollars and procurement attention will flow.

Healthcare Policy

BIOSECURE Act and Supply Chain Scrutiny. Signed in December 2025 as part of the NDAA, the BIOSECURE Act prohibits federal agencies from procuring biotech equipment or services from designated "Biotechnology Companies of Concern." Companies on the DoD's 1260H list of Chinese military companies operating in the US are automatically treated as BCCs. There's concern that many of the dominant contract development and manufacturing organizations for VC-backed biotech globally could be listed in the future.

With $37.3 billion in life sciences venture investment in 2025, many drug discovery and biotech companies' R&D pipelines depend on international contract manufacturing. Restrictions on supply chains connected to China are likely to continue as the administration has named domestic manufacturing a key priority.

Drug Pricing. There's a bipartisan commitment in Washington to lower drug prices, though the avenue varies by party. Pharmacy benefit manager reform has gained traction with both sides. The administration is pursuing Most Favored Nations pricing agreements with pharmaceutical companies, while Democratic health leaders are focused on expanding Medicare drug negotiations and international pricing benchmarks.

Todd Klein of Revolution at Energy and Commerce Meeting


Todd Klein of Revolution provided the VC industry's perspective on AI in Healthcare at House Commerce Committee meeting

Where bipartisan consensus lands will shape the commercial environment for VC-backed therapeutics companies.

AI in Healthcare. HHS is signaling a priority to accelerate AI integration into clinical care while reducing regulatory barriers. The department is looking across regulation, reimbursement, and R&D to support faster adoption of AI tools, with plans to provide clearer boundaries for when AI software is regulated as a medical device. On the legislative side, Senate HELP Chairman Bill Cassidy released a report outlining FDA modernization proposals aimed at reducing bottlenecks, integrating AI into the agency, and accelerating access to therapies.

Energy and Infrastructure Policy

The energy policy landscape in 2025 was shaped by a central tension: the administration's preference for expanded fossil fuel production collided with the economic reality that IRA tax credits had catalyzed billions in domestic manufacturing investment. Over 60 percent of IRA-linked clean energy manufacturing projects landed in Republican-held congressional districts, making wholesale repeal politically difficult. During the OBBBA negotiations, several IRA provisions were scaled back, but the core production and investment tax credits for domestic manufacturing survived in modified form. For venture-backed climate tech and clean energy companies, the partial preservation maintained commercial viability for projects already in development.

Nuclear energy emerged as a rare point of bipartisan consensus. The ADVANCE Act, signed in July 2024, had already streamlined NRC licensing for advanced reactor designs. In 2025, the administration went further, directing the NRC to prioritize applications from developers building reactors to power AI data centers and directing the DOE to identify federal sites for advanced nuclear deployment. Venture-backed companies in advanced nuclear, including SMR and fusion developers, benefited from a regulatory environment that treated nuclear as critical infrastructure rather than legacy risk.

The intersection of energy and data infrastructure became one of the year's most consequential policy themes. The AI Action Plan's provision for expedited permitting of data centers exceeding $500 million addressed a real bottleneck: major hyperscalers were encountering multi-year delays in securing grid interconnection and environmental permits. Several states enacted fast-track permitting for data center construction, competing for an estimated $100 billion in annual data center capital expenditure projected through 2028. For venture-backed infrastructure and energy companies, from grid-scale battery storage to behind-the-meter power solutions, the data center buildout represents a durable demand signal with policy support at both the federal and state levels.

Digital Assets and Blockchain

Digital asset policy in 2025 moved from years of uncertainty toward a more structured regulatory framework. While key questions remain unresolved, the year marked a turning point.

At the SEC, Chairman Atkins shifted away from the prior administration's enforcement-led posture toward clearer regulatory pathways. The Commission established a dedicated Crypto Task Force led by Commissioner Hester Peirce. Over 2025, the SEC issued staff guidance clarifying how existing securities laws apply to digital asset activities, including a determination that certain forms of protocol staking don't constitute securities transactions. The Commission also rescinded Staff Accounting Bulletin 121, removing a balance-sheet obstacle that had discouraged banks from providing digital asset custody services. In mid-2025, Atkins announced "Project Crypto," an initiative to modernize securities market infrastructure for tokenized financial assets and blockchain-based trading systems.

Congress reached its most significant legislative milestone in the sector to date. In July 2025, lawmakers enacted the GENIUS Act (Guiding and Establishing National Innovation for US Stablecoins), creating the first comprehensive federal framework governing payment stablecoins with reserve requirements, licensing

Todd Klein of Revolution speaking at House Commerce Committee meeting

Board Meeting Capitol Hill Visit

standards, disclosure obligations, and AML compliance expectations. Implementation and rulemaking will occupy much of 2026.

Broader market structure legislation remains unfinished. The House passed the CLARITY Act with bipartisan support, seeking to clarify jurisdictional boundaries between the SEC and CFTC and establish registration pathways for digital asset intermediaries. The Senate continues negotiating, with unresolved questions including classification of non-security digital assets, treatment of decentralized protocols, and regulatory treatment of stablecoin rewards.

The VC Policy Outlook for 2026

Domestic tax and capital formation policies moved in a more supportive direction, while Congress and federal agencies continued to tighten restrictions on capital and technology flows involving geopolitical competitors. Several areas warrant close attention heading into 2026:

• **Drug pricing reform** to address affordability concerns leading up to the midterm elections.

• **BIOSECURE Act BCC list publication** (expected late 2026), which will determine the scope of biotech supply chain disruption and the timeline for transitioning away from Chinese CDMOs.

• **Federal-state AI regulation dynamics.** The DOJ's AI Litigation Task Force will play a central role in disputes over whether federal policy preempts state AI laws. The outcome could determine whether AI companies face a growing patchwork of compliance obligations.

• **Expanded access to private markets.** Policymakers continue exploring ways to expand retail access to private market investments. Any meaningful expansion would broaden the long-term capital base for private funds and gradually reshape fundraising dynamics.

• **Crypto market structure legislation** will serve as a bellwether for congressional dealmaking in a polarized era. Until resolved, institutional custody, secondary liquidity, and tokenized securities priorities remain downstream.

• **CFIUS Known Investor Program.** Treasury is focused on streamlining CFIUS review for investments from allied countries.

• **COINS Act Treasury database**. The first public listing of "covered foreign persons" will define the outbound compliance landscape and determine how much due diligence GPs need to perform on cross-border deals.

• **Defense procurement reform**. The DoD is shifting toward commercial-first procurement and tech-agnostic solutions, creating openings for venture-backed defense companies.

• **State tax conformity.** Whether states adopt OBBBA provisions will determine whether the QSBS expansion and R&D fix function as truly national incentives or create state-by-state variation.

• **Additional tax legislation.** Congress may pursue another reconciliation package later in 2026. NVCA will remain engaged to safeguard carried interest, QSBS, and R&D expensing as debates unfold.

Christina Martin
Chief Operating Officer
cmartin@nvca.org

Diem-Mi Lu
Vice President, Government Affairs
dlu@nvca.org

Caroline Schellhas
Vice President, Government Affairs
cschelhas@nvca.org

Ashlyn Roberts
Vice President, Government Affairs
aroberts@nvca.org

Emma Peters
Manager, Government Affairs
epeters@nvca.org

NVCA Member Community

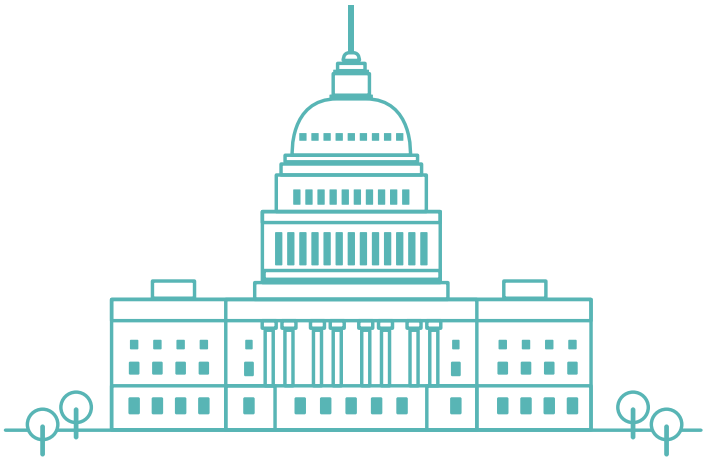
Diverse, Engaged, Committed

Join NVCA's dynamic national member network with representation from nearly all 50 states: from seed investors to mega-funds. Emerging managers and established VC firms alike contribute to a vibrant, diverse, and highly engaged community.

NVCA empowers the next generation of companies that will fuel the economy of tomorrow. As the voice of the U.S. venture capital and startup community, NVCA advocates for public policies that strengthen the American entrepreneurial ecosystem. NVCA also advances the success of the industry through high impact education, differentiated networking opportunities, and best-in-class data and resources.

Who are NVCA members?

- VC partnerships
- Corporate venture groups
- Growth equity firms
- Family offices
- Fund of funds
- State-Funded Organizations/Nonprofits
- Incubators and accelerators
- Nonprofit University Tech Transfer
- Emerging managers



See a full list of NVCA members here.

NVCA supports its member community through:

Must Attend Events

1. **The AI Inflection Point-**Policy, Power, and National Competitiveness- Inaugural gathering of 120+ members focused on strategic importance of AI policy.

2. **2026 VC Leadership Awards-**Annual gathering of leading VCs honoring investors, rising stars, and industry champions who have made significant contributions to venture capital.

3. **Strategic Operations & Policy Summit-** A program for CFOs and COOs at VC firms to examine accounting best practices, the evolving role of operators in venture, and key public policy issues.

   See all NVCA events here.

What's Hot in 2026

- **Member Advisory Committees-** Members discuss challenges and opportunities with a focus on policy issues. Vertically-focused groups include AI, Blockchain, Energy, Healthcare, and National Security Stakeholder-focused groups support operational leaders, including the CFO Task Force, the largest peer community within NVCA. There are also dedicated resources for corporate venture groups and growth equity investors, and policy focused community groups to convene around tax and capital markets issues.

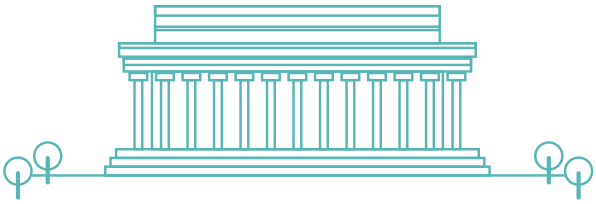
- **Targeted Networking Events-** Intimate gatherings of GPs in cities from coast to coast.

- **Revamped Brand Awareness-** Members have new opportunities to elevate thought leadership, visibility, and strategic initiatives through bespoke platforms such as Meet a VC.

New pricing structure-Emerging managers with less than $200M in committed capital and 0–3 closed funds may qualify for significantly reduced membership fees.

How To Become a Member

Visit nvca.org to apply online.
Questions? Contact membership@nvca.org.



Jason Vita
Vice President,
Business Development
jvita@nvca.org

Jenny Zemel
Director,
Member Engagement
jzemel@nvca.org

NVCA Industry Partners

Advisors, Leaders, and Experts

NVCA and its members rely on a strong network of service providers for guidance, expertise, and sponsorships. Through NVCA's Industry Partner Program, leading companies and organizations engage with an exclusive and diverse set of VCs. Industry Partner benefits include:

Enhanced brand awareness

Strategic business development

Platform for thought-leadership

Who Are Industry Partners?

- Accounting firms
- Fund administrators
- Banking and financial Institutions
- Consulting and advisory services
- Law firms
- Research and data providers
- Companies supporting startups
- Venture backed startups

What Can Industry Partners Do?

- Provide thought-leadership content
- Connect with NVCA members
- Attend sponsored events
- Co-host speaking engagements

How To Become an Industry Partner

Do your services add value to the VC ecosystem?

Learn more about the program and apply here.

Jason Vita
Vice President, Business Development
jvita@nvca.org

Jenny Zemel
Director, Member Engagement
jzemel@nvca.org

Venture Forward

Highlights

Venture Forward, NVCA's 501(c)(3) nonprofit, works to strengthen the venture capital industry by expanding access to education, mentorship, and professional networks for the next generation of investors and fund managers. Through programs designed to support talent at every stage of the venture career journey, Venture Forward helps equip emerging and established venture leaders with the knowledge, relationships, and resources needed to build enduring firms.

At the foundation of this work is VC University, produced in partnership with NVCA and UC Berkeley Law Executive Education. Since launching in 2019, the program has educated more than 5,150 participants across 20 cohorts, with 95% recommending the course to a peer. In 2025 alone, 847 individuals participated, including 120 full scholarship recipients pursuing careers in venture capital.

The VC University mentorship program complements the curriculum by connecting participants directly with experienced investors. In 2025, the program matched 110 scholarship recipients with two mentors each, an experienced VC and a peer mentor, and recruited 216 venture investors to volunteer as mentors, reflecting the industry's commitment to supporting emerging talent.

For investors further along their journey, Venture Forward's Emerging Manager Office Hours (EMOH) program provides highly curated opportunities for emerging fund managers to engage directly with experienced GPs, LPs, and industry advisors. In 2025, more than 292 meetings were facilitated between 45+ emerging managers and industry leaders, both virtually and in San Francisco, offering practical guidance on fundraising, fund management, and firm operations.

In 2025, Venture Forward also launched the inaugural GP Masterclass in partnership with the Ford Foundation. This selective executive-level program is designed for experienced venture capital general partners raising or managing their third, fourth, or fifth fund. The inaugural cohort brought together nine GPs, connecting them with experienced investors and 11 LPs for focused discussions on scaling venture firms, portfolio management, and long-term firm strategy. Venture Forward plans to continue and expand the program to two cohorts in 2026.

Venture Forward 5-year celebration with the board and Brad Feld


Venture Forward 2025 Holiday Party in NY

To support continued learning and connection across the ecosystem, Venture Forward introduced Power Hours, a series of small-group virtual sessions designed to give mid-career investors and emerging managers direct access to experienced industry leaders. Eight sessions were held in 2025, providing practical insights on investing, fund management, and career progression.

Together, these programs reflect Venture Forward's broader mission: helping ensure that the venture industry continues to cultivate the talent, stewardship, and leadership needed to support innovation and economic growth across the United States.

Venture Forward is funded through tax-deductible donations from individuals, venture firms, and corporate partners, including SVB, Deloitte, and Gunderson Dettmer.

Venture Forward 2025 Holiday Party–Photobooth

Ways To Engage With Venture Forward:

- Volunteer as a mentor for VC University.
- Volunteer to host Emerging Manager Office Hours.
- Make a tax-deductible donation to support this important work.
- Follow us on LinkedIn and X.
- Subscribe to our newsletter.

Venture Forward Team

Maryam Haque
Executive Director
maryam@ventureforward.org

Rhianon Anderson
Vice President, Programs
rhianon@ventureforward.org

Justin Cruz
Senior Manager, Data Operations
justin@ventureforward.org

Erinn Wong
Program Operations Manager,
erinn@ventureforward.org

Venture Forward 2025 Impact & 2026 Plans

Initiatives	2025 Highlights	What's Ahead in 2026
VC University Led in partnership by Venture Forward, NVCA, and UC Berkeley, this industry-leading certificate course offers a structured introduction to the fundamentals of VC and is offered three times per year. The course consists of self-paced lectures by industry experts and university faculty, live office hours, webinars, networking opportunities, and more.	• Educated 847 individuals across three sold-out cohorts (20 sold-out cohorts since 2019). • 91% of 2025 participants would recommend the course to a peer. • Hosted monthly "Lunch & Learn" webinars with industry leaders. • Hosted weekly office hours to support students through the curriculum. • Managed a Slack community for program participants and alumni. • Hosted two VCU meetups: one in San Francisco and one in Washington D.C. These meets ups connect over 75+ VCU alumni across different cohorts to each other.	• Educate 900 + individuals across three cohorts. • Continue hosting weekly office hours and monthly webinars during cohort periods. • Expand the support, resources, and in-person and virtual networking events offered to program alumni. • Expand and update the curriculum with new and updated content.
GP Masterclass GP Masterclass is a new joint program between Venture Forward and the Ford Foundation. It's a selective, immersive executive-level program designed specifically for experienced venture capital GP's who are raising or managing their third, fourth, or fifth fund. It's not a general intro course — it's focused on helping established managers scale their firms with intention.	• Educated 9 GPs who were raising Fund III for their firm along with 3 program advisors. • Connected the 9 GPs to 11 LPs. • Brought in 9 speakers (experienced GPs and LPs) that held sessions around tactical firm, fund and portfolio management.	• Continue the partnership with Ford Foundation and hold two GP Masterclass cohorts.
VC University Scholarship Program VC University offers a robust scholarship program available by application to emerging VC investors from underrepresented backgrounds. Selected recipients receive full course tuition, supplemental office hours, access to a curated mentorship program, and more.	• Awarded 120 full scholarships (across three cohorts) to aspiring VCs from underrepresented backgrounds. • Hosted supplemental office hours and managed a mentorship component to facilitate relationships with experienced VCs and peer mentors.	• Award 120+ full scholarships across three cohorts. • Continue to host scholarship office hours for recipients. • Continue to expand resources and in-person and virtual networking events for scholarship alumni.
VC University Mentorship Program The VC University scholarship program includes a curated, three-month mentorship component. Participating scholarship recipients are paired with two VCs: an experienced VC mentor (Partner or equivalent with 5+ years' investing experience) and a peer mentor (1-5 years' experience).	• Matched 110 VC University scholarship recipients (across three cohorts) with two VC mentors each. • Recruited and matched 216 VCs to volunteer as mentors. • 99% of surveyed mentees and 96% of mentors would recommend the program.	• Run the mentorship program three times, supporting the scholarship recipients of each VC University cohort. • Match 120+ scholarship recipients with two VC mentors according to shared professional goals and experiences. • Serve ~120 participants per program (~40 mentees and 80 mentors.) • Expand the support and resources offered.

Venture Forward 2025 Impact & 2026 Plans

Initiatives	2025 Highlights	What's Ahead in 2026
Emerging Manager Office Hours Emerging Manager Office Hours (EMOH, formerly LP Office Hours) are half-day (virtual) and full-day (in-person) programs designed to support emerging fund managers (EMs) on their fundraising and fund management journeys. These free workshops connect emerging managers (EMs) from historically underrepresented backgrounds with limited partners (LPs), general partners (GPs) with significant fundraising experience, and industry advisors. The "office hours" consist of highly curated small-group roundtables and 1:1 conversation between the EMs and the hosts.	• Facilitated two programs in San Francisco and Virtually. • Served 45+ EMs from underrepresented backgrounds. • Connected EMs with 19 LP, 14 experienced GP, and 7 industry advisor hosts. • Facilitated 195+ meetings.	• Hold two EMOH events, one in-person and one virtual. • Convene 50 underrepresented EMs, 20 LPs, and 20 GP hosts to participate.
Power Hours Power Hours is a virtual program launched in 2025 with 2 series: Emerging Manager Power Hour (EMPH) (1/ quarter) VC Power Hour (VCPH) (1/quarter) These virtual sessions are designed to provide mid-level investors and fund managers with exclusive access to industry experts to help navigate and accelerate their careers.	• Hosted 8 Power Hour sessions (4 EMPH, 4 VCPH) • 2025 Power Hour Ratings: EMPH 4.7/5 overall experience 100 NPS • VCPH 5/5 overall experience 100 NPS	• Conduct 2 Power Hour sessions per quarter. (1 EMPH, 1 VCPH) • Serve 160 mid-level investors and fund managers.

Venture Capital 101

A Very Brief History of Venture Capital

1946, Georges Doriot, a Harvard Business School professor who had led the US Army's Military Planning Division during World War II, founded the American Research and Development Corporation,

Georges Doriot (Baker Library, Harvard Business School)

the first publicly traded venture capital firm. Eleven years later, ARDC invested $70,000 in a company called Digital Equipment Corporation. That investment returned approximately $355 million, a roughly 5,000-to-one return over fourteen years. The template was set: patient capital, deployed into transformative technology, could generate returns that no other asset class could match.

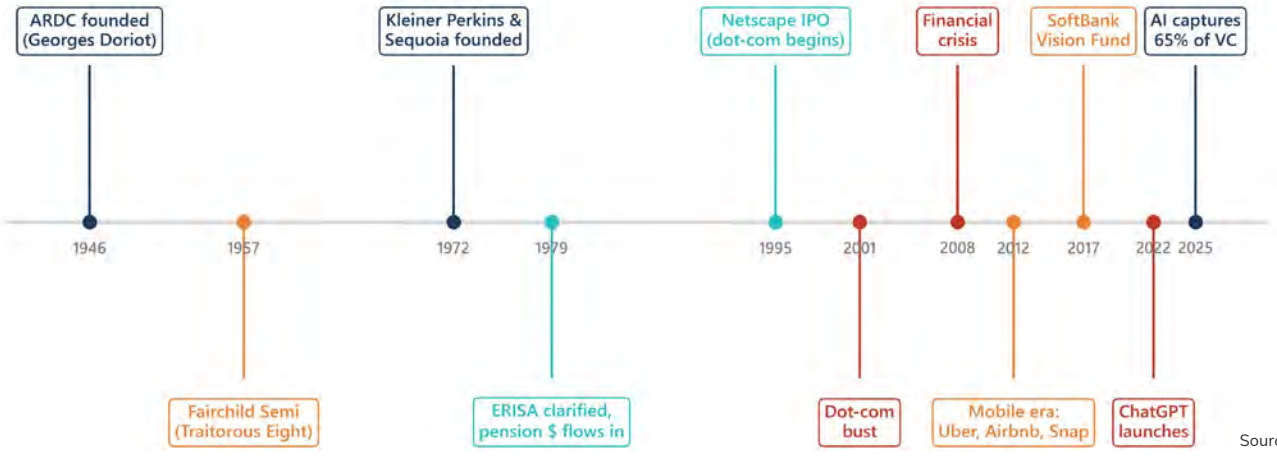
In 1957, eight engineers left William Shockley's semiconductor lab (later dubbed the "Traitorous Eight") and investor Arthur Rock helped them organize Fairchild Semiconductor, establishing the template for the venture-backed technology startup in Silicon Valley. A decade later, Rock raised $2.5 million for Intel in a single afternoon, calling a handful of contacts. The entire pitch document was a single page.

The industry remained small until 1979, when the Department of Labor clarified ERISA's "Prudent Man Rule" to permit pension fund managers to evaluate risk at the portfolio level rather than investment by investment. The change didn't just allow pension funds to invest in venture capital. It removed a legal threat that had kept them out. Institutional capital flooded in. VC fundraising tripled within five years.

The next two decades established venture capital's range. In 1976, a 28-year-old named Bob Swanson cold-called biochemist Herbert Boyer, asked for ten minutes, and got three hours and a handshake to co-found Genentech. Kleiner Perkins invested $100,000. When Genentech went public in 1980, its stock surged from $35 to $89 on the first day, proof that venture capital could build world-changing companies outside electronics. Fifteen years later, Marc Andreessen's Netscape went public just sixteen months after founding, hitting a $2.9 billion market cap on day one. The dot-com era had begun.

The boom and bust that followed was venture capital's most public stress test. Fundraising and deployment surged to unprecedented levels, fueled by the conviction that the internet had rewritten the rules of business. It hadn't, or at least not in the ways most people expected. Startups with no revenue, no path to revenue, and occasionally no product were commanding nine-figure valuations. When the correction came, it was severe: the NASDAQ lost 78 percent of its value, VC fundraising contracted sharply, and startups failed by the hundreds. But the companies that survived (Amazon, Google, PayPal) went on to define the next era of technology. The lesson was not that venture capital had been wrong about the internet. It was that capital without discipline eventually finds its own level.

Venture Capital Timeline



Source: NVCA

The post-bust period (2002–2007) was a rebuilding. The industry contracted, weaker firms exited, and the survivors rediscovered selectivity. Beneath the wreckage, a new generation of companies was emerging. Google went public in August 2004, validating the search-and-advertising model at scale. Facebook launched from a Harvard dorm room the same year. YouTube followed in 2005 and was acquired by Google for $1.65 billion barely a year later. Web 2.0, built on user-generated content and network effects rather than pageviews and banner ads, gave venture capital a new thesis. The playbook shifted from "build infrastructure and hope for traffic" to "build platforms and let the users create the value."

The 2008 financial crisis was another stress test, but a different kind. VC fundraising and deployment contracted, but the early-stage ecosystem proved more resilient than public markets. Two developments made this possible. First, the iPhone (2007) and the App Store (2008) created an entirely new platform for startup formation, one that fit in every pocket. Second, Amazon Web Services, launched in 2006, fundamentally changed the cost structure of starting a company. What had once required millions in server infrastructure could now be rented for thousands per month. Y Combinator, founded in 2005, demonstrated that a standardized, high-volume approach to seed funding could work at scale. The era of the lean startup had begun.

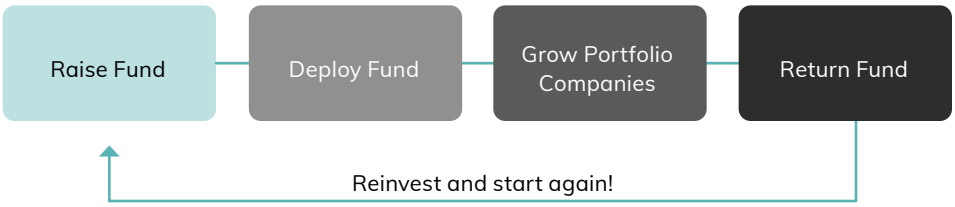
The mobile era (roughly 2009–2015) produced the most visible consumer technology companies of the decade: Instagram, Uber, Airbnb, Snapchat, Slack. Each was built on the assumption of a smartphone in every pocket and cloud infrastructure that could scale on demand. Enterprise SaaS emerged as the dominant venture thesis for B2B companies, replacing upfront license fees with recurring subscription revenue that was simpler, more predictable, and more capital-efficient. Fundraising recovered steadily, and the seed-stage ecosystem expanded as falling startup costs enabled a higher-volume approach to early-stage investing.

From 2015 to 2019, the industry entered a growth era. Mega-funds exceeding $1 billion became common. SoftBank's $100 billion Vision Fund, raised in 2017, was an order of magnitude larger than anything the industry had seen. Chinese venture capital surged to roughly $130 billion in annual deployment by 2018, briefly rivaling the US. But the era also surfaced the limitations of growth-at-all-costs: WeWork's failed IPO in September 2019 became the most public repudiation of the "blitz-scaling" thesis that had defined the decade. Unlimited capital, it turned out, was not a substitute for a functioning business model.

Then came the 2020s. Near-zero interest rates drove a historic capital surge: fundraising peaked at $222.7 billion in 2022, and deal value reached $358.5 billion in 2021. The subsequent rate-hike cycle triggered a sharp correction. Deal value fell 53 percent, and IPO markets effectively closed. By 2025, a new pattern had emerged. Deal value recovered to $320 billion, but driven almost entirely by artificial intelligence, which captured 65 percent of all venture dollars. Fundraising, meanwhile, contracted to $67 billion, its lowest level since before the ZIRP era. The industry entered a period of simultaneous record deployment and structural fundraising decline, a combination without historical precedent.

Venture capital is a very specific kind of fuel for a very specific kind of engine. A hundred and sixty years ago, it funded railroads. Fifty years ago, semiconductors and microelectronics. Today, AI, biotech, and whatever comes next. The fuel is the same. The engines keep changing.

What's Next? (It's a Cycle)



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Common Strategies for Fund Deployment

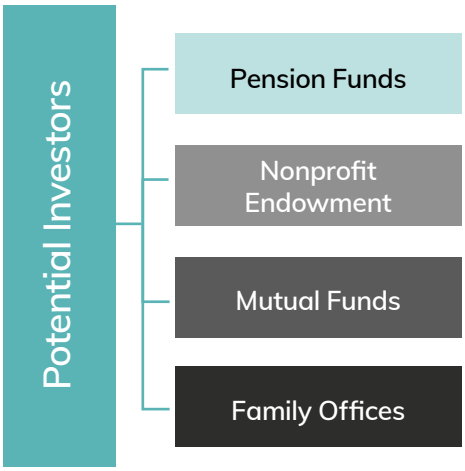
Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Raising Capital

THE FUND

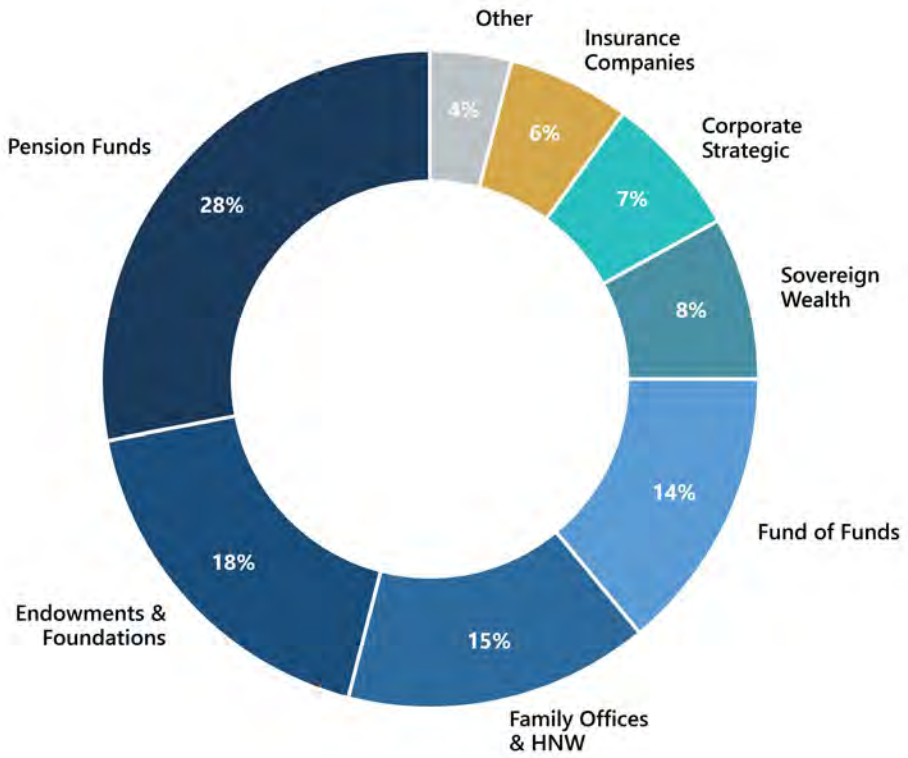
A venture capital fund is a limited partnership with a fixed life, typically ten years with optional one-to-two-year extensions. The general partner (GP), the venture capital firm itself, manages the fund's investments. Limited partners (LPs), the institutional and individual investors who provide the capital, have no role in day-to-day decisions. This structure has remained remarkably stable for decades, and for good reason: it cleanly separates the people who manage money from the people who provide it.

Who Invests in Venture Capital Funds?



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

Approximate LP Composition by Capital Commited



Source: NVCA | Approximate composition based on industry data

The "fixed life" part deserves a footnote. Fund extensions are supposed to be exceptional. In practice, the tightening exit environment has made them routine. As one LP put it: "We have funds that are 15, 18, even 20 years old, which are still holding top-tier assets we would be happy to hold" (Adam Grosher, J. Paul Getty Trust, November 2025). When a fund designed to last a decade is approaching its twentieth birthday, something structural has changed.

THE ECONOMICS

GPs charge a management fee, typically 2 percent of committed capital annually, to cover operating expenses: salaries, offices, travel, legal. A $1 billion fund at 2 percent produces $20 million a year in fee income regardless of performance. That math has consequences.

On the return side, GPs receive carried interest, typically 20 percent of profits above a specified hurdle rate. The carry aligns incentives: the GP earns the most when the fund performs best. This "2 and 20" model remains standard, though top-performing funds increasingly negotiate higher carry (25–30 percent), and some emerging managers offer reduced fees to attract initial LPs. The OBBBA preserved the capital gains treatment of carried interest in 2025 after renewed political pressure to tax it as ordinary income; the public policy section covers the details.

WHO INVESTS IN VENTURE CAPITAL FUNDS

The capital in a venture fund comes from a diversified base of institutional investors, each with different motivations and constraints.

Pension funds, managing retirement assets for teachers, firefighters, state employees, and corporate workers, are among the largest allocators. Their average allocation to private market equity reached 13.7 percent in 2024, up from 3.6 percent two decades earlier. Their time horizons, decades of future benefit payments, make them natural fits for an illiquid asset class.

University endowments pioneered the model. Yale under David Swensen became the template: 20-plus percent allocated to venture and private equity, generating returns that significantly outperformed traditional portfolios over multi-decade periods. Family offices bring different advantages: faster decisions, smaller checks, longer time horizons than a ten-year fund life, and the flexibility to invest through both fund commitments and direct co-investments.

Sovereign wealth funds, particularly from the Gulf states (Saudi Arabia's PIF, Abu Dhabi's Mubadala and ADQ) and Singapore (GIC, Temasek), have become significant sources of venture capital, especially for large AI rounds. In 2025, seven of the top ten US VC deals had SWF participation, with an estimated combined investment of roughly $25 billion. The Invesco Global Sovereign Asset Management Study found SWFs reported an average one-year return of 9.4 percent across $27 trillion in collective assets. These are sophisticated allocators, not speculative tourists.

Crossover investors (Fidelity, T. Rowe Price, Wellington, Tiger Global) participate in late-stage rounds, bringing public-market valuation discipline and serving as bridge investors between private and public markets. And corporations invest through dedicated CVC arms or direct balance-sheet commitments, a category that now accounts for 57.7 percent of total deal value, as detailed in the investing capital section.

HOW THE MONEY ACTUALLY MOVES

When an LP commits $10 million to a venture fund, they don't write a $10 million check on day one. The GP calls capital in tranches as investments are made, typically over the first three to five years. An LP might receive a capital call for $500,000 in Q1 to fund a Series A, then $1.2 million in Q3 for a follow-on round. The cash must be available when called. Failing to meet a capital call can trigger severe penalties, including forfeiture of existing fund interests.

Distributions flow back as portfolio companies exit through IPOs, acquisitions, or secondary sales. In a healthy cycle, distributions from Fund I and Fund II cover the capital calls for Fund III and Fund IV. When exits slow, as they did from 2022 to 2024 when annual exit value fell from $790.7 billion to $97.6 billion, this flywheel breaks. LPs face capital calls from newer funds while receiving few distributions from older ones. The fundraising section documents the result: cumulative net negative cash flow to LPs exceeded $160 billion from 2021 through 2024. LPs were paying in far more than they were getting back, and the math for recommitting simply didn't work.

THE J-CURVE

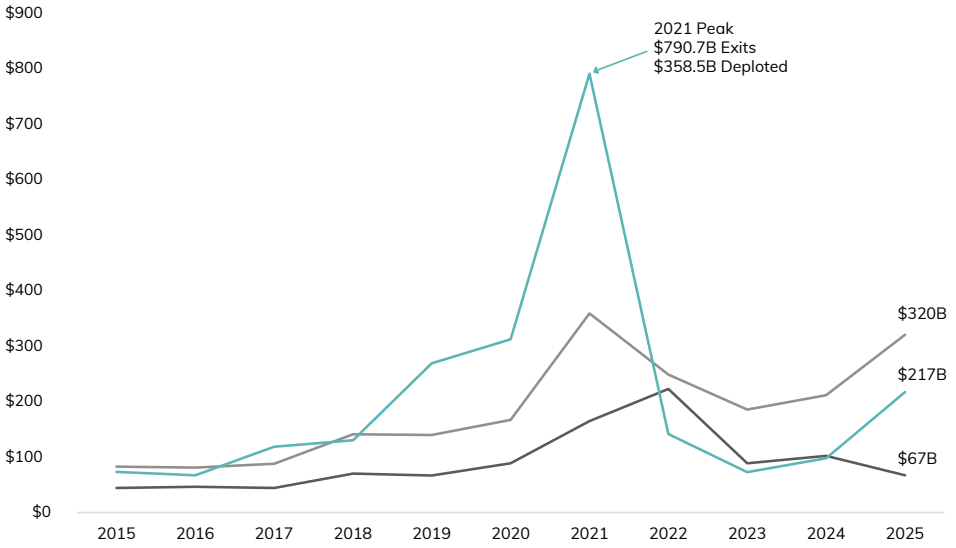
Every venture fund follows a predictable cash flow pattern called the J-Curve. In the early years, typically years one through four, a fund's net asset value declines. The GP draws management fees, makes investments at cost, and the inevitable early write-downs hit the portfolio before the winners have time to appreciate. The return looks negative.

Then the curve inflects. Successful companies grow, valuations increase, the first exits return cash. By years five through eight, returns swing positive. By years eight through twelve, the mature winners dominate.

If you're a first-time LP, this is the part that tests your nerves: even a fund that will ultimately return 3x your money will look like it's losing money for several years. Patience isn't optional. It's structural.

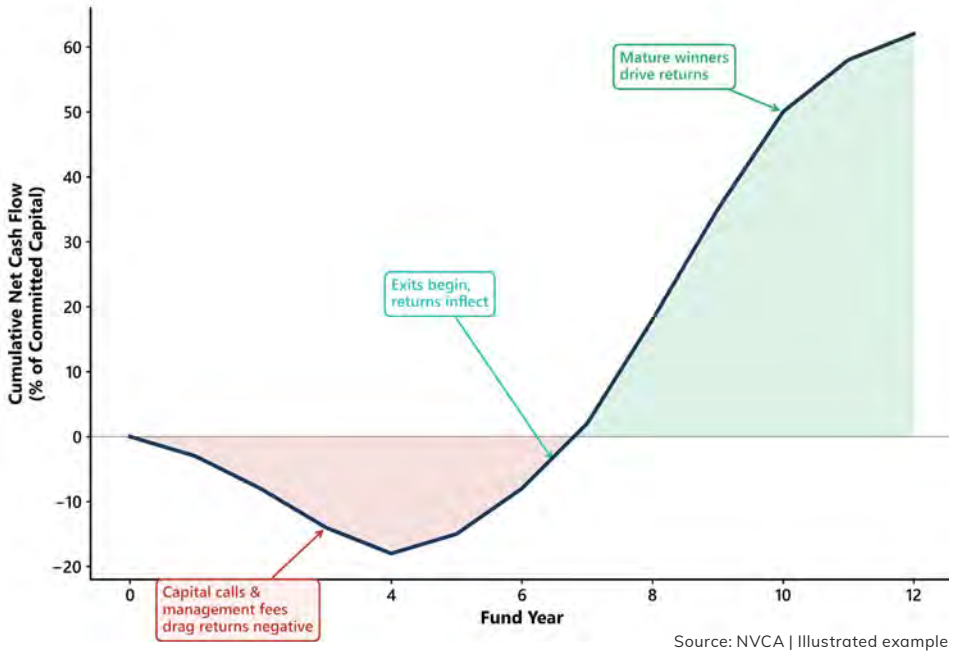
This is also why vintage year, the year a fund began investing, matters so much. A fund that started deploying in 2020, when valuations were cheaper and pre-AI, may

US Venture Capital: Fundraising, Deployment, and Exit ($B)



Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 12/31/2025

The J-Curve: Typical Fund Cash Flow Pattern



Source: NVCA | Illustrated example

look brilliant by 2025. A fund that started in 2021, at peak valuations, may still be deep in the trough even if its companies are fundamentally sound. Data from the PitchBook Global Fund Performance Report makes this concrete: 2010–2016 vintage funds reached approximately 2.0x TVPI by year six, with top-decile funds exceeding 3.1x. The 2019 vintage sits at roughly 1.3x. Vintage year is the single most important contextual variable in evaluating VC fund performance, and industry benchmarks always report by vintage year for this reason.

VC AUM Summary Statistics

	2007	2015	2025
# of VC Firms in Existence	921	1,455	2,984
# of VC Funds in Existence	1,589	2,559	8,929
# of First-Time VC Funds Raised	49	230	101
# of VC Funds Raising Money this Year	201	593	585
VC Capitlal Raised this Year ($B)	$30.4	$45.5	$67.0
VC AUM ($B)	$224.2	$370.4	$1,202.9
Average VC AUM per Firm ($M)	$196.7	$186.6	$295.9
Average VC Fund Size to Date ($M)	$169.9	$97.1	$127.4
Average VC Fund Size Raised this Year ($M)	$169.9	$97.1	$127.4
Median VC AUM per Firm ($M)	$51.3	$24.3	$37.9
Median VC Fund Size to Date ($M)	$80.0	$19.0	$26.0
Median VC Fund Size Raised this Year ($M)	$80.0	$19.0	$26.0
Largest VC Fund Raised to Date ($M)	$1,284.0	$3,446.2	$4,600.0

Source: NVCA 2026 Yearbook; Data provided by PitchBook | As of 6/30/2025
** Number of firms in existence is based on a rolling count of firms that raised a fund in the last 8 vintage years.*
** Number of VC funds in existence is based on a rolling count of funds that have closed in the last 8 vintage years*
** AUM is calculated by adding together a firm's total remaining value and their total dry powder.*

Investing Capital

HOW VALUATION WORKS

When a startup raises capital, the round is priced using two numbers: pre-money valuation and post-money valuation. Pre-money is what the company is deemed to be worth before the new investment. Post-money is pre-money plus the amount invested. If a VC invests $10 million at a $40 million pre-money valuation, the post-money is $50 million and the investor owns 20 percent of the company ($10M / $50M).

Each subsequent round reprices the company and dilutes existing shareholders. A founder who owns 100 percent at incorporation might hold 70 percent after a seed round, 50 percent after Series A, 35 percent after Series B, and so on. That's the trade: founders exchange ownership for capital to grow the company faster than they could organically. Every round is a bet that the value created by the capital will more than offset the dilution.

In 2025, the math at each stage had shifted considerably from historical norms. Median pre-money valuations hit $16.0 million at seed (up 78 percent from 2021's $9.0 million), $49.0 million at Series A, and $147.0 million at Series B. A company raising a $25 million "seed round" isn't raising a seed round by any reasonable historical definition. A $500 million "Series B" is an IPO by 2015 standards. The labels persist, but the economics underneath them have changed.

HOW DEALS ARE STRUCTURED

When a venture capital firm invests in a startup, it typically receives preferred stock, not the common stock that founders and employees hold. Preferred stock comes with specific economic and governance rights that protect the investor's downside. Here's what that means in practice.

Liquidation preference. If the company is sold or liquidated, preferred shareholders get their money back before common shareholders. A "1x liquidation preference" means the investor receives at least their invested capital. Everyone else is behind them in line.

Anti-dilution protection. If the company raises a future round at a lower valuation (a "down round"), anti-dilution provisions adjust the investor's ownership upward, protecting them from the decline but diluting common shareholders further. With 15.9 percent of 2025 deals being down rounds, the highest rate in a decade, these provisions are actively reshaping cap tables across the industry.

Participation rights. Some preferred shares are "participating," meaning the investor gets their liquidation preference and then shares pro-rata in remaining proceeds alongside common shareholders. They get paid twice, in effect.

Board seats and protective provisions. Preferred shareholders typically receive board representation and veto rights

over major decisions: new fundraising, acquisitions, changes to the charter.

The distinction between preferred and common stock matters more than most people realize. A company's "valuation," based on the price per preferred share, can be very different from what founders' and employees' common shares are actually worth. Gornall and Strebulaev found that post-money valuations overstate fair value by approximately 50 percent due to these complex share class structures. The gap widens in down rounds and during periods of unicorn overhang. When someone tells you a company is "worth $5 billion," the follow-up question is: to whom?

> **"Most venture-backed companies end up in the same place: raised 3–4M seed, built real product, got to 300–500K ARR, VCs stopped caring, founders stuck with high pref stack, can't raise more, can't exit, can't even shut down cleanly. These aren't bad businesses, they're just wrong cap tables."– Rohit Mittal, founder of Stilt, investor at Helium Ventures, November 2025**

HOW DEALS GET DONE

Most venture investments are syndicated, meaning multiple firms invest together in a single round. The lead investor negotiates the terms, prices the deal, takes a board seat, and serves as the company's primary VC relationship. Other investors participate at the same terms with a lighter-touch role.

Primary Types of Exits

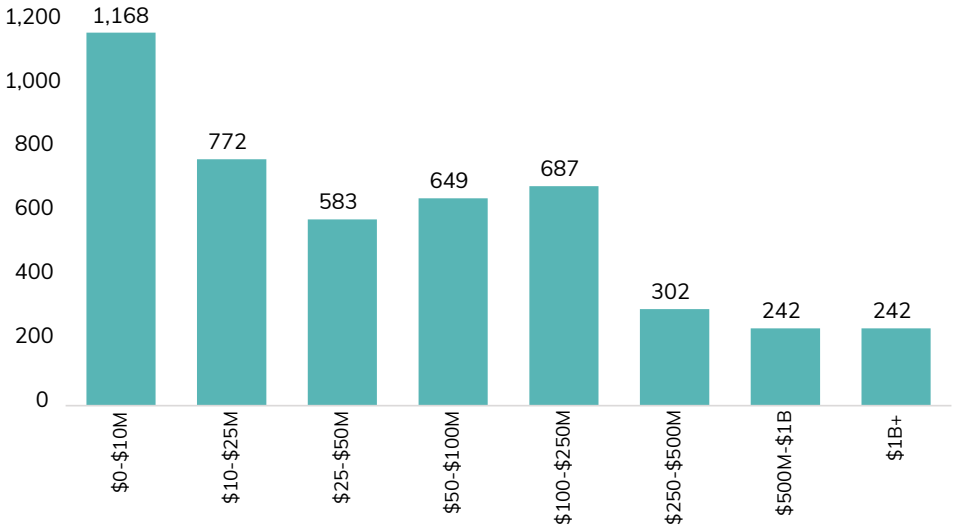
- Mergers and Acquisitions
- Public Listings
  - IPOs
  - Direct Listings
  - SPACs

Syndication lets VCs diversify across more companies while maintaining meaningful ownership in each. Better-networked VCs, those more central in syndication networks, achieve significantly better fund performance, and their portfolio companies are more likely to survive and exit successfully.

The due diligence preceding these investments can take weeks to months. VCs assess the founding team, the target market's size and growth potential, the strength of the underlying technology, and evidence of early traction: users, revenue, partnerships. At the seed stage, much of this is compressed: a SAFE (Simple Agreement for Future Equity) can close in days, giving the investor the right to receive equity at a future priced round, typically at a discount or subject to a valuation cap.

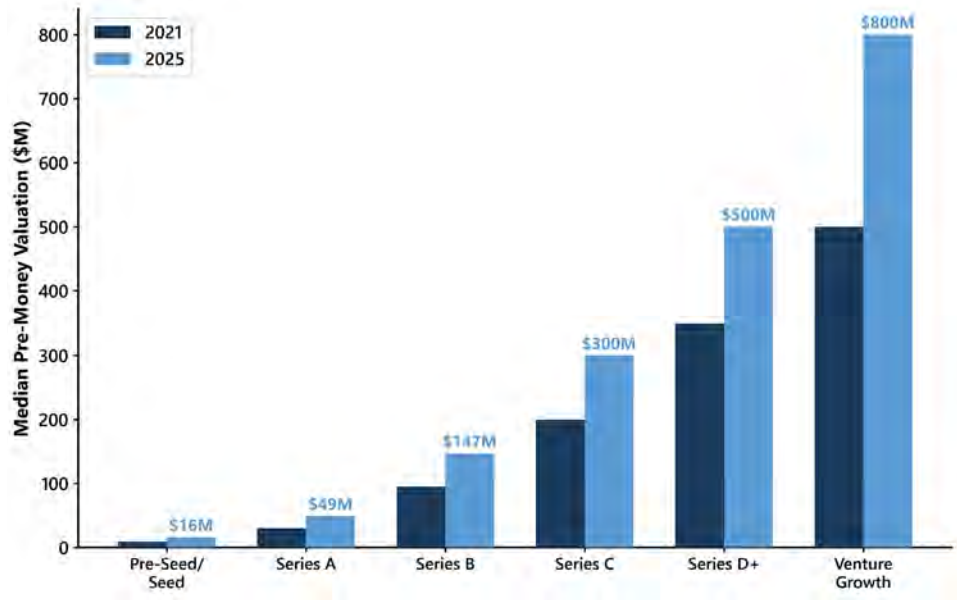
Most VCs also reserve a significant portion of their fund for follow-on investments,

Distribution of Firms by AUM in 2025



Source: PitchBook-NVCA Venture Monitor | As of 6/30/2025

Median Pre-Money Valuation by Stage



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

participating in later rounds of their existing portfolio companies to protect against dilution and double down on winners. In a market where the median time between rounds is lengthening, adequate follow-on reserves are more important than ever.

THE FUNDING LIFECYCLE

A venture-backed company typically raises capital in a sequence of rounds, each corresponding, at least in theory, to a stage of company maturity.

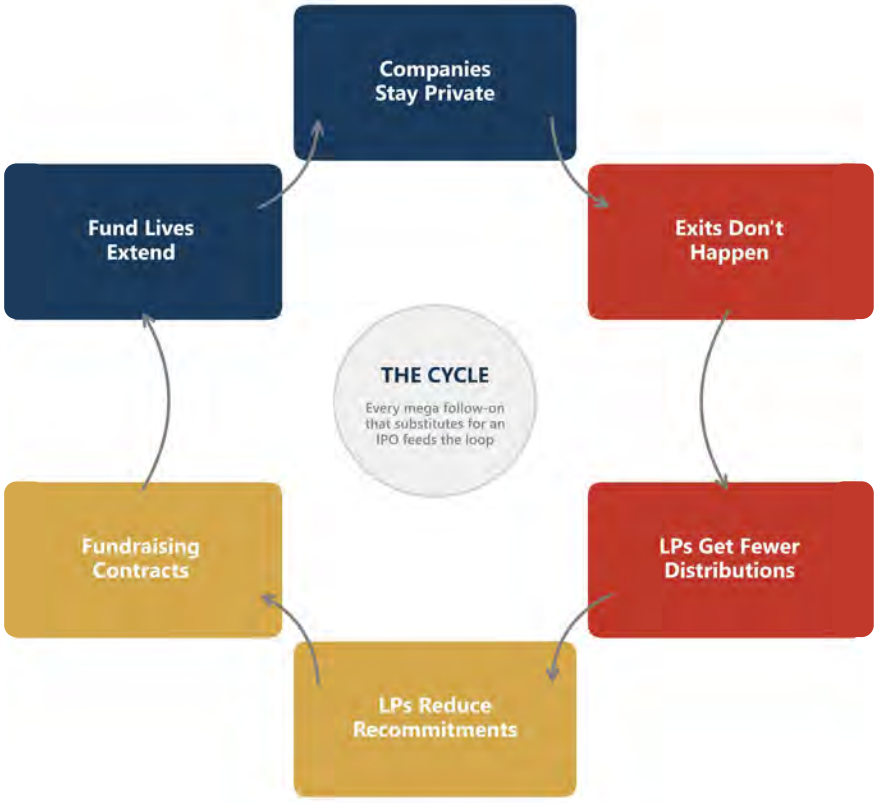
Pre-seed and seed is where it starts. A founding team with an idea, a prototype, or an early product. Capital goes toward building the initial product, hiring the first engineers, and finding early customers. Rounds are small (historically $1–3 million, though "small" has become relative) and often structured as SAFEs or convertible notes rather than priced equity. In 2025, 4,778 companies received first venture financing, evidence that the startup formation engine remains functional.

Series A marks the transition from building to scaling. The company has a product in market, some evidence of customer demand, and a thesis for how the business grows. The lead investor prices the round, takes a board seat, and stakes a significant position. This is where institutional venture capital truly begins.

Series B and C fund expansion: hiring, geographic growth, new product lines, scaling go-to-market. By this point the company typically has meaningful revenue and a clearer path to profitability or dominance in its market.

Late stage (Series D and beyond) is growth capital for established private companies. The business model is proven; the question is how large it can become and when, or whether, it goes public. Venture growth, PitchBook's classification for Series E and beyond, now accounts for nearly 40 percent of all US deal value by itself.

The Vicious Cycle



Source: NVCA Anaylsis of PitchBook Data | As of 12/31/2025

In practice, these stage labels have become increasingly detached from their original meaning. A 2025 "seed round" at a $16 million median pre-money valuation would have been a healthy Series A a decade ago. The progression still exists, but the price tags have shifted at every level.

WHAT VCS ACTUALLY DO

Beyond selecting and funding companies, venture capitalists provide hands-on operational support. Gorman and Sahlman found that lead VCs spend approximately 80 hours per year on-site with each board-seat company, focusing on strategic guidance, recruiting senior hires, and helping raise follow-on capital. Bernstein, Giroud, and Townsend showed that increased VC monitoring causally leads to higher innovation output and a greater likelihood of successful exit. VC involvement also accelerates professionalization: Hellmann and Puri demonstrated that VC-backed startups adopt stock option plans, hire outside leadership, and formalize HR practices faster than comparable non-VC-backed firms.

Some firms, particularly larger ones, extend this into a full "platform" model, offering portfolio companies dedicated recruiting teams, go-to-market advisory, technical infrastructure (cloud credits, AI tools), and CFO services. In a competitive funding environment, capital alone isn't enough to win access to the best deals.

The best VCs function as force multipliers: part strategist, part recruiter, part therapist, part Rolodex. The worst function as overhead. The difference between the two explains most of the return dispersion documented later in this section.

> "A lot of it is. a logical analysis like, 'Who are these people?' 'How do they react under pressure?' 'How do you keep them from falling apart?' 'How do you keep them from going crazy?' 'How do you keep yourself from going crazy?' You know, you end up being a psychologist half the time. It is possible that that is quite literally timeless. And when the AI is doing everything else, that may be one of the last remaining fields that people are still doing."—Marc Andreessen, co-founder of Netscape and Andreessen Horowitz, April 2025

Venture firms themselves are increasingly adopting AI tools for deal sourcing (scanning news, patents, and hiring data), market analysis (competitive landscapes and TAM estimates), and portfolio monitoring (real-time KPIs across dozens of companies). Investment decisions remain human-driven, but AI-assisted workflows allow smaller teams to evaluate more opportunities. In an industry where partner bandwidth has traditionally been the binding constraint on deal volume, that's a meaningful shift.

Returning Capital

HOW CAPITAL COMES BACK

An "exit" converts an illiquid private stake into cash or publicly traded shares. The exit landscape section provides the full 2025 analysis; what follows are the mechanics.

Initial Public Offerings. The traditional marquee exit: a private company lists on a public exchange, allowing investors and employees to sell shares in the open market. In 2025, 49 VC-backed IPOs generated $105.2 billion in exit value. The median pre-money valuation hit a record $1.05 billion. The median time from first VC funding to IPO reached 7.85 years, also a record, reflecting the trend of companies staying private longer. A notable feature of the 2025 class: two-thirds of unicorn IPOs priced below their last private valuation. Public investors will pay fair prices, but not fantasy ones.

Mergers and Acquisitions. The most common exit by count. M&A accounted for 1,396 of 1,463 total exits in 2025, producing $109.0 billion in disclosed value. Thirty-one transactions exceeded $1 billion, up from 15 in 2024. But only 13.8 percent disclosed their price, fewer than one in seven. The undisclosed majority is likely dominated by acqui-hires and distressed sales at unflattering valuations.

Secondary Sales. Existing shareholders sell to new buyers, typically specialized secondary funds or institutional investors, without the company raising new capital. Secondary markets have grown rapidly as exit timelines extended: roughly $106 billion changed hands in 2025, operating at the same scale as IPOs and disclosed M&A for the first time. When Goldman Sachs acquired Industry Ventures, Morgan Stanley bought EquityZen, and Schwab acquired Forge Global in the same year, that wasn't experimentation. That was infrastructure buildout. Mendoza and Vermeulen identified secondary markets as a critical "third exit" path alongside IPOs and trade sales. It took fourteen years, but the data caught up to the theory. For employees at late-stage private companies, secondaries may be the only path to liquidity on equity compensation before an IPO or acquisition, a challenge that intensifies as companies remain private longer.

Continuation Vehicles. A GP transfers portfolio companies from an older fund into a new vehicle, allowing LPs to either cash out or roll forward. This mechanism barely existed before 2020. It addresses the problem of promising companies that haven't exited by the time their original fund approaches its term. Volume reached $115 billion in 2025, with nearly 75 percent of the largest global PE firms having executed at least one continuation transaction. The mechanism works, but it raises questions about valuation discipline when the buyer and seller are the same party. Other paths. Direct listings (Spotify in 2018, Coinbase in 2021) allow shares to trade without issuing new equity or using underwriters, a niche option for well-capitalized companies that don't need to raise at listing. SPACs served as a significant pathway in 2020–2021,

when over 600 SPAC IPOs raised more than $160 billion, but regulatory scrutiny and poor post-merger performance effectively closed the channel by 2023. Private equity buyouts represented 22.3 percent of exit count in 2025, up from historical norms of 10–15 percent. These are real exits that deliver real cash, but also a form of deferral: the ultimate exit has simply been transferred to a new set of investors with a different fund structure and timeline.

THE DISTRIBUTION WATERFALL

When a fund exits an investment, proceeds don't flow back to investors all at once. They follow a defined sequence called the waterfall. First, LPs receive their invested capital back. Then LPs receive a preferred return, typically 8 percent annually, before the GP participates in any profits. Then the GP takes its carry (typically 20 percent) on profits above the hurdle. Remaining profits split 80/20 between LPs and GP.

Here's what that looks like in practice. A fund returns $300 million on $100 million of LP capital. The GP receives approximately $40 million in carried interest and LPs receive approximately $260 million: their original capital back plus $160 million in profits. The GP's $40 million is why everyone wants to be a GP.

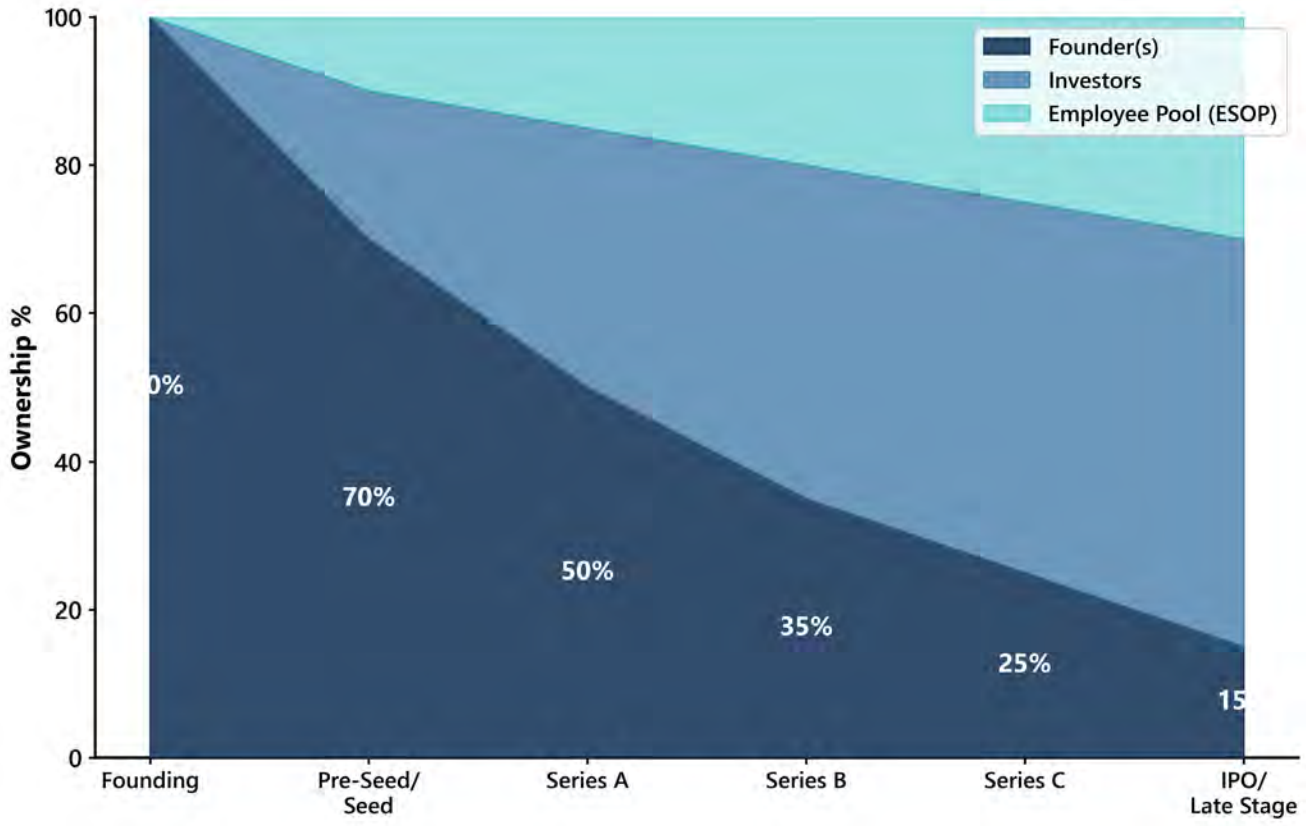
POWER LAW RETURNS

Venture capital returns don't follow a normal distribution. A small number of investments generate the vast majority of a fund's total returns, a power-law pattern. In a typical successful fund, the top one to three investments may return more than all other investments combined. The implications are straightforward: fund managers must make enough bets to realistically capture an outlier winner; a single failure rarely determines a fund's outcome, but a single massive success often does; and portfolio construction (how many investments, at what stages, with what concentration) is among the most consequential decisions a GP makes.

Research on angel and early-stage portfolios illustrates the extremes: approximately 34 percent of investments result in total loss, while 23 percent generate an IRR of 50 percent or greater. At the fund level, average VC returns roughly equal public market indices. The asset class premium is driven entirely by a minority of top-performing funds, not broad-based outperformance.

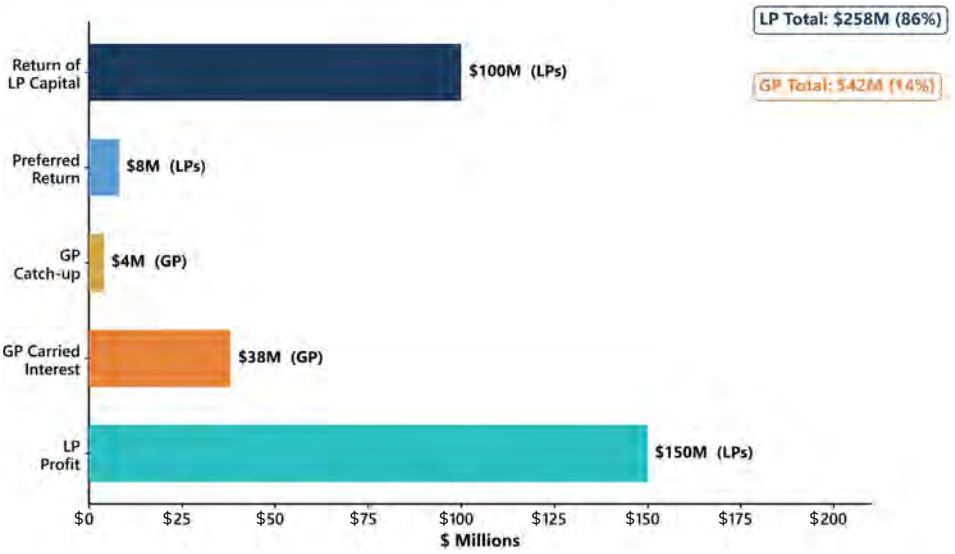
PitchBook's allocator research quantifies the stakes: over a 15-year horizon, VC returned 13.5 percent annually, behind buyout's 15.5 percent but ahead of aggregate private capital at 12.8 percent. The premium comes from manager selection: moderate selection skill adds 32 basis points annualized, while

How Founder Ownership Diltues Through Funding Rounds



Source: NVCA | Illustrative example of typical dilution pattern

Distribution Waterfall



Source: NVCA | Illustrative example with standard 2/20 terms

high selection skill adds 61 basis points. In venture capital, picking the right fund matters as much as picking the right asset class.

Performance persists strongly: top-quartile GPs consistently outperform, and LPs reward them with larger follow-on funds. This "flight to quality" is visible in the 2025 data, where the top ten funds raised 32.9 percent of all VC capital, a 2.5x increase from the 13 percent share in 2021.

In 2025, the power law was visible at the market level: 487 deals exceeding $100 million accounted for 67 percent of all deal value from 3.2 percent of total deal count. The ARDC-to-DEC template, $70,000 returning $355 million, remains the archetypal VC outcome. But only a handful of investments in any decade achieve that magnitude

"I think most AI startups will lose money, but more money will be made than lost. That means it'll be highly asymmetric. 2-3 percent of the startups will account for 85 to 90% of the valuation by 2035, of market cap companies." —Vinod Khosla, Khosla Ventures, 2025

WHEN THE CYCLE BREAKS

The venture capital cycle depends on each stage feeding the next: exits generate distributions, distributions fund new commitments, new commitments enable new investments. When any stage stalls, the effects cascade.

Exits slowed dramatically from 2021 to 2024, with annual exit value falling from $790.7 billion to $97.6 billion. The consequences cascaded in sequence. LPs received fewer distributions and faced liquidity pressure. They reduced or deferred new fund commitments. Fundraising contracted (585 funds in 2025, down 42.6 percent year over year). Fewer new funds meant fewer new managers entering the ecosystem. And companies stayed private longer (median time to IPO: 7.85 years), which meant exits slowed further.

This liquidity feedback loop is the central structural challenge facing venture capital today. With approximately $4.3 trillion in unrealized portfolio value held across 859 unicorns, the current exit backlog would take almost twenty years to clear even under favorable conditions.

Some Other Important Concepts

VENTURE GROWTH

Venture growth, PitchBook's classification for very late-stage deals typically Series E and beyond, blurs the boundary between venture capital and growth equity. In 2025, venture-growth deals totaled $126.9 billion across 937 transactions, more than doubling from 2024 and exceeding the 2021 peak. This single stage accounted for nearly 40 percent of all US deal value, driven predominantly by AI infrastructure and foundation model rounds.

The growth of this category reflects a structural shift documented throughout this yearbook: companies staying private longer and accessing venture-style funding well past the point where previous generations would have pursued an IPO. A decade ago, a company with $2 billion in annual recurring revenue would have been public. Today, that describes Databricks, which raised another private mega-round in 2025. Venture growth isn't just a stage. It's a symptom.

CORPORATE VENTURE CAPITAL

CVC deals represented $184.6 billion in 2025, or 57.7 percent of total deal value. For the first time in the data's history, more than half of all venture dollars involved a corporate investor.

The core complexity is the dual role. A corporate investor may simultaneously be an investor in a startup, a customer of that startup's product, a supplier of its critical infrastructure, and a potential acquirer. NVIDIA illustrates the dynamic, simultaneously investing in CoreWeave, xAI, Mistral, Inflection, and dozens more while serving as their primary GPU supplier. A large-scale study of 4,406 deals found that CVC-backed ventures average approximately 1,342 patents compared to 452 for independent VC-backed peers. But strategic conflicts are real. Hellmann

showed that independent VCs are preferred when the corporate parent is a product substitute, a dynamic that precisely describes NVIDIA's position across the AI portfolio. When your investor is also your supplier and your competitor, "alignment" becomes a more interesting word than usual. The investing capital section examines CVC's structural role in detail.

CIRCULAR CAPITAL FLOWS IN AI

A significant portion of 2025 AI investment involved circular capital flows: a hyperscaler invests billions in an AI company; the AI company commits most of that investment back to the hyperscaler for cloud computing; the hyperscaler books the outflow as an asset and the return as revenue. Van Der Vlist, Helmond, and Ferrari documented the structural dependence of AI startups on hyperscaler ecosystems that makes these arrangements possible. Industry estimates suggest up to 30 percent of AI deal value involved some form of this structure.

This doesn't make the investment fraudulent. Real infrastructure is being built, real compute consumed, real capabilities developed. But it means headline figures should be interpreted with structural context.

"Don't delude yourself into thinking you have real revenue when you have vibe revenue."– Pat Grady, Sequoia Capital, AI Ascent, May 2025

BEYOND RETURNS

Venture-backed companies exert an economic impact far exceeding venture capital's share of total investment. Kortum and Lerner found that a dollar of venture capital produces three to four times as many patents as a dollar of corporate R&D. Companies that began with venture funding (Google, Amazon, Apple, Facebook, Tesla, Moderna) have become foundational infrastructure of the modern economy. In 2025, the venture-backed landscape spans AI (OpenAI, Anthropic, CoreWeave, Databricks), fintech (Chime, Circle, Plaid), space and defense (SpaceX, Firefly, BETA Technologies), healthcare (Tempus, Recursion), and consumer platforms (DoorDash, Instacart).

With AI companies receiving 65 percent of venture dollars, the economic impact of venture-backed AI extends to both job creation and workforce transformation. AI infrastructure companies are directly creating tens of thousands of jobs, while application companies build tools that increase productivity across industries. Early evidence suggests AI investments drive company growth and valuations, though economy-wide productivity gains have yet to appear, with the several-year lags typical of general-purpose technologies. Until a radically different computational paradigm emerges, AI is at its best augmenting human talents, not replacing them.

The $100,000 Check That Couldn't Be Deposited. In 1998, Sun Microsystems co-founder Andy Bechtolsheim watched Larry Page and Sergey Brin demonstrate their search engine in a Menlo Park garage. Convinced, he wrote a $100,000 check made out to "Google Inc." The problem: Google Inc. didn't legally exist yet. The check sat in Page's desk drawer for weeks until they incorporated. That investment was eventually worth over $1.5 billion. The story captures something essential about venture capital: the best investments often look obvious only in retrospect, and sometimes the paperwork has to catch up to the conviction.

The PayPal Mafia. When eBay acquired PayPal in 2002 for $1.5 billion, its alumni dispersed across Silicon Valley and went on to found or fund Tesla (Elon Musk), YouTube (Chad Hurley, Steve Chen, Jawed Karim), LinkedIn (Reid Hoffman), Palantir (Peter Thiel), and Yelp (Jeremy Stoppelman, Russel Simmons), among dozens more. Collectively, the "PayPal Mafia" companies are worth over $1 trillion. Successful companies don't just generate financial returns. They produce the founders, operators, and investors who build the next generation.

The mechanics haven't changed much since Georges Doriot wrote that first check in 1946. An investor makes a bet on a person with an idea. The idea either works or it doesn't. When it works, the returns are extraordinary. When it doesn't, the capital is gone. What's changed is the scale, the complexity, and the number of players on the field. A $70,000 bet on Digital Equipment Corporation and a $40 billion bet on OpenAI are separated by eight decades and six orders of magnitude, but the underlying logic is the same: find the future before it's obvious, fund it before it's safe, and hold on long enough to find out if you were right. That's venture capital. Everything else is detail.

Learn more: *If you're interested in an introductory certificate course on VC, check out VC University ONLINE. And more detailed history of VC is available here.*

Glossary

The following definitions are graciously provided by the Center for Private Equity and Venture Capital at the Tuck School of Business at Dartmouth (cpevc.tuck.dartmouth.edu). Used by permission. NVCA and PitchBook are grateful to the Center for its support.

"A" round ("Series A") – formerly the first "institutional" capital raised by a Company, the "A" round is now typically the second institutional round of financing for a young company where venture capitalists are sufficiently interested in a company to invest a larger amount of capital after the "Seed" round to fund the company to the next stage of its development. Subsequent rounds of financing are called "B," "C," "D," etc.

Accredited investor – a person or legal entity, such as a company or trust fund, that meets certain net worth and income qualifications and is considered to be sufficiently sophisticated to make investment decisions in private offerings. Regulation D of the Securities Act of 1933 exempts accredited investors from the protection of the Securities Act. The Securities and Exchange Commission has proposed revisions to the accredited investor qualifying rules, which may or may not result in changes for venture investors. The current criteria for a natural person are: $1 million net worth (excluding the value of a primary residence) or annual income exceeding $200,000 individually or $300,000 with a spouse. Directors, general partners and executive officers of the issuer are considered to be accredited investors. See Rule 501 of Regulation D of the SEC for current details.

Alpha – a term derived from statistics and finance theory that is used to describe the return produced by a fund manager in excess of the return of a benchmark index. Manager returns and benchmark returns are measured net of the risk-free rate. In addition, manager returns are adjusted for the risk of the manager's portfolio relative to the risk of the benchmark index. Alpha is a proxy for manager skill.

Alternative asset class – a class of investments that includes venture capital, leverage buyouts, hedge funds, real estate, and oil and gas, but excludes publicly traded securities. Pension plans, college endowments and other relatively large institutional investors typically allocate a certain percentage of their investments to alternative assets with an objective to diversify their portfolios

American Investment Council (AIC) – an advocacy, communications and research organization for the private equity industry in the United States. Previously known as Private Equity Growth Capital Council (PEGCC)).

Angel – a wealthy individual who invests in companies in relatively early stages of development.

Angel Groups – groups of individual angels who invest together, individually or through a pooled vehicle, enabling them to share deal flow with each other.

Anti-dilution – a contract clause that protects an investor from a substantial reduction in percentage ownership in a company due to the issuance by the company of additional shares to other entities. The mechanism for making an adjustment that maintains the same percentage ownership is called a Full Ratchet. The most commonly used adjustment provides partial protection and is called Weighted Average.

ASC Topic 820 – FASB Accounting Standards Codification (ASC) Topic 820 (formerly known as FAS 157) is the accounting standard that dictates how to measure and disclose fair value for financial reporting purposes. FASB ASC Topic 946 (Investment Companies) dictates that all investments should be reported at fair value.

"B" round ("Series B") – a financing event whereby venture capital investors who are sufficiently interested in a company provide a next round of funding after the "A" round of financing. Subsequent rounds are called "C," "D," and so on.

Basis point ("bp") – one one-hundredth (1/100) of a percentage unit. For example, 50 basis points equals one half of one percent. Banks quote variable loan rates in terms of an index plus a margin and the margin is often described in basis points, such as LIBOR plus 400 basis points (or, as the experts say, "bips").

Beta – a measure of volatility of a public stock relative to an index or a composite of all stocks in a market or geographical region. A beta of more than one indicates the stock has higher volatility than the index (or composite) and a beta of one indicates volatility equivalent to the index (or composite). For example, the price of a stock with a beta of 1.5 will change by 1.5% if the index value changes by 1%. Typically, the S&P 500 index is used in calculating the beta of a stock.

Beta product – a product that is being tested by potential customers prior to being formally launched into the marketplace.

Blockchain – a distributed ledger that uses advanced cryptography to create a "chain" of "blocks" of information that are unalterable and verifiable. Useful for recording any number of transactions or sets of data in a verifiable way that is extremely difficult to modify.

Blank Check Company – See **SPAC**.

Board of directors – a group of individuals, typically composed of managers, investors and experts who have a fiduciary responsibility for the well-being and proper guidance of a corporation. The board is typically elected by the shareholders.

Book – see Private placement memorandum.

Bootstrapping – the actions of a startup to minimize expenses and build cash flow, thereby reducing or eliminating the need for outside investors.

Bp – see Basis point.

Bridge financing – temporary funding that will eventually be replaced by permanent capital from equity investors or debt lenders. In venture capital, a bridge is usually a short-term note (6 to 12 months) that converts to preferred stock. Typically, the bridge lender has the right to convert the note to preferred stock at a price that is a 20% to 25% discount from the price of the preferred stock in the next financing round. See Mezzanine and Wipeout bridge.

Broad-based weighted average anti-dilution – A weighted average anti-dilution method adjusts downward the price per share of the preferred stock of investor A due to the issuance of new preferred shares to new investor B at a price lower than the price investor A originally received. Investor A's preferred stock is repriced to a weighted average of investor A's price and investor B's price. A broad-based anti-dilution method uses all common stock outstanding on a fully diluted basis (including all convertible securities, warrants and options) in the denominator of the formula for determining the new weighted average price. See Narrow-based weighted average anti-dilution.

Burn rate – the rate at which a startup uses available cash to cover expenses in excess of revenue. Usually expressed on a monthly or weekly basis.

Business Development Company (BDC) – a publicly traded company that invests in private companies and is required by law to provide meaningful support and assistance to its portfolio companies.

Business plan – a document that describes a new concept for a business opportunity. A business plan typically includes the following sections: executive summary, market need, solution, technology, competition, marketing, management, operations, exit strategy, and financials (including cash flow projections). For most venture capital funds, fewer than 10 of every 100 business plans eventually receive funding.

Buyout – a sector of the private equity industry. Also, the purchase of a controlling interest of a company by an outside investor using substantial debt (in a leveraged buyout) or a management team (in a management buyout).

Buy-sell agreement – a contract that sets forth the conditions under which a shareholder must first offer his or her shares for sale to the other shareholders before being allowed to sell to entities outside the company.

C Corporation – an ownership structure that allows any number of individuals or companies to own shares. A C corporation is a stand-alone legal entity, so it offers some protection to its owners, managers and investors from liability resulting from its actions.

Capital Asset Pricing Model (CAPM) – a method of estimating the cost of equity capital of a company. The cost of equity capital is equal to the return of a risk-free investment plus a premium that reflects the risk of the company's equity.

Capital call – when a private equity fund manager (usually a "general partner" in a partnership) requests that an investor in the fund (a "limited partner") provide previously committed capital. Usually, a limited partner will agree to a maximum investment amount and the general partner will make a series of capital calls over time to the limited partner as opportunities arise to finance startups and buyouts.

Capital gap – the difficulty faced by some entrepreneurs in trying to raise between $2 million and $5 million. Friends, family and angel investors are typically good sources for financing rounds of less than $2 million, while many venture capital funds have become so large that investments in this size range are difficult.

Capitalization table (or Cap Table) – a table showing the owners of a company's shares and their ownership percentages as well as the debt holders. It also lists the forms of ownership, such as common stock, preferred stock, warrants, options, senior debt, and subordinated debt.

Capital gains – a tax classification of investment earnings resulting from the purchase and sale of assets. Typically, a company's investors and founders have earnings classified as long-term capital gains (held for a year or longer), which are often taxed at a lower rate than ordinary income.

Capital stock – a description of stock that applies when there is only one class of shares. This class is known as "common stock."

Capital Under Management – A frequently used metric for sizing total funds managed by a venture capital or private equity firm. In practice, there are several ways of calculating this. In the US, this is the total

committed capital for all funds managed by a firm on which it collects management fees. This calculation ignores whether portions of the committed capital have not yet been called and whether portions of the fund have been liquidated and distributed. It typically does not include aging funds in their "out years" on which fees are not being collected. For the purposes of this book in calculating capital managed, because direct data is not available, the last eight vintage years of capital commitments is considered a proxy for the industry's total capital under management.

Capped participating preferred stock – preferred stock whose participating feature is limited so that an investor cannot receive more than a specified amount. See Participating preferred stock.

Carried interest capital gains – the share in the capital gains of a venture capital fund that is allocated to the General Partner. Typically, a fund must return the capital given to it by limited partners plus any preferential rate of return before the general partner can share in the profits of the fund. The general partner will typically receive a 20% carried interest, although some successful firms receive 25%-30%. Also known as "carry" or "promote."

Clawback – a clause in the agreement between the general partner and the limited partners of a private equity fund. The clawback gives limited partners the right to reclaim a portion of disbursements to a general partner for profitable investments based on significant losses from later investments in a portfolio.

Closing – the conclusion of a financing round whereby all necessary legal documents are signed and capital has been transferred.

Co-investment – the direct investment by a limited partner alongside a general partner in a portfolio company.

Collateral – hard assets of the borrower, such as real estate or equipment, for which a lender has a legal interest until a loan obligation is fully paid off.

Commitment – an obligation, typically the maximum amount that a limited partner agrees to invest in a fund. See Capital call.

Common stock – a type of security representing ownership rights in a company. Usually, company founders, management and employees own common stock while outside investors own preferred stock. In the event of a liquidation of the company, the claims of secured and unsecured creditors, bondholders and preferred stockholders take precedence over common stockholders. See Preferred stock.

Comparable – a private or public company with similar characteristics to a private or public company that is being valued. For example, a telecommunications equipment manufacturer whose market value is 2 times revenues can be used to estimate the value of a similar and relatively new company with a new product in the same industry. See Liquidity discount.

Control – the authority of an individual or entity that owns more than 50% of equity in a company or owns the largest block of shares compared to other shareholders. Control can also be granted through special voting rights and protective provisions in a company's organizing documents.

Consolidation – see Rollup.

Conversion – the right of an investor or lender to force a company to replace the investor's preferred shares or the lender's debt with common shares at a preset conversion ratio. A conversion feature was first used in railroad bonds in the 1800's.

Convertible debt – a loan that allows the lender to exchange the debt for common shares in a company at a preset conversion ratio. Also known as a "convertible note."

Convertible preferred stock – a type of stock that gives an owner the right to convert preferred shares to common shares of stock. Usually, preferred stock has certain rights that common stock doesn't have, such as decision-making management control, a promised return on investment (dividend), or senior priority in receiving proceeds from a sale or liquidation of the company. Typically, convertible preferred stock automatically converts to common stock if the company makes an initial public offering (IPO). Convertible preferred is the most common tool for private equity funds to invest in companies.

Co-sale right – a contractual right of an investor to sell some of the investor's stock along with the founder's or majority shareholder's stock if either the founder or majority shareholder elects to sell stock to a third-party. Also known as Tag-along right.

Cost of capital – see weighted average cost of capital (WACC).

Cost of revenue – the expenses generated by the core operations delivering the product or services of a company.

Covenant – a legal promise to do or not do a certain thing. For example, in a financing arrangement, company management may agree to a negative covenant, whereby it promises not to incur additional debt. The penalties for violation of a covenant may vary from repairing the mistake to losing control of the company.

Coverage ratio – describes a company's ability to pay debt from cash flow or profits. Typical measures are EBITDA/Interest, (EBITDA minus Capital Expenditures)/ Interest, and EBIT/Interest.

Cram down round – a financing event upon which new investors with substantial capital are able to demand and receive contractual terms that effectively cause the issuance of sufficient new shares by

the startup company to significantly reduce ("dilute") the ownership percentage of previous investors.

Cryptocurrency – a natively-digital currency using encryption techniques to regulate the creation of units of currency and verify transfer of funds. Usually created and managed independently of a central bank.

Cumulative dividends – the owner of preferred stock with cumulative dividends has the right to receive accrued (previously unpaid) dividends in full before dividends are paid to any other classes of stock.

Current ratio – the ratio of current assets to current liabilities.

Data room – a specific location where potential buyers / investors can review confidential information about a target company. This information may include detailed financial statements, client contracts, intellectual property, property leases, and compensation agreements.

Deal flow – a measure of the number of potential investments that a fund reviews in any given period.

Defined benefit plan – a company retirement plan in which the benefits are typically based on an employee's salary and number of years worked. Fixed benefits are paid after the employee retires. The employer bears the investment risk and is committed to providing the benefits to the employee. Defined benefit plan managers can invest in private equity funds.

Defined contribution plan – a company retirement plan in which the employee elects to contribute some portion of his or her salary into a retirement plan, such as a 401(k) or 403(b). The employer may also contribute to the employee's plan. With this type of plan, the employee bears the investment risk. The benefits depend solely on the amount of money made from investing the employee's contributions.

Demand rights – a type of registration right. Demand rights give an investor the right to force a startup to register its shares with the SEC and prepare for a public sale of stock (IPO).

Dilution – the reduction in the ownership percentage of current investors, founders and employees caused by the issuance of new shares (for example to investors in follow on rounds, employees by increasing the stock option pool, debt providers in the form or warrants, etc.).

Dilution protection – see Anti-dilution and Full ratchet.

Direct Listing – also known as a DPO (Direct Public Offering), a Direct Listing is a listing on an exchange, such as the NYSE or NASDAQ, where a company offers its securities directly to the public and self-underwrites its securities without the use of intermediaries such as investment banks, broker-dealers, and underwriters as would be the case in an IPO. Cutting out the intermediaries from a public offering materially lowers the cost of a public offering. Spotify completed the first-ever Direct Listing on the NYSE on April 3, 2018.

Direct secondary transaction – a transaction in which the buyer purchases shares of an operating company from an existing seller. While the transaction is a secondary sale of shares, the transacted interest is a primary issue purchase directly into an operating company. Sellers are often venture capitalists selling their ownership stake in a portfolio company. Buyers are often funds that specialize in such investments.

Discount rate – the interest rate used to determine the present value of a series of future cash flows.

Discounted cash flow (DCF) – a valuation methodology whereby the present value of all future cash flows expected from a company or investment is calculated.

Distressed debt – the bonds of a company that is either in or approaching bankruptcy. Some private equity funds specialize in purchasing such debt at deep discounts with the expectation of exerting influence in the restructuring of the company and then selling the debt once the company has meaningfully recovered.

Distribution – the transfer of cash or securities to a limited partner resulting from the sale, liquidation or IPO of one or more portfolio companies in which a general partner chose to invest.

Dividends – payments made by a company to the owners of certain securities.

Down round – a round of financing whereby the valuation of the company is lower than the value determined by investors in an earlier round.

DPO (Direct Public Offering) – see Direct Listing

Drag-along rights – the contractual right of an investor in a company to force all other investors to agree to a specific action, such as the sale of the company.

Drawdown schedule – an estimate of the gradual transfer of committed investment funds from the limited partners of a private equity fund to the general partners.

Due diligence – the investigatory process performed by investors to assess the viability of a potential investment and the accuracy of the information provided by the target company.

Dutch auction – a method of conducting an IPO whereby newly issued shares of stock are committed to the highest bidder, then, if any shares remain, to the next highest bidder, and so on until all the shares are committed. Note that the price per share paid by all buyers is the price commitment of the buyer of the last share.

Early stage – the state of a company after the seed (formation) stage but before middle stage (generating revenues). Typically, a company in the early stage will have a core management team and a proven concept or product, but no positive cash flow.

Earnings before interest and taxes (EBIT) – a measurement of the operating profit of a company. One possible valuation methodology is based on a comparison of private and public companies' value as a multiple of EBIT.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) – a measurement of the cash flow of a company. One possible valuation methodology is based on a comparison of private and public companies' value as a multiple of EBITDA.

Earn out – an arrangement in which sellers of a business receive additional future payments, usually based on financial performance metrics such as revenue or net income.

Elevator pitch – a concise presentation, lasting only a few minutes (an elevator ride), by an entrepreneur to a potential investor about an investment opportunity.

Employee Stock Ownership Program (ESOP) – a plan established by a company to reserve shares for employees.

Entrepreneur – an individual who starts their own business.

Entrepreneurship – the application of innovative leadership to limited resources in order to create exceptional value.

Enterprise Value (EV) – the sum of the market values of the common stock and long-term debt of a company, minus excess cash.

Equity – the ownership structure of a company represented by common shares, preferred shares, or unit interests. Equity = Assets - Liabilities.

ESOP – see Employee Stock Ownership Program.

Evergreen fund – a fund that reinvests its profits in order to ensure the availability of capital for future investments.

Exit strategy – the plan for generating profits for owners and investors of a company. Typically, the options are to merge, be acquired, or make an initial public offering (IPO). An alternative is to recapitalize (releverage the company and then pay dividends to shareholders).

Expansion stage – the stage of a company characterized by a complete management team and a substantial increase in revenues.

Fair value – a financial reporting principle for valuing assets and liabilities, for example, portfolio companies in venture capital fund portfolios. In 2007, more defined rules took effect. See ASC Topic 820.

Fairness opinion – a letter issued by an investment bank that charges a fee to assess the fairness of a negotiated price for a merger or acquisition.

FAS 157 – see ASC Topic 820 entry.

First refusal – the right of a privately owned company to purchase any shares that employees would like to sell before they are offered to outside buyers.

Founders stock – nominally priced common stock issued to founders, officers, employees, directors, and consultants.

Free cash flow to equity (FCFE) – the cash flow available after operating expenses, interest payments on debt, taxes, net principal repayments, preferred stock dividends, reinvestment needs, and changes in working capital. In a discounted cash flow model to determine the value of the equity of a firm using FCFE, the discount rate used is the cost of equity.

Free cash flow to the firm (FCFF) – the operating cash flow available after operating expenses, taxes, reinvestment needs, and changes in working capital, but before any interest payments on debt are made. In a discounted cash flow model to determine the enterprise value of a firm using FCFF, the discount rate used is the weighted average cost of capital (WACC).

Friends and family financing – capital provided by the friends and family of founders of an early-stage company. Friends and family financings may also include individual angel investors known to or introduced to the founders. Friends and family financing rounds are typically structured as notes convertible into a Seed or Series A round of financing. Founders should be careful not to create an ownership structure that may hinder the participation of professional investors once the company begins to achieve success.

Full ratchet – an anti-dilution protection mechanism to protect earlier investors from dilution when a new round is raised at a lower price. In the case of a full ratchet for a Series A followed by a Series B at a lower price per share, additional shares would be issued to the Series A preferred investors so that their resulting cost per share is equal to the price per share paid by the Series B preferred investors. Often as a result of the implementation of a ratchet, company management and employees who own a fixed number of common shares suffer significant dilution. See Narrow-based weighted average anti-dilution and Broad-based weighted average anti-dilution.

Fully diluted basis – a methodology for calculating any per share ratios whereby the denominator is the total number of

shares, both preferred and common, issued by the company on the assumption that all warrants and options are exercised.

Fund-of-funds – a fund created to invest in other funds (e.g. VC Funds, PE funds, etc.). Typically, individual investors and relatively small institutional investors participate in a fund-of-funds to minimize their portfolio management efforts and leverage the size and scale of the fund-of-funds.

Gatekeepers – intermediaries which endowments, pension funds, and other institutional investors use as advisors regarding private equity investments.

General partner (GP) – a class of partner in a partnership. The general partner retains liability for the actions of the partnership. Historically, venture capital and buyout funds have been structured as limited partnerships, with the venture firm as the GP and limited partners (LPs) being the institutional and high net worth investors that provide most of the capital in the partnership. The GP earns a management fee and a percentage of gains (see Carried interest).

GP – see General partner.

GP for hire – in a spin-out or a synthetic secondary, a GP for hire refers to the professional investor who may be hired by a purchasing firm to manage the new fund created from the orphaned assets purchased. In past cases, the GP has often expanded its role to fundraise for and run new funds alongside the initial fund.

Going-private transaction – when a public company chooses to pay off all public investors, delist from all stock exchanges, and become owned by management, employees, and select private investors.

Golden handcuffs – financial incentives that discourage founders and / or important employees from leaving a company before a predetermined date or important milestone.

Growth stage – the stage of a company when it has received one or more rounds of financing and is generating revenue from its product or service. Also known as "middle stage."

Hart-Scott-Rodino (HSR) Act – a law requiring entities that acquire certain amounts of stock or assets of a company to inform the Federal Trade Commission and the Department of Justice and to observe a waiting period before completing the transaction to allow the agencies to assess whether there will be any anti-competitive implications as a result of the transaction.

Hedge fund – an investment fund that has the ability to use leverage, take short positions in securities, or use a variety of derivative instruments in order to achieve a return that is relatively less correlated to the performance of typical indices (such as the S&P 500) than traditional long-only funds. Hedge fund managers are typically compensated based on assets under management as well as fund performance.

High yield debt – debt issued via public offering or public placement (Rule 144A) that is rated below investment grade by S&P or Moody's. This means that the debt is rated below the top four rating categories (i.e. S&P BB+, Moody's Ba2 or below). The lower rating is indicative of higher risk of default, and therefore the debt carries a higher coupon or yield than investment grade debt. Also referred to as Junk bonds or Sub-investment grade debt.

Hockey stick – the general shape and form of a chart showing revenue, customers, cash, or some other financial or operational measure that increases dramatically at some point in the future. Entrepreneurs often develop business plans with hockey stick charts to impress potential investors.

Holding period – amount of time an investment remains in a portfolio.

Hot issue – stock in an initial public offering that is in high demand.

Hot money – capital from investors that have no tolerance for lack of results by the investment manager and move quickly to withdraw at the first sign of trouble.

Hurdle rate – a minimum rate of return required before an investor will make an investment.

Incorporation – the process by which a business receives a state charter, allowing it to become a corporation. Many corporations choose Delaware because its laws are business-friendly and up to date.

Incubator – a company or facility designed to host startup companies. Incubators help startups grow while controlling costs by offering networks of contacts and shared back-office resources.

Indenture – the terms and conditions between a bond issuer and bond buyers.

Initial coin offering (ICO) – an offering of units of a new cryptocurrency or crypto-token, usually in exchange for existing cryptocurrencies like Bitcoin or Ether, as a presale against a future blockchain project, i.e., the new coins or tokens sold will be the "currency" for transactions in a new or future blockchain project.

Initial public offering (IPO) – the first offering of stock by a company to the public. New public offerings must be registered with the Securities and Exchange Commission. An IPO is one of the methods that a startup that has achieved significant success can use to raise additional capital for further growth. See Qualified IPO.

In-kind distribution – a distribution to limited partners of a private equity fund that is in the form of publicly traded shares rather than cash.

Inside round – a round of financing in which the investors are the same investors as the previous round. An inside round raises liability issues since the valuation of the company has no third-party verification

in the form of an outside investor. In addition, the terms of the inside round may be considered self-dealing if they are onerous to any set of shareholders or if the investors give themselves additional preferential rights.

Institutional investor – professional entities that invest capital on behalf of companies or individuals. Examples are pension plans, insurance companies, and university endowments.

Intellectual property (IP) – knowledge, techniques, writings, and images that are intangible but often protected by law via patents, copyrights, and trademarks.

Interest coverage ratio – earnings before interest and taxes (EBIT) divided by interest expense. This is a key ratio used by lenders to assess the ability of a company to produce sufficient cash to service its debt obligation.

Internal rate of return (IRR) – the interest rate at which a certain amount of capital today would have to be invested in order to grow to a specific value at a specific time in the future.

Investment thesis/Investment philosophy – the fundamental ideas which determine the types of investments that an investment fund will choose in order to achieve its financial goals.

IPEV – stands for International Private Equity Valuation guidelines group. This group is made up of representatives of the international and US venture capital industry and has published guidelines for applying US GAAP and international IFRS valuation rules. See www.privateequityvaluation.com. Widely regarded in the US as the global successor to the US-focused PEIGG group.

IPO – see Initial public offering.

IRR – see Internal rate of return.

J curve – a concept that during the first few years of a private equity fund, cash flow or returns are negative due to investments, losses, and expenses, but as investments produce results the cash flow or returns trend upward. A graph of cash flow or returns versus time would then resemble the letter "J."

Later stage – the state of a company that has proven its concept, achieved significant revenues compared to its competition, and is approaching cash flow break even or positive net income. Typically, a later stage company is about 6 to 12 months away from a liquidity event such as an IPO or buyout. The rate of return for venture capitalists that invest in later stage, less risky ventures is lower than in earlier stage ventures.

LBO – see Leveraged buyout.

Lead investor – the outside investor that makes the largest investment in a financing round and manages the documentation and closing of that round. The lead investor sets the price per share of the financing round, thereby determining the valuation of the company.

Letter of intent – a document confirming the intent of an investor to participate in a round of financing for a company. By signing this document, the subject company agrees to begin the legal and due diligence process prior to the closing of the transaction. Also known as a "Term Sheet."

Leverage – the use of debt to acquire assets, build operations, and increase revenues. By using debt, a company is attempting to achieve results faster than if it only used its cash available from pre-leverage operations. The risk is that the increase in assets and revenues does not generate sufficient net income and cash flow to pay the interest costs of the debt.

Leveraged buyout (LBO) – the purchase of a company or a business unit of a company by an outside investor using mostly borrowed capital.

Leveraged recapitalization – the reorganization of a company's capital structure resulting in more debt added to the balance sheet. Private equity funds can recapitalize a portfolio company and then direct the company to issue a one-time dividend to equity investors. This is often done when the company is performing well financially and the debt markets are expanding.

Leverage ratios – measurements of a company's debt as a multiple of cash flow. Typical leverage ratios include Total Debt/EBITDA, Total Debt/(EBITDA minus Capital Expenditures), and Senior Debt EBITDA.

L.I.B.O.R. – see The London Interbank Offered Rate.

License – a contract in which a patent owner grants to a company the right to make, use, or sell an invention under certain circumstances and for compensation.

Limited liability company (LLC) – an ownership structure designed to limit the founders' losses to the amount of their investment. An LLC itself does not pay taxes, rather its owners pay taxes on their proportion of the LLC profits at their individual tax rates.

Limited partnership – a legal entity composed of a general partner and various limited partners. The general partner manages the investments and is liable for the actions of the partnership while the limited partners are generally protected from legal actions and any losses beyond their original investment. The general partner collects a management fee and earns a percentage of capital gains (see Carried interest), while the limited partners receive income, capital gains, and tax benefits.

Limited partner (LP) – an investor in a limited partnership. The general partner is liable for the actions of the partnership while the limited partners are generally protected from legal actions and any losses beyond their original investment. The limited partner receives income, capital gains, and tax benefits.

Liquidation – the sale of a company. This may occur in the context of an acquisition by a larger company or in the context of selling off all assets prior to cessation of operations (Chapter 7 bankruptcy). In a liquidation, the claims of secured and unsecured creditors, bondholders, and preferred stockholders take precedence over common stockholders.

Liquidation preference – the contractual right of an investor to priority in receiving the proceeds from the liquidation of a company. For example, a venture capital investor with a "2x liquidation preference" has the right to receive two times its original investment upon liquidation before other more junior forms of equity share in the liquidation proceeds.

Liquidity discount – a decrease in the value of a private company compared to the value of a similar but publicly traded company. Since an investor in a private company cannot readily sell his or her investment, the shares in the private company must be valued less than a comparable public company.

Liquidity event – a transaction whereby owners of a significant portion of the shares of a private company sell their shares in exchange for cash, in the case of an IPO or cash-based M&A transaction, or shares of an acquiring company.

Lock-up agreement – investors, management, and employees often agree not to sell their shares for a specific time period after an IPO, usually 6 to 12 months. By avoiding large sales of its stock, the company has time to build interest among potential buyers of its shares.

London Interbank Offered Rate (L.I.B.O.R.) – the average rate charged by large banks in London for loans to each other. LIBOR is a relatively volatile rate and is typically quoted in maturities of one month, three months, six months, and one year.

Management buyout (MBO) – a leveraged buyout controlled by the members of the management team of a company or a division. Often an MBO is conducted in partnership with a buyout fund.

Management fee – a fee charged to the limited partners in a fund by the general partner. Management fees in a private equity fund usually range from 0.75% to 3% of capital under management, depending on the type and size of fund. For venture capital funds, 2% is typical.

Management rights – the rights often required by a venture capitalist as part of the agreement to invest in a company. The venture capitalist has the right to consult with management on key operational issues, attend board meetings, and review information about the company's financial situation.

Market capitalization – the value of a publicly traded company as determined by multiplying the number of shares outstanding by the current price per share.

MBO – see Management buyout.

Mezzanine – a layer of financing that has intermediate priority (seniority) in the capital structure of a company. For example, mezzanine debt has lower priority than senior debt but usually has a higher interest rate and often includes warrants. In venture capital, a mezzanine round is generally the round of financing that is designed to help a company have enough resources to reach an IPO. See Bridge financing.

Multiples – a valuation methodology that compares public and private companies in terms of a ratio of value to an operations figure such as revenue or net income. For example, if several publicly traded computer hardware companies are valued at approximately 2 times revenues, then it is reasonable to assume that a startup computer hardware company that is growing fast has the potential to achieve a valuation of 2 times its revenues. Before the startup company issues its IPO, it will likely be valued at less than 2 times revenue because of the lack of liquidity of its shares. See Liquidity discount.

Narrow-based weighted average anti-dilution – a type of anti-dilution mechanism. A weighted average anti-dilution method adjusts downward the price per share of the preferred stock of investor A (by issuing new additional shares) due to the issuance of new preferred shares to new investor B at a price lower than the price investor A originally received. Investor A is issued enough preferred stock to replicate a weighted average of investor A's price and investor B's price. A narrow-based anti-dilution uses only common stock outstanding in the denominator of the formula for determining the new weighted average price.

National Venture Capital Association (NVCA) – the trade organization that empowers the next generation of American companies that will fuel the economy of tomorrow. As the voice of the U.S. venture capital and startup community, NVCA advocates for public policy that supports the American entrepreneurial ecosystem. Serving the venture community as the preeminent trade association, NVCA arms the venture community for success, serving as the leading resource for venture capital data, practical education, peer-led initiatives, and networking.

NDA – see Non-disclosure agreement.

Non-cumulative dividends – dividends that are payable to owners of preferred stock at a specific point in time only if there is sufficient cash flow available after all company expenses have been paid. If cash flow is insufficient, the owners of the preferred stock will not receive the dividends owed for that time period and will have to wait until the board of directors declares another set of dividends.

Non-disclosure agreement (NDA) – an agreement issued by entrepreneurs to protect the privacy of their ideas when disclosing those ideas to third parties.

Non-interference – an agreement often signed by employees and management whereby they agree not to interfere with the company's relationships with employees, clients, suppliers, and sub-contractors within a certain time period after termination of employment.

No-shop clause – a section of an agreement to purchase or invest in a company whereby the seller agrees not to market the company to other potential buyers or investors for a specific time period.

Non-solicitation – an agreement often signed by employees and management whereby they agree not to solicit other employees of the company regarding job opportunities.

NVCA – see National Venture Capital Association.

Offering memorandum – a legal document that provides details of an investment to potential investors. See Private placement memorandum.

Operating cash flow – the cash flow produced from the operation of a business, not from investing activities (such as selling assets) or financing activities (such as issuing debt). Calculated as net operating income (NOI) plus depreciation.

Option pool – a group of options set aside for long term, phased compensation to management and employees.

Outstanding shares – the total number of common shares of a company, not including treasury stock, convertible preferred stock, warrants, and options.

Pay to play – a clause in a financing agreement whereby any investor that does not participate in a future round agrees to suffer significant dilution compared to other investors. The most onerous version of "pay to play" is automatic conversion to common shares, which in essence ends any preferential rights of an investor.

Pari passu – a legal term referring to the equal treatment of two or more parties in an agreement. For example, a venture capitalist may agree to have registration rights that are pari passu with the other investors in a financing round.

Participating dividends – the right of holders of certain preferred stock to receive dividends and participate in additional distributions of cash, stock, or other assets.

Participating preferred stock – a unit of ownership composed of preferred stock and common stock. The preferred stock entitles the owner to receive a predetermined sum of cash (usually the original investment plus accrued dividends) if the company is sold or has an IPO. The common stock represents additional continued ownership in the company.

PEIGG – acronym for Private Equity Industry Guidelines Group, an ad hoc group of individuals and firms involved in the private equity industry for the purpose of establishing valuation and reporting guidelines. With the implementation of FAS 157 in 2007, the group's mission was essentially complete. Several of its members then joined IPEV, which is viewed by US VCs as the international successor to PEIGG.

Piggyback rights – rights of an investor to have his or her shares included in a registration of a startup's shares in preparation for an IPO.

PIK dividend – a dividend paid to the holder of a stock, usually preferred stock, in the form of additional stock rather than cash. PIK refers to payment in kind.

PIPEs – see Private investment in public equity.

Placement agent – a company that specializes in finding institutional investors that are willing and able to invest in a private equity fund. Sometimes a private equity fund will hire a placement agent so the fund partners can focus on making and managing investments in companies rather than on raising capital.

Portfolio company – a company that has received an investment from a private equity fund.

Post-money valuation – the valuation of a company including the capital provided by the current round of financing. For example, a venture capitalist may invest $5 million in a company valued at $2 million "pre-money" (before the investment was made). As a result, the startup will have a post-money valuation of $7 million.

PPM – see Private placement memorandum.

Preemptive rights – the rights of shareholders to maintain their percentage ownership of a company by buying shares sold by the company in future financing rounds.

Preference – seniority, usually with respect to dividends and proceeds from a sale or dissolution of a company.

Preferred return – a minimum return per annum that must be generated for limited partners of a private equity fund before the general partner can begin receiving a percentage of profits from investments.

Preferred stock – a type of stock that has certain rights that common stock does not have. These special rights may include dividends, participation, liquidity preference, anti-dilution protection, and veto provisions, among others. Private equity investors usually purchase preferred stock when they make investments in companies.

Pre-money valuation – the valuation of a company prior to the current round of financing. For example, a venture capitalist may invest $5 million in a company valued at $2 million pre-money. As a result, the startup will have a "pre-money" valuation of $2 million.

Pre-Seed round ("Series Pre-Seed") – a financing event whereby angels, angel groups, professionally managed Seed funds, and early-stage venture capital funds become involved in a young start-up company that was previously financed by founders, their friends and family, and individual angel investors in a friends and family financing. Pre-Seed rounds are uncommon but have begun to emerge as Seed rounds have grown larger in size and investor expectations for company progress before a Seed round has increased. Pre-Seed rounds can be priced rounds or can be structured as notes convertible into a "Series Seed" financing round. The size of Pre-Seed rounds can often be similar to the size of Seed rounds only a few years ago.

Pre-Seed stage – the state of a company when it has just been incorporated and its founders are developing their product or service.

Primary shares – shares sold by a corporation (not by individual shareholders).

Private Equity Growth Capital Council (PEGCC) – See American Investment Council (AIC).

Private equity – equity investments in non-public companies, usually defined as being made up of venture capital, growth equity, and buyout funds. Real estate, oil and gas, and other such partnerships are sometimes included in the definition.

Private investment in public equity (PIPEs) – investments by a private equity fund in a publicly traded company, usually at a discount and in the form of preferred stock.

Private placement – the sale of a security directly to a limited number of institutional and qualified individual investors. If structured correctly, a private placement avoids registration with the Securities and Exchange Commission.

Private placement memorandum (PPM) – a document explaining the details of an investment to potential investors. For example, a private equity fund will issue a PPM when it is raising capital from institutional investors. Also, a startup may issue a PPM when it needs growth capital. Also known as "Offering Memorandum"

Private securities – securities that are not registered with the Securities and Exchange Commission and do not trade on any exchanges. The price per share is negotiated between the buyer and the seller (the "issuer").

Qualified IPO – a public offering of securities valued at or above a total amount specified in a financing agreement. This amount is usually specified to be sufficiently large to guarantee that the IPO shares will trade in a major exchange (NASDAQ or New York Stock Exchange). Usually upon a qualified IPO, preferred stock is forced to convert to common stock.

Quartile – one fourth of the data points in a data set. Often, private equity investors are measured by the results of their investments during a particular period of time. Institutional investors often prefer to invest in private equity funds that demonstrate consistent results over time, placing in the upper quartile of the investment results for all funds.

Realization ratio – the ratio of cumulative distributions to paid-in capital. The realization ratio is used as a measure of the distributions from investment results of a private equity partnership compared to the capital under management.

Recapitalization – the reorganization of a company's capital structure.

Red herring – a preliminary prospectus filed with the Securities and Exchange Commission containing the details of an IPO offering. The name refers to the disclosure warning printed in red letters on the cover of each preliminary prospectus advising potential investors of the risks involved.

Redemption rights – the right of an investor to force the startup company to buy back the shares issued as a result of the investment. In effect, the investor has the right to take back his/her investment and may even negotiate a right to receive an additional sum in excess of the original investment.

Registration – the process whereby shares of a company are registered with the Securities and Exchange Commission under the Securities Act of 1933 in preparation for a sale of the shares to the public.

Regulation D – often referred to as simply "Reg D," an SEC regulation that governs private placements. Private placements are investment offerings for institutional and accredited individual investors, but not the general public.

Restricted shares – shares that cannot be traded in the public markets.

Return on investment (ROI) – the proceeds from an investment, during a specific time period, calculated as a percentage of the original investment. Also, net profit after taxes divided by average total assets.

Rights offering – an offering of stock to current shareholders that entitles them to purchase the new issue.

Rights of co-sale with founders – a clause in venture capital investment agreements that allows the VC fund to sell shares at the same time that the founders of a startup choose to sell.

Risk-free rate – a term used in finance theory to describe the return from investing in a riskless security. In practice, this is often taken to be the return on US Treasury Bills.

Road show – presentations made in several cities to potential investors and other interested parties. For example, a company will often make a road show to generate interest among institutional investors prior to its IPO.

ROI – see Return on investment.

Rolling fund – a new type of investment vehicle, structured as a series of limited partnerships, which allows fund managers to share deal flow with fund investors on a quarterly subscription basis while netting carried interest over a multi-year period. With this fund structure, funds are open to new investors every quarter vs. only being open when a new fund is closed.

Rollup – the purchase of relatively smaller companies in a sector by a rapidly growing company in the same sector. The strategy is to create economies of scale. For example, the movie theater industry underwent significant consolidation via rollups in the 1960's and 1970's.

Round – a financing event usually involving several private equity investors.

Royalties – payments made to patent or copyright owners in exchange for the use of their intellectual property.

Rule 144 – a rule of the Securities and Exchange Commission that specifies the conditions under which the holder of shares acquired in a private transaction may sell those shares in the public markets.

S corporation – an ownership structure that limits its number of owners to 100. An S corporation does not pay taxes. Rather, its owners pay taxes on their proportion of the corporation's profits at their individual tax rates.

SBIC – see Small Business Investment Company.

SPV (Special Purpose Vehicle) – an entity created by an investor, or by private equity or venture capital fund management company, to invest in one company, or a small group of companies. In the case of an individual investor, an SPV enables that investor to raise capital to invest in one company or one small group of companies without forming a fund management company and raising a traditional fund. In the case of private equity and venture capital fund management companies, an SPV is often used to put more capital into a portfolio company or a small group of companies than would be prudent for the fund itself given diversification requirements and portfolio concentration limits. SPVs raised by private equity and venture capital funds will typically have lower management fees and carried interest than the main funds.

SPAC (Special Purpose Acquisition Company) – a company with no commercial operations formed strictly to raise capital through an IPO for the purpose of acquiring an existing company. Also known as "blank check companies," SPACs have been used for decades, but until recently were generally used for acquisitions of small companies. In recent years, however, SPACs have become extremely popular, attracting high profile executives, private equity firms, and underwriters. In 2020, SPACs raised over $84 billion, a six-fold increase from a record-setting year just one year earlier in 2019, and accounted for over one-half of all IPO volume for the year.

Scalability – a characteristic of a new business concept that entails the growth of sales and revenues with a much slower growth of organizational complexity and expenses. Venture capitalists look for scalability in the startups they select to finance.

Scale-down – a schedule for phased decreases in management fees for general partners in a limited partnership as the fund reduces its investment activities toward the end of its term.

Scale-up – the process of a company growing quickly while maintaining operational and financial controls in place. Also, a schedule for phased increases in management fees for general partners in a limited partnership as the fund increases its investment activities over time.

Secondary market – a market for the sale of limited partnership interests in private equity funds. Sometimes limited partners choose to sell their interest in a partnership, typically to raise cash or because they cannot meet their obligation to invest more capital according to the takedown schedule. Certain investment companies specialize in buying these partnership interests at a discount.

Secondary shares – shares sold by a shareholder (not by the corporation).

Securities and Exchange Commission (SEC) – the regulatory body that enforces federal securities laws such as the Securities Act of 1933 and the Securities Exchange Act of 1934.

Seed capital – investment provided by professional seed funds, angels and angel groups, and friends and family of the founders of a startup in the seed stage of its development.

Seed round ("Series Seed") – a financing event whereby angels, angel groups, professionally managed Seed funds, and early-stage venture capital funds become involved in a young start-up company that was previously financed by founders, their friends and family, and individual angel investors in a friends and family financing. Seed rounds can be priced rounds or can be structured as notes convertible into a "Series A" financing round. The Seed round is now typically the first "institutional" financing of a company, although Pre-Seed rounds have begun to emerge drawing earlier institutional capital (See Pre-Seed round.) The size of Seed rounds in recent years has grown to resemble what formerly would have been a small "Series A" round.

Seed stage – formerly, the state of a company when it has just been incorporated and its founders are developing their product or service. More typically today, the stage of a company following material product development and often commercial launch, but before raising larger amounts of capital for investments in growth.

Senior debt – a loan that has a higher priority in case of a liquidation of the asset or company.

Seniority – higher priority.

Series A preferred stock – preferred stock issued by a fast growth company in exchange for capital from investors in the "A" round of financing. This preferred stock is usually convertible to common shares upon an IPO.

Shareholder agreement – a contract that sets out the basis on which the company will be operated and the shareholders' rights and obligations. It provides rights and privileges to preferred and major shareholders and protections to minority shareholders.

Sharpe Ratio – a method of calculating the risk-adjusted return of an investment. The Sharpe Ratio is calculated by subtracting the risk-free rate from the return on a specific investment for a time period (usually one year) and then dividing the resulting figure by the standard deviation of the historical (annual) returns for that investment. The higher the Sharpe Ratio, the better.

Small Business Investment Company (SBIC) – a company licensed by the Small Business Administration to receive government capital in the form of debt or equity for use in private equity investing.

Stock option – a right to purchase or sell a share of stock at a specific price within a specific period of time. Stock purchase options are commonly used as long-term incentive compensation for employees and management of fast growth companies.

Strategic investor – a relatively large corporation that agrees to invest in a young or a smaller company in order to have access to its proprietary technology, product, or service.

Subordinated debt – a loan that has a lower priority than a senior loan in case of a liquidation of the asset or company. Also known as "junior debt."

Sweat equity – ownership of shares in a company resulting primarily from work rather than investment of capital.

Syndicate – a group of investors that agree to participate in a round of funding for a company. Alternatively, a syndicate can refer to a group of investment banks that agree to participate in the sale of stock to the public as part of an IPO.

Synthetic secondary – a popular method of completing a direct secondary transaction in which the buyer becomes a limited partner (LP) in a special purpose vehicle (SPV) or similar entity which has been set up out of the underlying investments in order to create a limited partnership interest. The term arose because of the synthetic nature of the direct purchase through the LP secondary transaction.

Tag-along right – the right of a minority investor to receive the same benefits as a majority investor. Usually applies to a sale of securities by investors. Also known as Co-sale right.

Takedown – a schedule of the transfer of capital in phases in order to complete a commitment of funds. Typically, a takedown is used by a general partner of a private equity fund to plan the transfer of capital from the limited partners.

Tender offer – an offer to public shareholders of a company to purchase their shares.

Term loan – a bank loan for a specific period of time, usually up to ten years in leveraged buyout structures.

Term sheet – a document confirming the intent of an investor to participate in a round of financing for a company. By signing this document, the subject company agrees to begin the legal and due diligence process prior to the closing of the transaction. Also known as "Letter of Intent."

Tranche – a portion of a set of securities. Each tranche may have different rights or risk characteristics. When venture capital firms finance a company, a round may be disbursed in two or three tranches, each of which is paid when the company attains one or more milestones.

Turnaround – a process performed at a struggling company resulting in a substantial increase in a company's revenues, profits, and reputation.

Under water option – an option is said to be underwater if the current fair market value of a stock is less than the option exercise price.

Underwriter – an investment bank that chooses to be responsible for the process of selling new securities to the public. An underwriter usually chooses to work with a syndicate of investment banks in order to maximize the distribution of the securities.

Venture capital – a segment of the private equity industry which focuses on investing in new companies with high growth potential and accompanying high risk.

Venture capital method – a pricing valuation method whereby an estimate of the future value of a company is discounted by a certain interest rate and adjusted for future anticipated dilution in order to determine the current value. Usually, discount rates for the venture capital method are considerably higher than public stock return rates, representing the fact that venture capitalists must achieve significant returns on investment in order to compensate for the risks they take in funding unproven companie.

Venture Monitor – officially known as the PitchBook-National Venture Capital Association (NVCA) Venture Monitor. Jointly produced by PitchBook and NVCA, it serves as the authoritative quarterly report on venture capital activity in the entrepreneurial ecosystem. The Venture Monitor provides a complete look at venture capital activity, reporting on fundraising, investments, exits, and other relevant industry analysis in one comprehensive report each quarter.

Vesting – a schedule by which employees gain ownership over time of a previously agreed upon amount of retirement funding or stock options.

Vintage – the year that a private equity fund begins making investments. Venture funds are generally benchmarked to funds of the same vintage year.

Voting rights – the rights of holders of preferred and common stock in a company to vote on certain acts affecting the company. These matters may include payment of dividends, issuance of a new class of stock, mergers, or liquidation.

Warrant – a security which gives the holder the right to purchase shares in a company at a pre-determined price. A warrant is a long-term option, usually valid for several years or indefinitely. Typically, warrants are issued concurrently with preferred stocks or bonds in order to increase the appeal of the stocks or bonds to potential investors.

Washout round – a financing round whereby previous investors, the founders, and management suffer significant dilution. Usually as a result of a washout round, the new investor gains majority ownership and control of the company.

Weighted average cost of capital (WACC) – the average of the cost of equity and the after-tax cost of debt. This average is determined using weight factors based on the ratio of equity to debt plus equity and the ratio of debt to debt plus equity.

Weighted average anti-dilution – an anti-dilution protection mechanism whereby the conversion rate of preferred stock is adjusted in order to reduce an investor's loss due to an increase in the number of shares in a company. Without anti-dilution protection, an investor would suffer from a reduction of his or her percentage ownership. Usually as a result of the implementation of a weighted average anti-dilution, company management and employees who own a fixed number of common shares suffer significant dilution, but not as badly as in the case of a full ratchet.

Write-down – a decrease in the reported value of an asset or a company.

Write-off – a decrease in the reported value of an asset or a company to zero.

Write-up – an increase in the reported value of an asset or a company.

Zombie – a company that has received capital from investors but has only generated sufficient revenues and cash flow to maintain its operations without significant growth. Sometimes referred to as "walking dead." Typically, a venture capitalist has to make a difficult decision as to whether to liquidate a zombie or continue to invest funds in the hopes that the zombie will become a winner.

Data Methodology

Fundraising

We define venture capital funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional venture capital firms, PitchBook also includes funds raised by any institution with the primary intent stated above. Funds identifying as growth-stage vehicles are classified as PE funds and are not included in this report. A fund's location is determined by the country in which the fund is domiciled, if that information is not explicitly known, the HQ country of the fund's general partner is used. Only funds based in the United States that have held their final close are included in the fundraising numbers. The entirety of a fund's committed capital is attributed to the year of the final close of the fund. Interim close amounts are not recorded in the year of the interim close.

Deals

We include equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, venture capital firms, corporate venture firms, and corporate investors. Investments received as part of an accelerator program are not included; however, if the accelerator continues to invest in follow-on rounds, those further financings are included. All financings are of companies headquartered in the US.

Stage Definitions

Angel/seed: We define financings as angel rounds if there are no PE or VC firms involved in the company to date and we cannot determine if any PE or VC firms are participating. In addition, if there is a press release that states the round is an angel round, it is classified as such. Finally, if a news story or press release only mentions individuals making investments in a financing, it is also classified as angel. As for seed, when the investors and/or press release state that a round is a seed financing, or it is for less than $500,000 and is the first round as reported by a government filing, it is classified as such. If angels are the only investors, then a round is only marked as seed if it is explicitly stated.

Early-stage: Rounds are generally classified as Series A or B (which we typically aggregate together as early-stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including the age of the company, prior financing history, company status, participating investors, and more.

Late-stage: Rounds are generally classified as Series C or D or later (which we typically aggregate together as late stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

Venture growth: Rounds are generally classified as Series E or later (which we typically aggregate together as venture growth) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors, including the age of the company, number of VC rounds, company status, and participating investors.

Corporate venture capital: Financings classified as corporate venture capital include rounds that saw both firms investing via established CVC arms or corporations making equity investments off balance sheets or whatever other non-CVC method was actually employed.

Exits

We include the first majority liquidity event for holders of equity securities of venture-backed companies. This includes events where there is a public market for the shares (IPO) or the acquisition of majority of the equity by another entity (corporate or financial acquisition). In addition, special purpose acquisition companies (SPAC) registration is broken out, but only completed SPACs wherein the reverse merger is completed between the public SPAC and a privately held company are included in total exit value and volume calculations. This does not include secondary sales, further sales after the initial liquidity event, or bankruptcies. M&A value is based on reported or disclosed figures, with no estimation used to assess the value of transactions for which the actual deal size is unknown.

Appendix

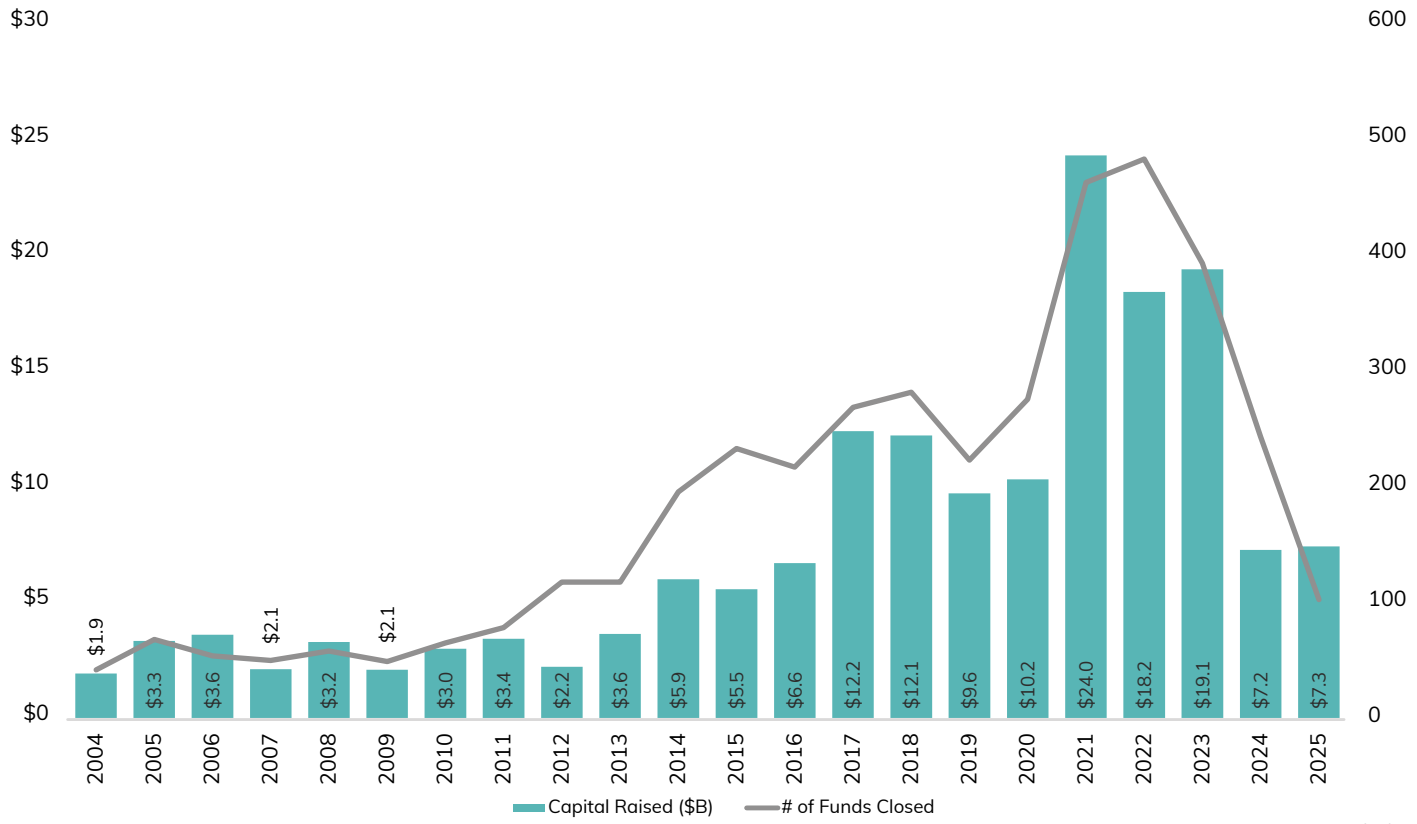
US First Time VC Fundraising by Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital Raised ($B)	$1.9	$3.3	$3.6	$2.1	$3.2	$2.1	$3.0	$3.4	$2.2	$3.6
# of Funds Closed	41	67	53	49	57	48	64	77	116	116

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital Raised ($B)	$5.9	$5.5	$6.6	$12.2	$12.1	$9.6	$10.2	$24.0	$18.2	$19.1	$7.2	$7.3
# of Funds Closed	193	230	214	265	278	220	272	457	477	388	240	101

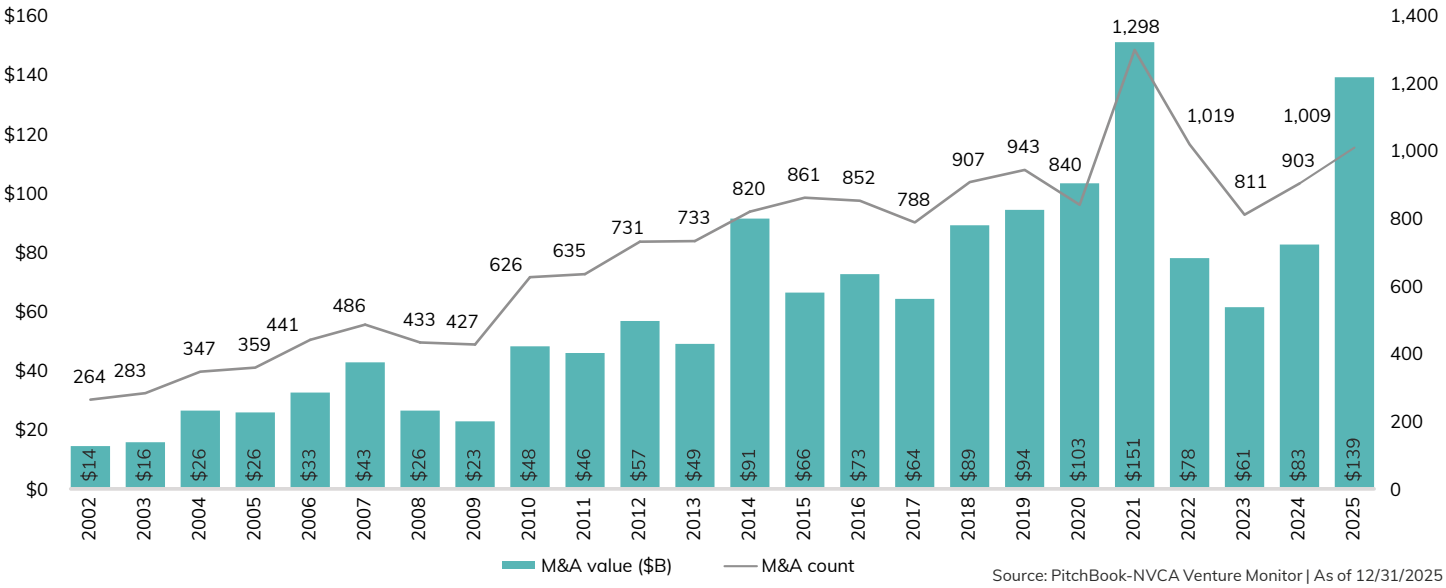
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US First Time VC Fundraising by Year



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC M&A Activity



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC Backed M&A Value and Age Characteristics

	# of Acquisitions	# with Disclosed Values	Deal Value ($M)	Median Deal Value ($M)	Average Deal Value ($M)	Median Time from 1st VC to Exit	Average Time from 1st VC to Exit
2012	837	274	$37,020.7	$40.0	135.1	4.5	5.1
2013	847	288	$31,782.0	$32.8	110.4	3.7	4.9
2014	992	339	$73,074.4	$50.0	215.6	4.4	5.3
2015	1,050	309	$47,183.8	$46.0	152.7	4.1	5.2
2016	1,022	287	$51,917.9	$61.0	180.9	4.3	5.5
2017	1,027	283	$52,864.1	$50.0	186.8	4.8	5.8
2018	1,208	328	$71,013.9	$66.3	216.5	5.0	5.9
2019	1,252	330	$73,282.3	$67.2	222.1	5.1	5.9
2020	1,153	310	$88,821.9	$70.0	286.5	5.3	6.2
2021	1,748	533	$130,088.9	$65.0	244.1	5.3	5.9
2022	1,392	311	$48,154.5	$44.9	154.8	5.3	6.1
2023	1,111	195	$39,601.5	$40.0	203.1	4.8	5.8
2024	1,213	221	$53,974.1	$60.0	244.2	4.9	5.8
2025	1,396	193	$109,011.8	$150.0	564.8	5.1	6.1

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC Deal Activity by Series

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pre-seed/seed deal count	4,455	4,108	4,416	4,631	5,134	5,337	7,382	6,995	5,632	5,475	4,724
Early-stage VC deal count	4,537	4,126	4,389	4,488	4,523	4,247	6,068	5,655	4,612	4,750	5,030
Late-stage VC deal count	2,582	2,548	2,738	3,136	3,621	3,780	5,223	4,831	4,394	4,210	4,026
Venture-growth deal count	527	506	525	622	661	761	942	792	710	781	905

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC deal activity by Series (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pre-seed/seed deal count	36.8%	36.4%	36.6%	36.0%	36.8%	37.8%	37.6%	38.3%	36.7%	36.0%	32.2%
Early-stage VC deal count	37.5%	36.6%	36.4%	34.9%	32.4%	30.1%	30.9%	30.9%	30.0%	31.2%	34.3%
Late-stage VC deal count	21.3%	22.6%	22.7%	24.4%	26.0%	26.8%	26.6%	26.4%	28.6%	27.7%	27.4%
Venture-growth deal count	4.4%	4.5%	4.4%	4.8%	4.7%	5.4%	4.8%	4.3%	4.6%	5.1%	6.2%

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC-backed IPOs by Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Exit Size ($B)	$37.0	$5.9	$10.8	$24.1	$2.3	$2.9	$12.5	$37.8	$91.6	$44.3
# of Deals Closed	87	48	70	89	15	10	43	47	60	88

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Exit Size ($B)	$44.7	$31.5	$13.5	$52.6	$62.6	$181.5	$177.9	$518.2	$6.7	$26.0	$41.4	$105.2
# of Deals Closed	129	85	48	69	95	92	114	198	42	43	44	49

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025
*Exit size represents pre-money valuation

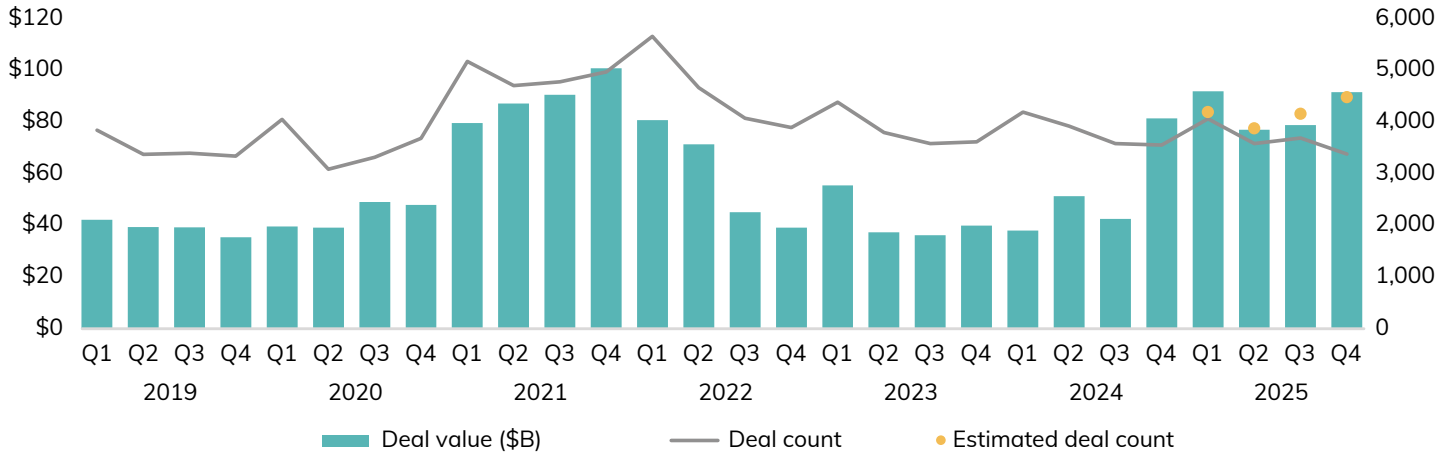
US VC Deal Activity by Quarter

	2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Deal value ($B)	$80.7	$71.4	$45.1	$39.1	$55.5	$37.3	$36.1	$39.9
Deal count	5,657	4,664	4,076	3,893	4,384	3,795	3,584	3,616
Pre-seed/seed deal count	2,092	1,843	1,622	1,438	1,533	1,435	1,350	1,314
Early-stage VC deal count	1,759	1,389	1,253	1,254	1,315	1,104	1,064	1,129
Late-stage VC deal count	1,558	1,239	1,035	999	1,319	1,066	1,003	1,006
Venture-growth deal count	242	190	165	195	209	181	158	162
Pre-seed/seed share of deal count	37.0%	39.5%	39.8%	37.0%	35.0%	37.9%	37.8%	36.4%
Early-stage VC share of deal count	31.1%	29.8%	30.7%	32.3%	30.1%	29.2%	29.8%	31.3%
Late-stage VC share of deal count	27.6%	26.6%	25.4%	25.7%	30.1%	28.2%	28.1%	27.9%
Venture-growth share of deal count	4.3%	4.1%	4.0%	5.0%	4.8%	4.8%	4.4%	4.5%

	2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Deal value ($B)	$37.9	$51.3	$42.5	$81.4	$91.9	$77.0	$78.8	$91.6
Deal count	4,191	3,923	3,584	3,552	4,065	3,584	3,688	3,379
Pre-seed/seed deal count	1,450	1,393	1,353	1,279	1,288	1,097	1,230	1,109
Early-stage VC deal count	1,352	1,226	1,049	1,123	1,372	1,201	1,264	1,193
Late-stage VC deal count	1,183	1,101	972	954	1,131	1,056	960	879
Venture-growth deal count	199	197	198	187	262	228	227	188
Pre-seed/seed share of deal count	34.7%	35.6%	37.9%	36.1%	31.8%	30.6%	33.4%	32.9%
Early-stage VC share of deal count	32.3%	31.3%	29.4%	31.7%	33.9%	33.5%	34.3%	35.4%
Late-stage VC share of deal count	28.3%	28.1%	27.2%	26.9%	27.9%	29.5%	26.1%	26.1%
Venture-growth share of deal count	4.8%	5.0%	5.5%	5.3%	6.5%	6.4%	6.2%	5.6%

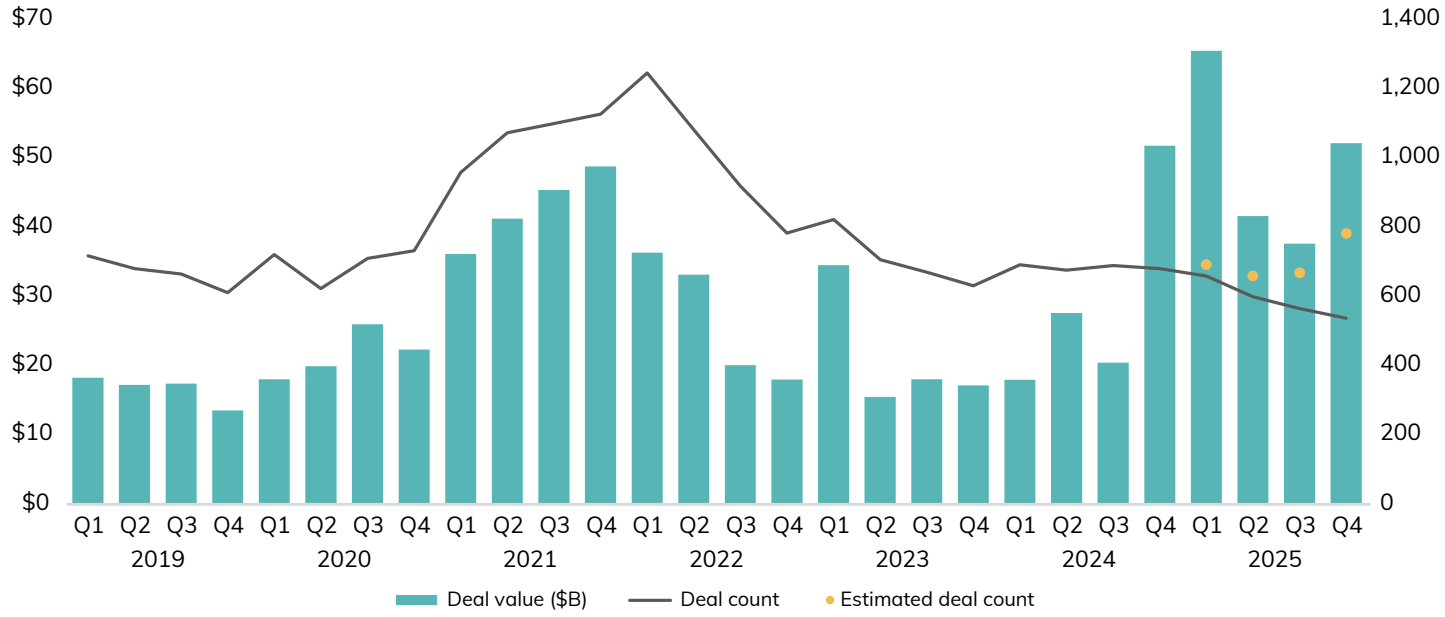
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC Deal Activity by Quarter (with estimation)



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC Deal Activity with CVC Investor Participation by Quarter



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC Deal Activity with CVC Investor Participation (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Share of deal value	53.6%	54.2%	48.5%	53.5%	45.9%	52.4%	50.8%	48.8%	56.1%	59.5%	63.4%
Share of deal count	23.9%	25.4%	25.9%	26.0%	25.8%	25.8%	26.8%	27.0%	24.0%	23.0%	21.3%

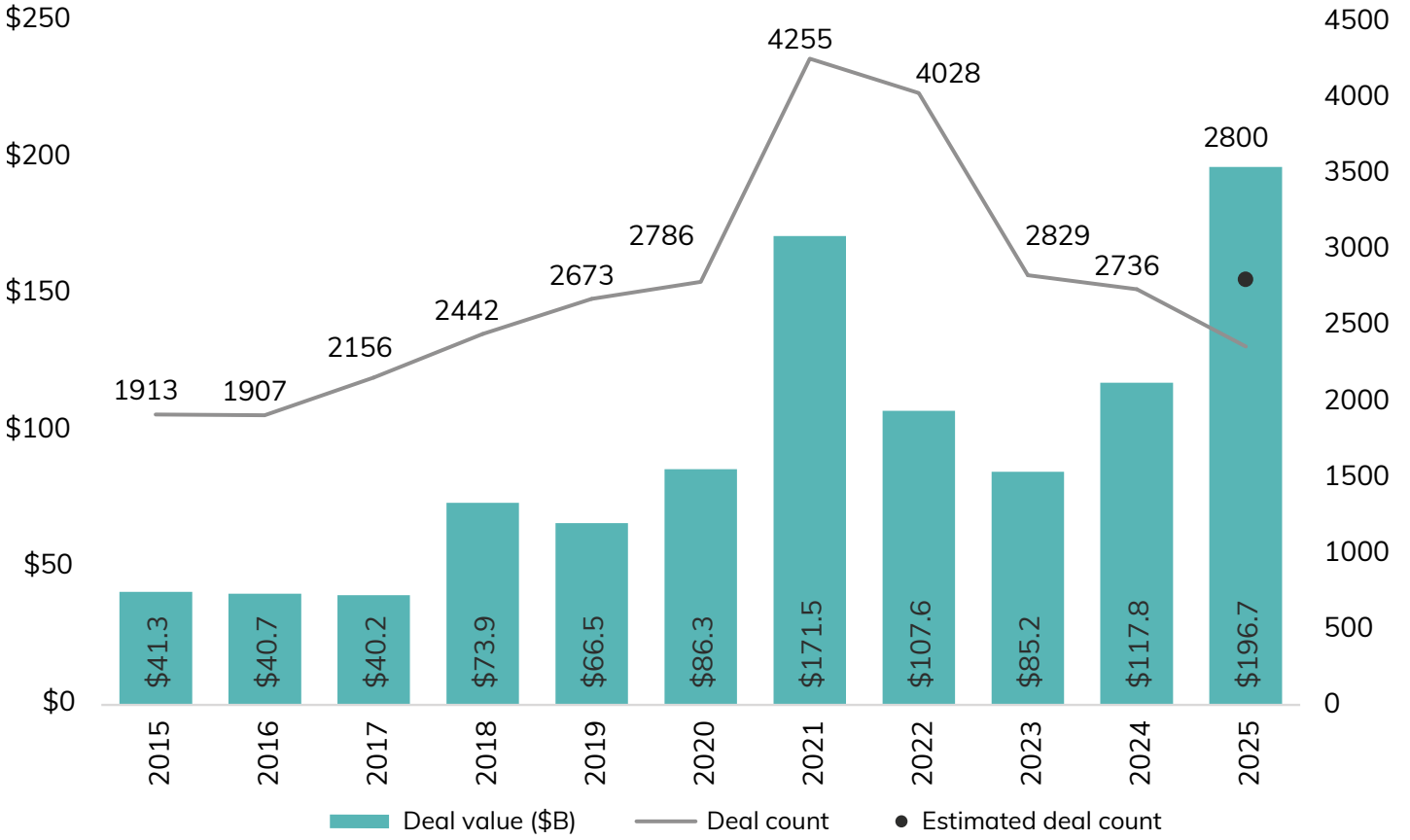
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC Deal Activity with CVC Investor Participation

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deal value ($B)	$41.3	$40.7	$40.2	$73.9	$66.5	$86.3	$171.5	$107.6	$85.2	$117.8	$196.7
Deal count	1913	1907	2156	2442	2673	2786	4255	4028	2829	2736	2360

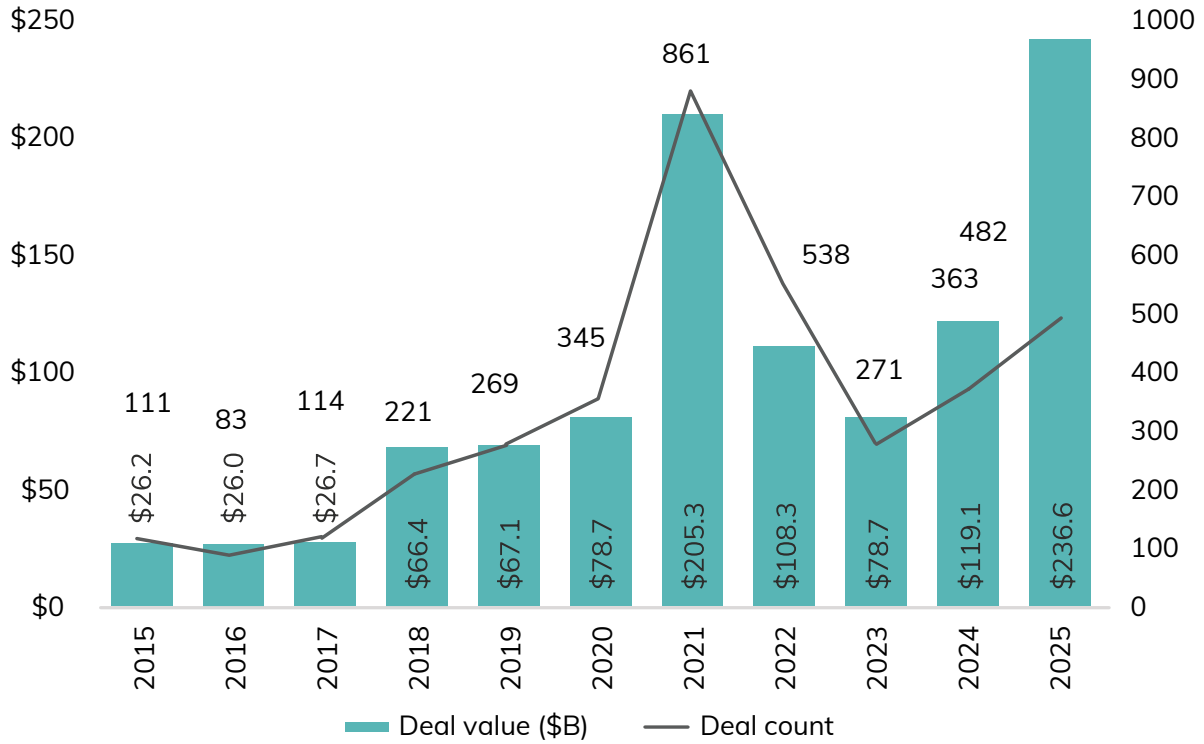
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC Deal Activity with CVC Investor Participation



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC Mega Deal Activity ($100M+)



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC Mega Deal Activity by Quarter

	2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Deal value ($B)	$39.9	$36.3	$17.8	$14.3	$30.7	$14.3	$14.6	$19.1
Deal count	202	158	98	80	59	69	76	67
Pre-seed/seed deal count	4	6	4	0	1	0	1	0
Early-stage VC deal count	39	36	23	23	21	21	19	13
Late-stage VC deal count	101	81	43	31	19	32	36	33
Venture-growth deal count	58	35	28	26	18	16	20	21
	2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Deal value ($B)	$14.5	$27.8	$18.5	$58.2	$66.9	$50.5	$53.1	$66.3
Deal count	86	86	86	105	102	120	129	131
Pre-seed/seed deal count	1	2	0	1	1	3	6	4
Early-stage VC deal count	22	25	21	23	26	26	23	36
Late-stage VC deal count	41	39	41	51	46	53	64	53
Venture-growth deal count	22	20	24	30	29	38	36	38

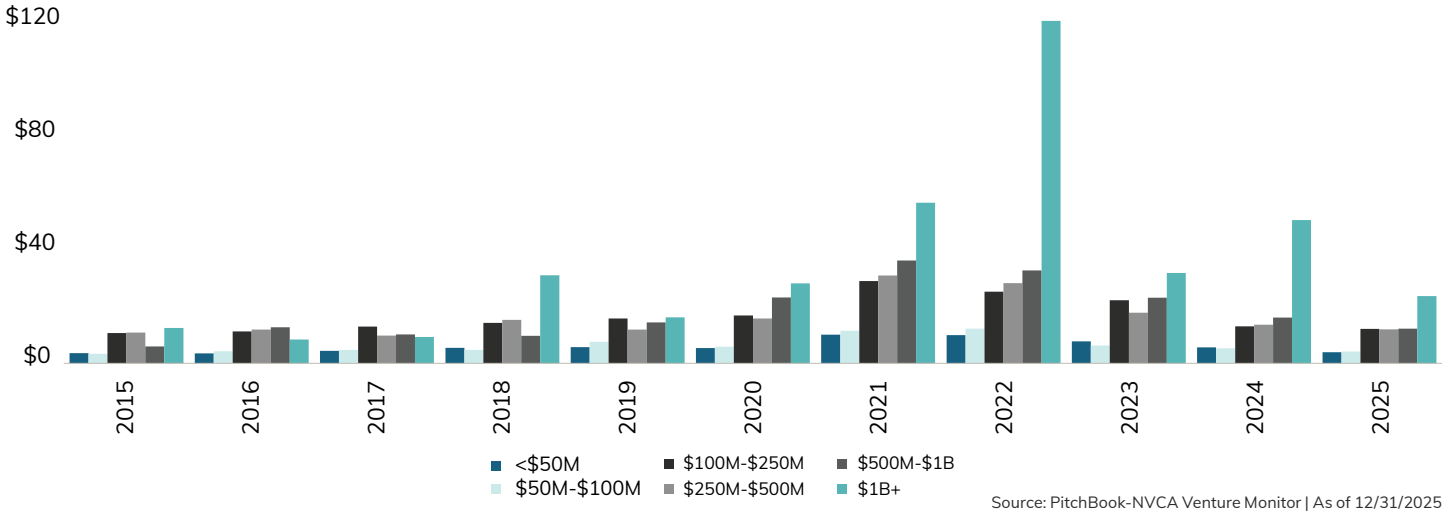
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Share of US Venture Capital Raised ($B) by Size Bucket

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<$50M	$3.5	$3.3	$4.3	$5.2	$5.5	$5.2	$9.8	$9.6	$7.5	$5.4	$3.8
$50M-$100M	$3.3	$4.1	$4.5	$4.5	$7.3	$5.6	$11.2	$11.9	$6.1	$5.1	$4.0
$100M-$250M	$10.4	$10.9	$12.6	$13.8	$15.3	$16.4	$28.2	$24.6	$21.6	$12.7	$11.8
$250M-$500M	$10.5	$11.5	$9.5	$14.9	$11.5	$15.4	$30.1	$27.5	$17.4	$13.2	$11.6
$500M-$1B	$5.8	$12.4	$9.9	$9.4	$14.0	$22.6	$35.2	$31.8	$22.5	$15.7	$11.9
$1B+	$12.1	$8.1	$9.0	$30.2	$15.8	$27.4	$55.1	$117.5	$31.0	$49.1	$23.1

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Share of US Venture Capital Raised ($B) by Size Bucket



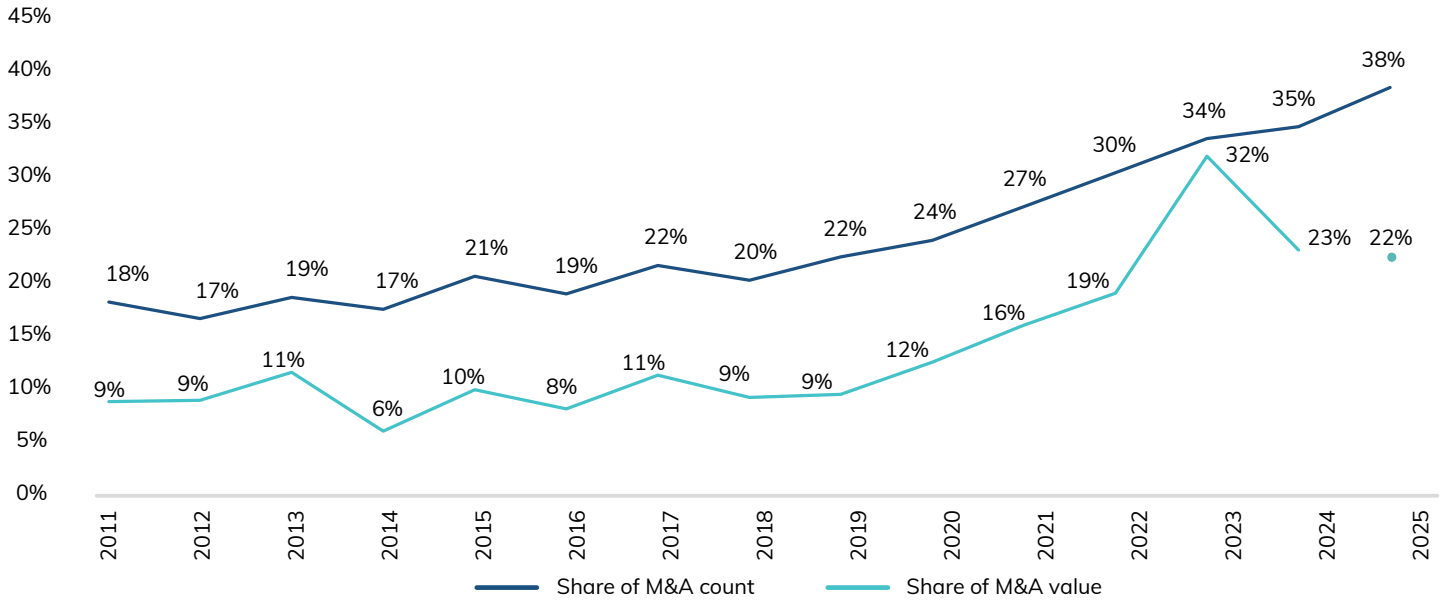
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Share of US Venture Captal Raised by Manager Experience

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Emerging firm capital raised ($B)	$16.2	$18.9	$24.1	$23.1	$27.9	$30.6	$64.2	$55.8	$34.6	$20.2	$17.3
Established firm capital raised ($B)	$29.3	$31.5	$25.7	$55.0	$41.5	$62.1	$105.5	$167.2	$71.4	$81.1	$48.8
Emerging firm fund count	429	441	498	527	530	579	962	981	748	483	236
Established firm fund count	162	194	195	278	270	365	663	796	588	471	301

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025
Note: Emerging firms are defined as firms that have launched fewer than four funds. Established firms are defined as firms that have opened four or more funds.

US VC M&A activity with VC-backed Buyer as a Share of all US VC M&A Activity



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Median US VC Deal Value ($M) by Series

	2019	2020	2021	2022	2023	2024	2025
Pre-seed	$0.3	$0.3	$0.5	$0.5	$0.5	$0.5	$0.5
Seed	$1.8	$1.9	$2.3	$2.8	$3.0	$3.1	$3.80
A	$7.2	$7.5	$10.0	$11.5	$10.0	$12.0	$15.0
B	$17.5	$20.0	$29.7	$27.0	$22.0	$26.1	$33.8
C	$26.5	$35.0	$52.9	$50.0	$33.0	$44.5	$54.0
D+	$50.0	$55.0	$100.0	$105.0	$55.0	$90.8	$100.0

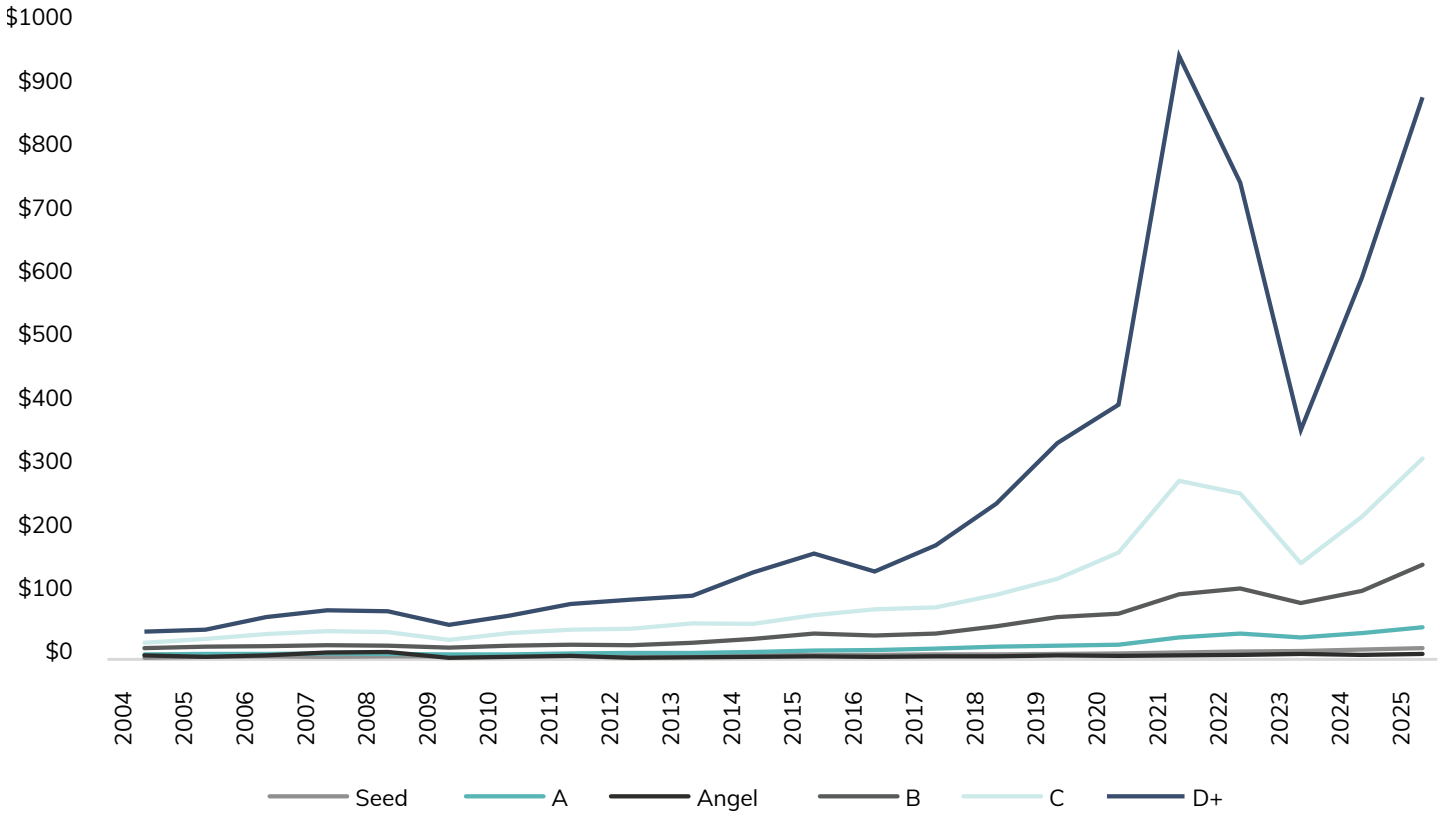
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Average US VC Deal Value ($M) by Series

	2019	2020	2021	2022	2023	2024	2025
Pre-seed	$0.7	$0.6	$0.9	$1.2	$1.0	$1.2	$1.2
Seed	$2.5	$2.9	$3.4	$4.8	$4.1	$4.8	$6.6
A	$12.2	$13.9	$18.1	$18.4	$15.7	$20.3	$25.3
B	$29.1	$31.5	$46.3	$41.0	$36.6	$59.3	$56.9
C	$38.7	$53.0	$80.8	$69.2	$60.5	$102.2	$103.3
D+	$99.3	$102.7	$162.9	$140.4	$148.8	$213.4	$460.1

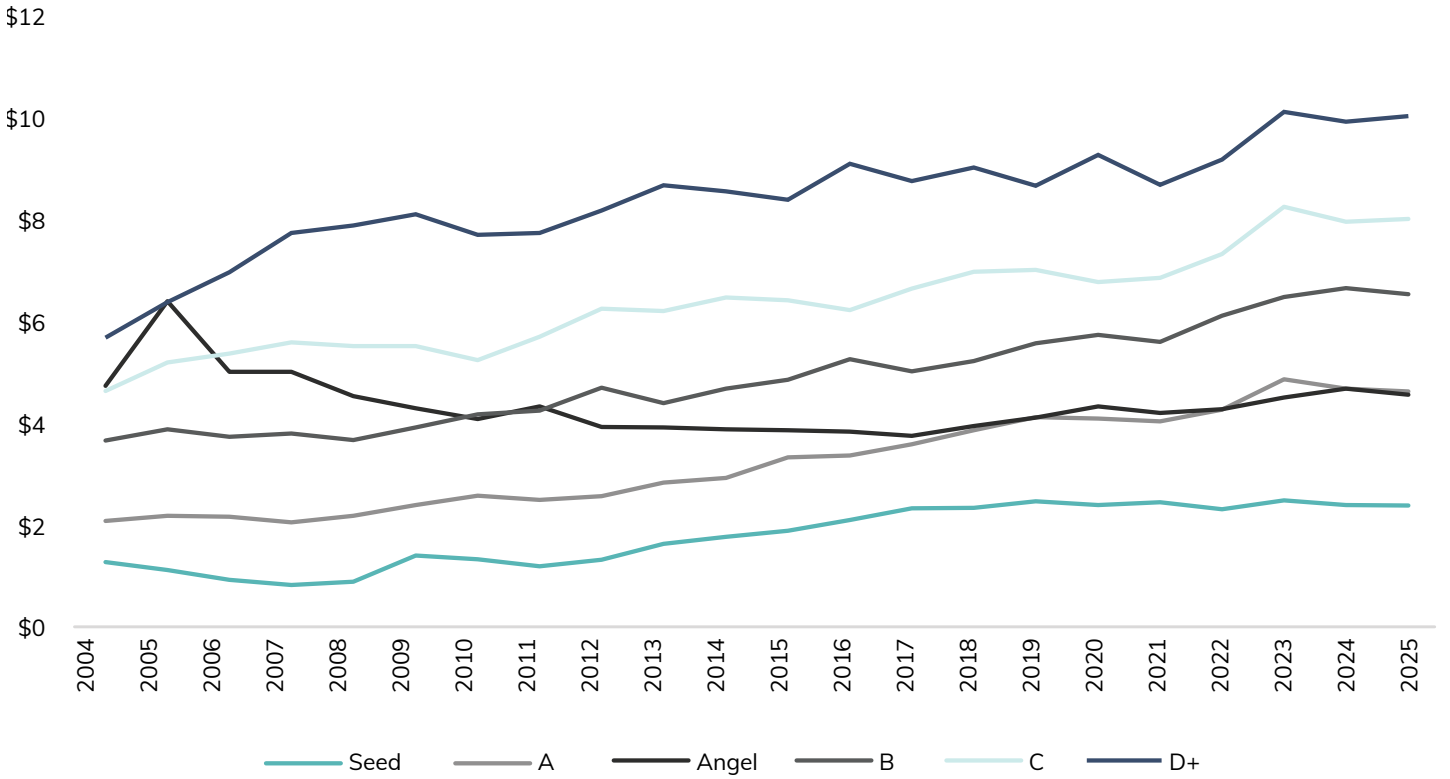
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Median US VC Pre-Money Valuation by Series



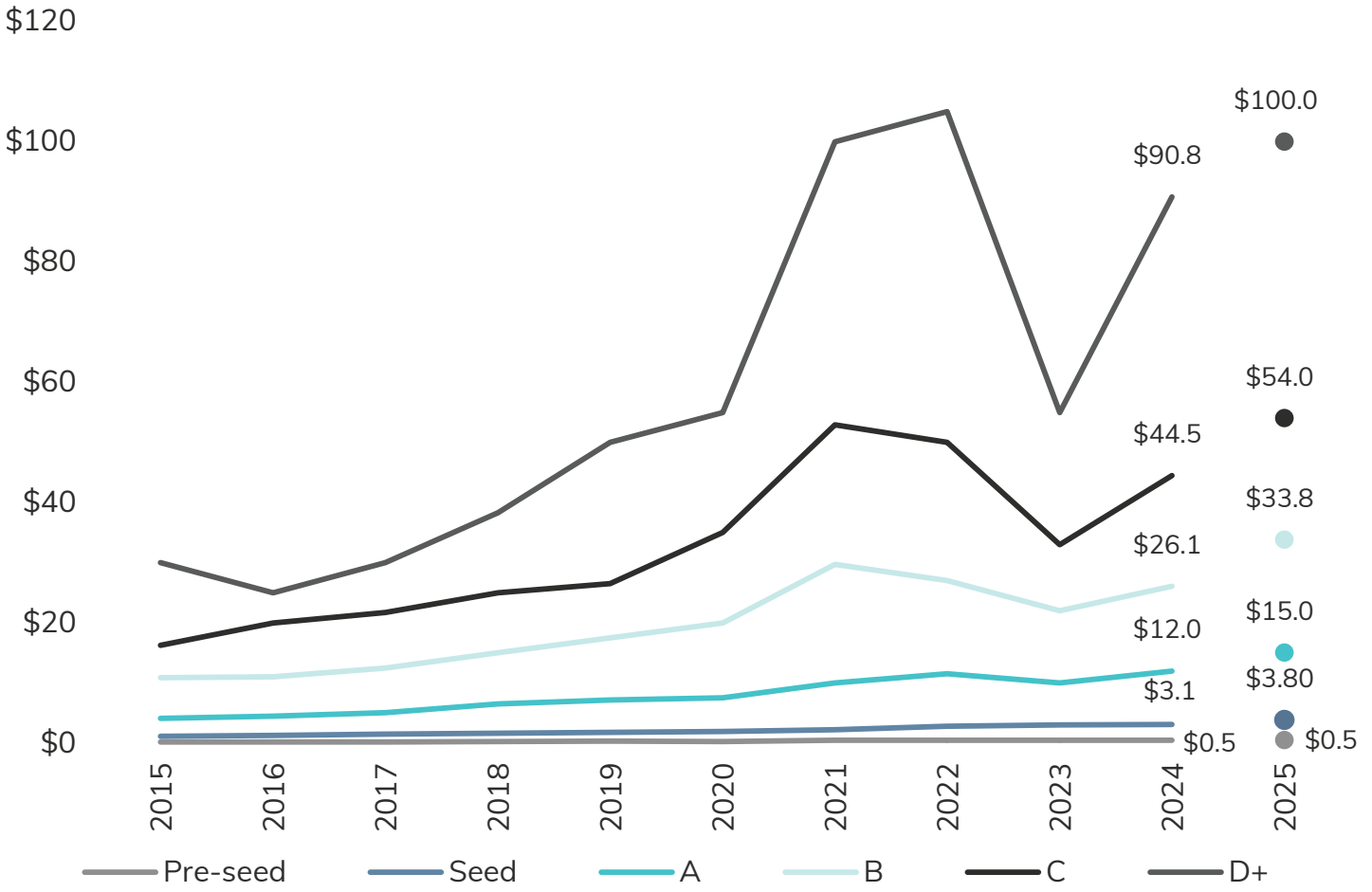
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Median US VC Company Age (Years) by Series



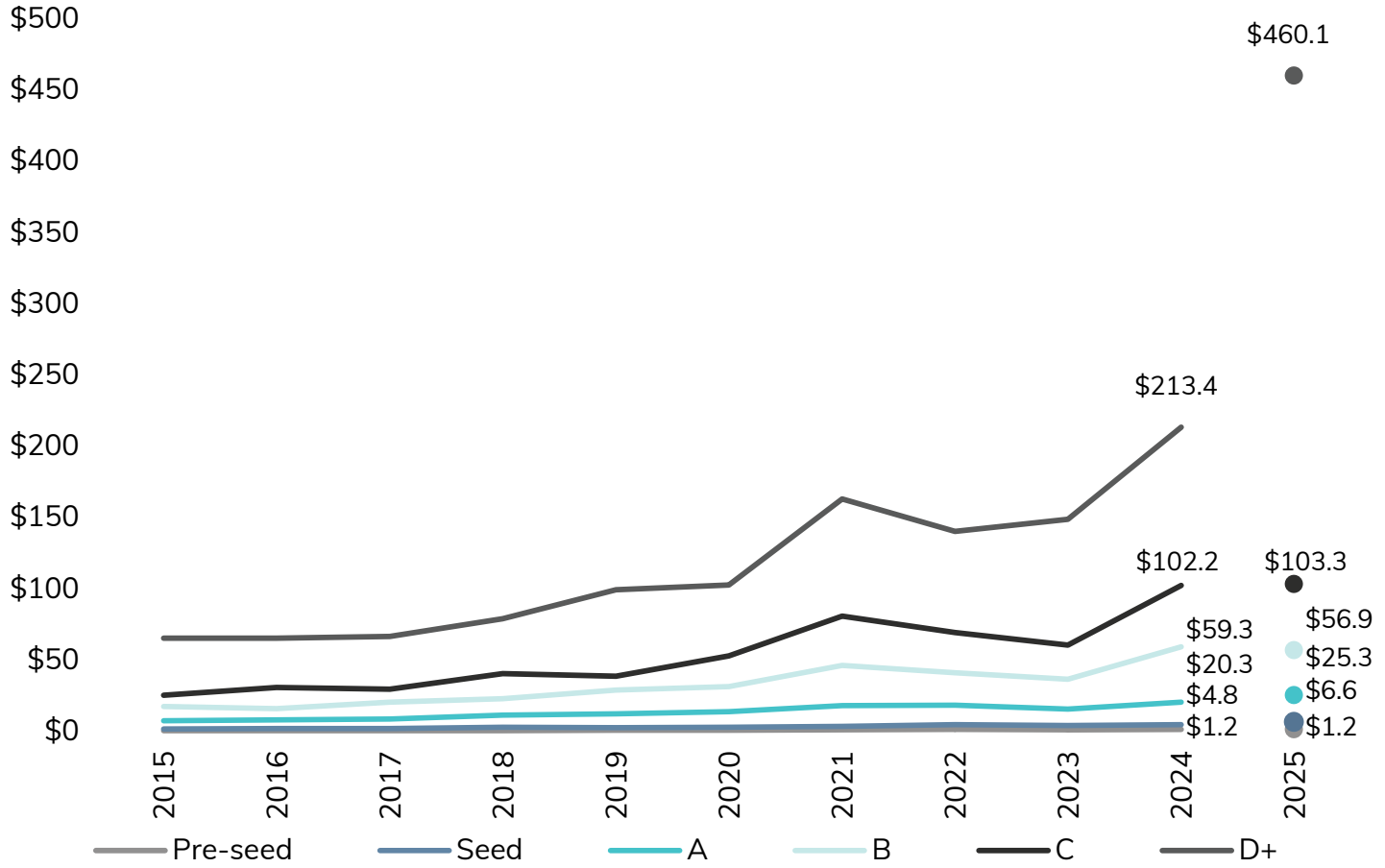
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Median US VC Pre-Money Valuation ($M) by Series



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Average US VC Pre-Money Valuation ($M) by Series



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US AI & ML VC Deal Activity and Share of all US VC Deal Activity

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deal value ($B)	$8.9	$11.5	$14.9	$26.6	$36.0	$45.7	$109.4	$73.0	$66.2	$108.6	$222.1
Deal count	1,256	1,613	2,097	2,574	2,938	3,178	4,670	4,670	4,421	5,278	5,793
Share of all US VC deal value	10.1%	13.8%	15.9%	17.8%	23.1%	26.1%	30.5%	30.9%	39.2%	50.9%	65.4%
Share of all US VC deal count	10.4%	14.3%	17.3%	20.0%	21.1%	22.5%	23.8%	25.5%	28.7%	34.6%	39.4%

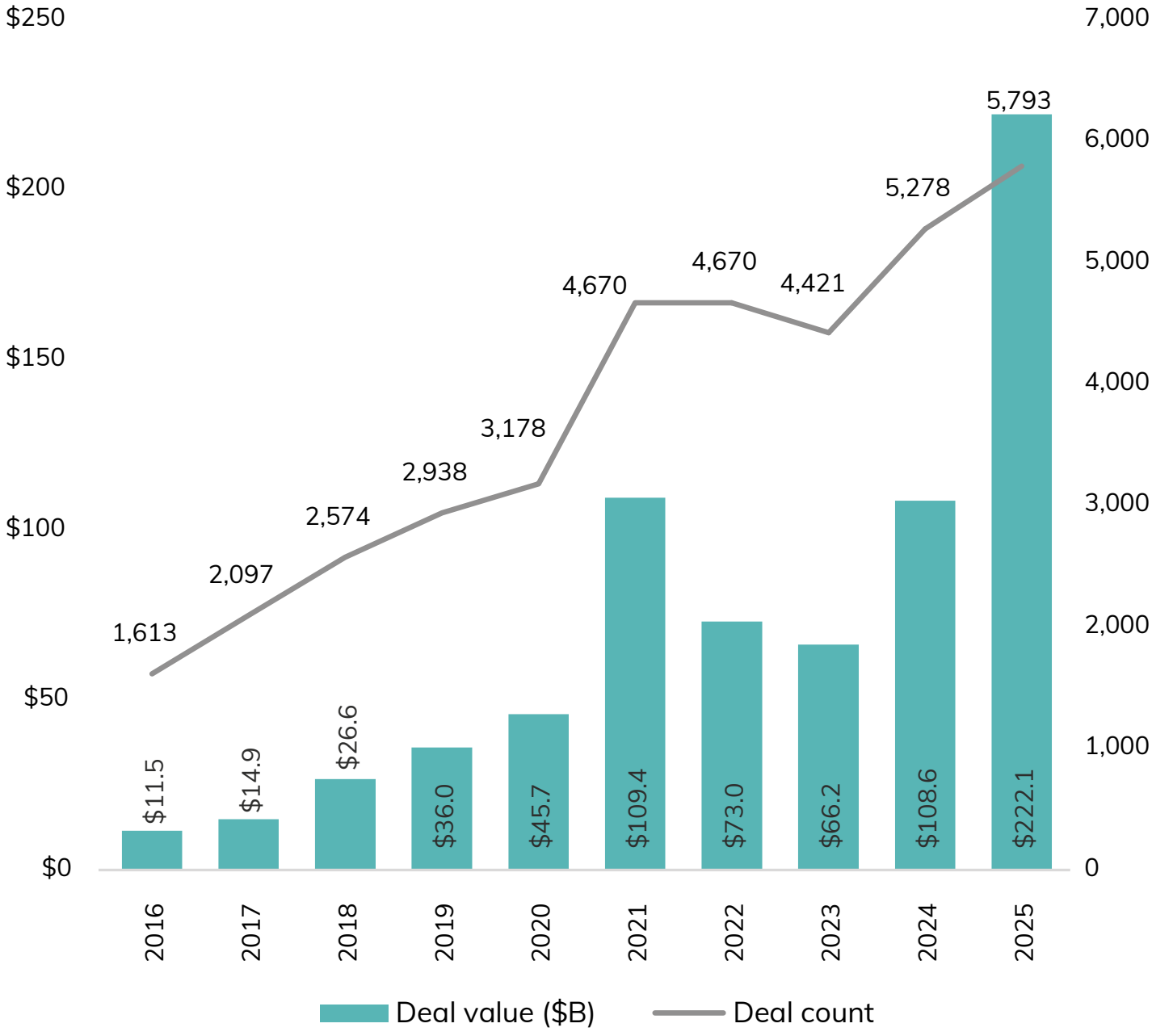
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US AI & ML VC Deal Activity and Share of all US VC Deal Activity by Quarter

	2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Deal value ($B)	$8.3	$10.3	$11.9	$15.3	$20.8	$29.8	$27.0	$31.8
Deal count	898	666	726	888	1,181	1,100	1,174	1,215
Share of all US VC deal value	21.0%	26.3%	24.3%	31.8%	26.2%	34.1%	29.9%	31.6%
Share of all US VC deal count	22.2%	21.6%	21.9%	24.1%	22.8%	23.4%	24.6%	24.4%
	2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Deal value ($B)	$23.1	$27.5	$11.6	$10.9	$28.0	$11.5	$10.0	$16.7
Deal count	1,421	1,246	1,041	962	1,121	1,101	1,073	1,126
Share of all US VC deal value	28.6%	38.6%	25.6%	27.9%	50.5%	30.9%	27.6%	41.8%
Share of all US VC deal count	25.1%	26.7%	25.5%	24.7%	25.6%	29.0%	29.9%	31.1%
	2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Deal value ($B)	$12.3	$24.4	$17.7	$54.2	$65.9	$46.4	$50.0	$59.8
Deal count	1,394	1,337	1,293	1,254	1,553	1,370	1,505	1,365
Share of all US VC deal value	32.5%	47.5%	41.6%	66.6%	71.7%	60.3%	63.4%	65.3%
Share of all US VC deal count	33.3%	34.1%	36.1%	35.3%	38.2%	38.2%	40.8%	40.4%

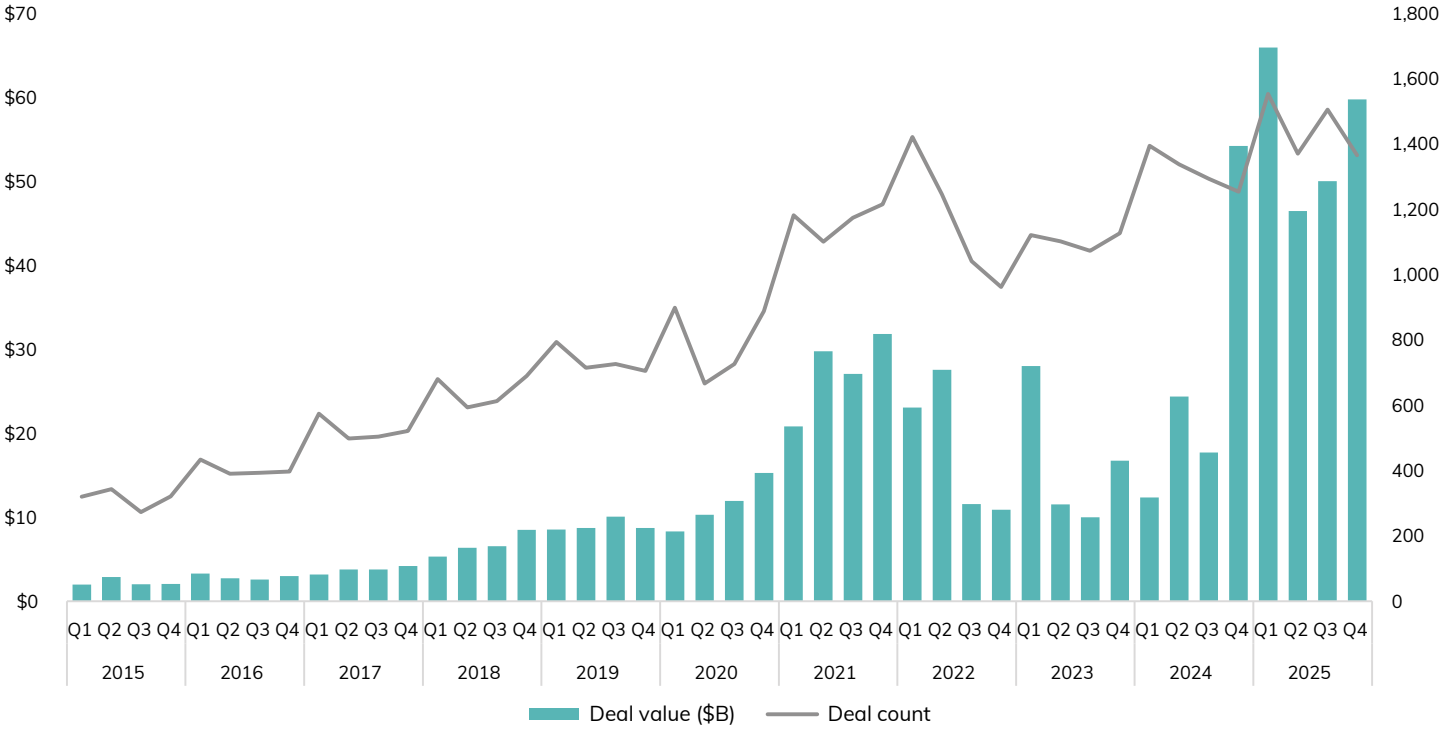
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US AI & ML VC Deal Activity and Share of all US VC Deal Activity



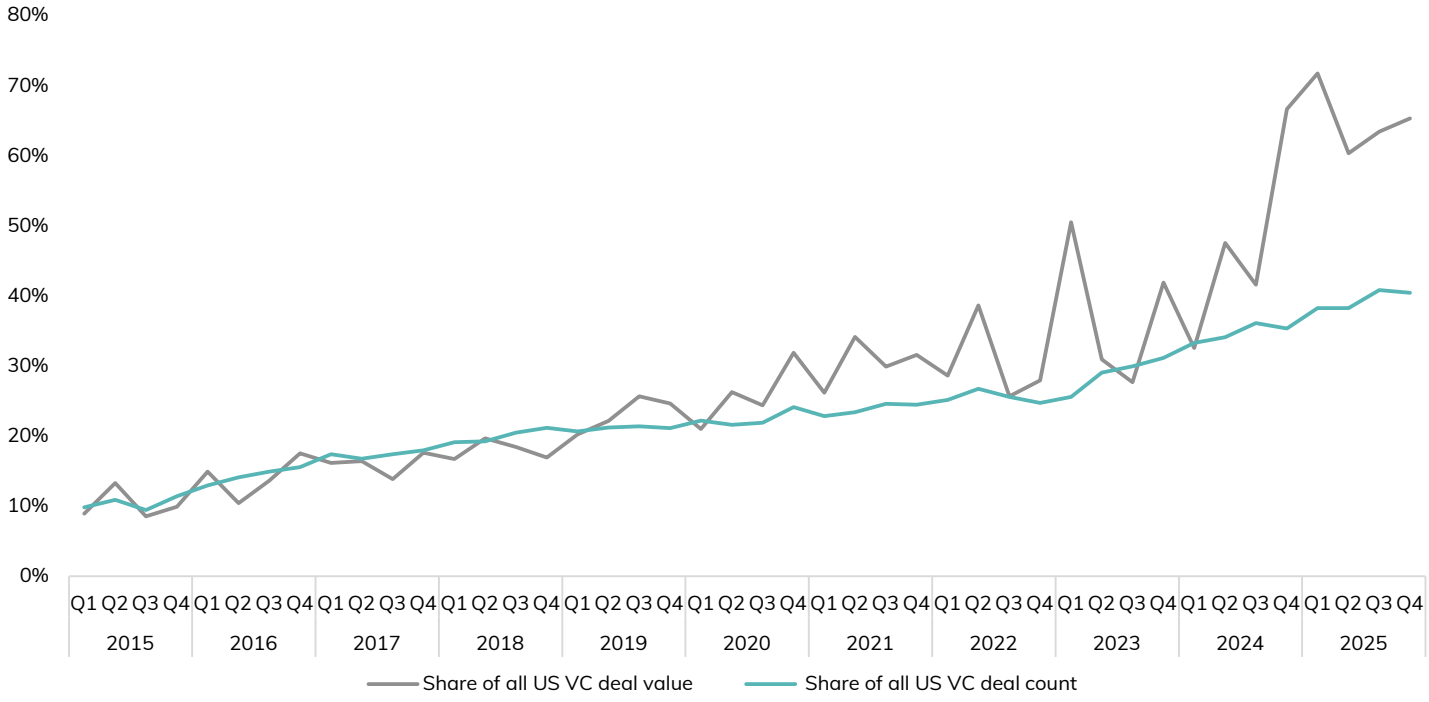
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US AI & ML VC deal activity and share of all US VC deal activity by Quarter



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US AI & ML VC share of all US VC deal activity by Quarter



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

VC Deal Flow by US Region ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Great Lakes	$3,930.2	$3,307.4	$4,206.4	$6,320.5	$7,012.2	$9,694.3	$17,421.7	$12,424.1	$8,991.1	$8,594.9	$7,262.4
Mid-Atlantic	$16,115.4	$14,666.5	$17,954.1	$23,099.3	$34,497.7	$27,677.8	$75,617.6	$44,164.5	$30,654.3	$37,675.2	$46,021.4
Midwest	$872.0	$612.2	$798.2	$1,333.8	$915.1	$1,344.1	$2,660.7	$2,186.3	$1,966.6	$970.8	$2,649.0
Mountain	$3,984.3	$4,832.1	$4,525.3	$7,818.3	$7,345.6	$8,675.4	$17,467.7	$14,237.5	$8,577.3	$9,299.1	$17,178.1
New England	$9,685.3	$8,650.8	$10,866.3	$14,082.6	$13,661.5	$18,818.6	$38,286.4	$24,035.9	$16,587.3	$16,874.4	$18,952.1
South	$4,658.7	$3,981.1	$4,553.2	$5,949.7	$8,105.0	$7,735.8	$15,003.7	$14,990.1	$10,869.3	$8,849.9	$14,643.2
Southeast	$4,218.3	$3,946.5	$4,641.0	$8,014.2	$8,067.7	$9,409.9	$18,178.2	$18,823.6	$7,684.4	$10,444.6	$12,333.5
West Coast	$44,128.7	$43,679.3	$45,970.0	$83,075.4	$76,891.6	$92,171.3	$173,823.0	$105,356.1	$81,543.4	$118,570.6	$200,183.8
Other Territory	$7.1	$10.5	$35.2	$5.6	$12.2	$48.4	$32.5	$140.4	$176.8	$62.0	$37.5
Total	$87,600.0	$83,686.4	$93,549.8	$149,699.3	$156,508.6	$175,575.7	$358,491.6	$236,358.5	$167,050.5	$211,341.6	$319,261.0

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

VC Deal Flow by US Region (#)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Great Lakes	1,030	970	951	1,093	1,109	1,137	1,428	1,372	1,230	1,203	1,108
Mid-Atlantic	2,439	2,310	2,468	2,700	3,048	3,075	4,635	4,439	3,860	3,734	3,803
Midwest	244	219	213	219	215	243	317	270	301	244	244
Mountain	926	780	876	862	1,066	1,029	1,347	1,250	1,008	952	1,026
New England	1,021	916	1,027	1,104	1,111	1,193	1,522	1,363	1,146	1,111	1,117
South	1,076	981	1,015	1,025	1,140	1,149	1,488	1,474	1,341	1,195	1,253
Southeast	900	856	929	993	1,070	1,101	1,678	1,617	1,332	1,288	1,243
West Coast	4,508	4,262	4,591	4,902	5,187	5,195	7,185	6,432	5,111	5,424	5,441
Other Territory	5	8	11	8	17	20	20	32	22	17	14
Total	12,149	11,302	12,081	12,906	13,963	14,142	19,620	18,249	15,351	15,168	15,249

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US Unicorn Count and Aggregate Post-Money Valuation

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Active unicorn count	104	114	134	175	231	292	552	728	757	783	859
Aggregate post-money valuation ($B)	$337.0	$395.4	$453.7	$597.2	$683.2	$852.9	$1,865.2	$2,376.7	$2,421.6	$2,951.9	$4,338.3
New unicorn count	49	20	36	63	85	101	356	199	51	70	124

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US Unicorn Deal Activity

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deal value ($B)	$19.1	$18.3	$19.5	$47.5	$45.2	$53.1	$147.5	$69.7	$50.1	$86.5	$185.9
Deal count	84	61	89	138	169	247	578	392	218	271	398
Share of total VC	0.7%	0.5%	0.7%	1.1%	1.2%	1.7%	2.9%	2.1%	1.4%	1.8%	2.7%

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Range of US Pre-Seed Deal Values ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
75th percentile	$0.5	$0.5	$0.5	$0.6	$0.7	$0.7	$1.0	$1.4	$1.3	$1.5	$1.6
Median	$0.2	$0.2	$0.2	$0.3	$0.3	$0.3	$0.5	$0.5	$0.5	$0.5	$0.5
Average	$0.5	$0.5	$0.4	$0.5	$0.7	$0.6	$0.9	$1.2	$1.0	$1.2	$1.2
25th percentile	$0.1	$0.1	$0.1	$0.1	$0.1	$0.1	$0.2	$0.2	$0.2	$0.1	$0.1
Count	774	697	777	654	709	734	969	913	709	762	727

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Range of US Seed Deal Values ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
75th percentile	$2.0	$2.5	$2.7	$3.0	$3.2	$3.7	$4.2	$5.0	$5.0	$5.5	$6.5
Median	$1.1	$1.3	$1.5	$1.6	$1.8	$1.9	$2.3	$2.8	$3.0	$3.1	$3.8
Average	$1.6	$1.8	$2.1	$2.8	$2.5	$2.9	$3.4	$4.8	$4.1	$4.8	$6.6
25th percentile	$0.5	$0.5	$0.7	$0.7	$0.8	$0.8	$1.0	$1.1	$1.2	$1.4	$1.7
Count	3017	2752	3027	3249	3541	3572	4817	4566	3542	3190	1545

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Range of US Series A Deal Values ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
75th percentile	$8.5	$9.0	$10.0	$11.5	$13.0	$14.0	$20.0	$20.0	$17.9	$20.1	$25.0
Median	$4.1	$4.5	$5.0	$6.5	$7.2	$7.5	$10.0	$11.5	$10.0	$12.0	$15.0
Average	$7.5	$7.9	$8.7	$11.3	$12.2	$13.9	$18.1	$18.4	$15.7	$20.3	$25.3
25th percentile	$1.9	$2.0	$2.5	$3.0	$3.4	$3.4	$5.0	$5.6	$5.0	$5.9	$7.8
Count	2047	2030	2206	2244	2329	2320	3213	2626	1884	1729	1655

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Range of US Series B Deal Values ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
75th percentile	$21.0	$20.0	$23.0	$26.1	$31.0	$35.0	$50.0	$46.0	$40.0	$50.0	$61.0
Median	$10.9	$11.0	$12.5	$15.0	$17.5	$20.0	$29.7	$27.0	$22.0	$26.1	$33.8
Average	$17.5	$15.9	$20.6	$22.8	$29.1	$31.5	$46.3	$41.0	$36.6	$59.3	$56.9
25th percentile	$4.8	$5.0	$5.6	$7.0	$8.6	$9.0	$14.0	$13.2	$10.0	$12.3	$18.4
Count	875	835	891	1014	1021	1045	1502	1117	722	767	731

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Range of US Series Deal Values ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
75th percentile	$31.9	$36.4	$40.0	$50.0	$50.0	$65.0	$100.0	$99.0	$60.0	$89.5	$105.0
Median	$16.3	$20.0	$21.7	$25.0	$26.5	$35.0	$52.9	$50.0	$33.0	$44.5	$54.0
Average	$25.5	$30.7	$29.4	$40.4	$38.7	$53.0	$80.8	$69.2	$60.5	$102.2	$103.3
25th percentile	$7.0	$7.6	$9.5	$10.0	$12.5	$15.5	$25.0	$22.0	$14.5	$18.5	$26.0
Count	444	402	418	476	501	482	707	485	329	314	323

Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Range of US Series D Deal Values ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
75th percentile	$60.0	$45.9	$57.4	$93.0	$110.0	$112.2	$200.0	$193.1	$118.0	$157.5	$232.5
Median	$30.0	$25.0	$30.0	$38.3	$50.0	$55.0	$100.0	$105.0	$55.0	$90.8	$100.0
Average	$65.3	$65.3	$66.6	$78.9	$99.3	$102.7	$162.9	$140.4	$148.8	$213.4	$460.1
25th percentile	$11.6	$10.0	$11.3	$15.0	$19.5	$25.0	$50.0	$47.5	$23.0	$35.0	$44.2
Count	426	342	354	431	409	424	633	336	217	228	268

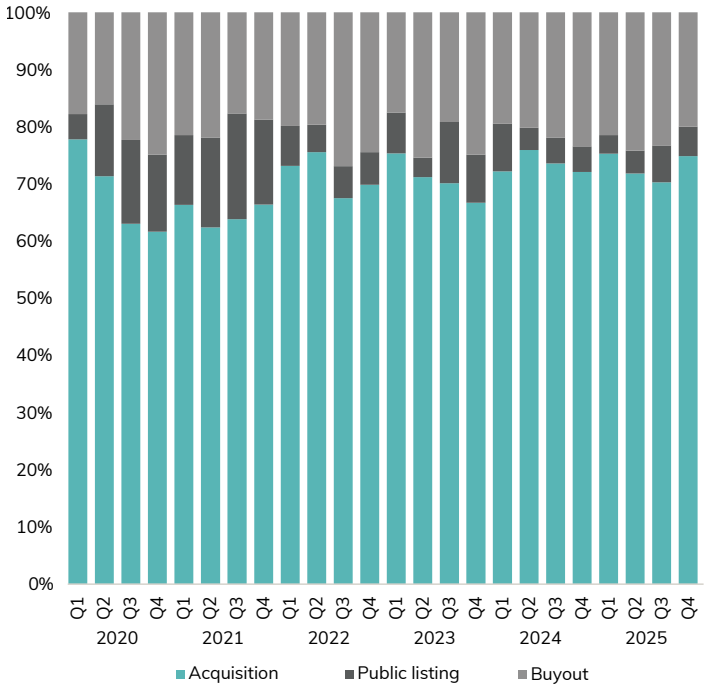
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

US VC CashFlows ($B)

	Contributions ($B)	Distributions ($B)	Net cash flow
1997	-$4.72	$0.04	-4.68
1998	-$11.90	$1.72	-10.18
1999	-$24.89	$10.29	-14.60
2000	-$43.63	$27.18	-16.45
2001	-$17.37	$6.48	-10.90
2002	-$16.53	$3.43	-13.10
2003	-$17.39	$4.57	-12.82
2004	-$23.34	$9.53	-13.81
2005	-$22.17	$11.34	-10.83
2006	-$26.64	$16.83	-9.81
2007	-$32.42	$24.98	-7.44
2008	-$26.85	$12.65	-14.20
2009	-$18.25	$9.44	-8.80
2010	-$23.36	$21.72	-1.64
2011	-$27.92	$23.17	-4.75
2012	-$27.46	$31.49	4.03
2013	-$27.03	$32.18	5.15
2014	-$35.40	$45.18	9.78
2015	-$36.78	$49.17	12.39
2016	-$34.68	$36.23	1.55
2017	-$46.71	$47.19	0.48
2018	-$58.55	$53.39	-5.16
2019	-$59.28	$55.05	-4.23
2020	-$75.15	$80.66	5.51
2021	-$166.81	$158.61	-8.20
2022	-$111.57	$61.43	-50.15
2023	-$85.16	$45.82	-39.34
2024	-$125.24	$62.89	-62.35
2025	-$72.62	$27.60	-45.02

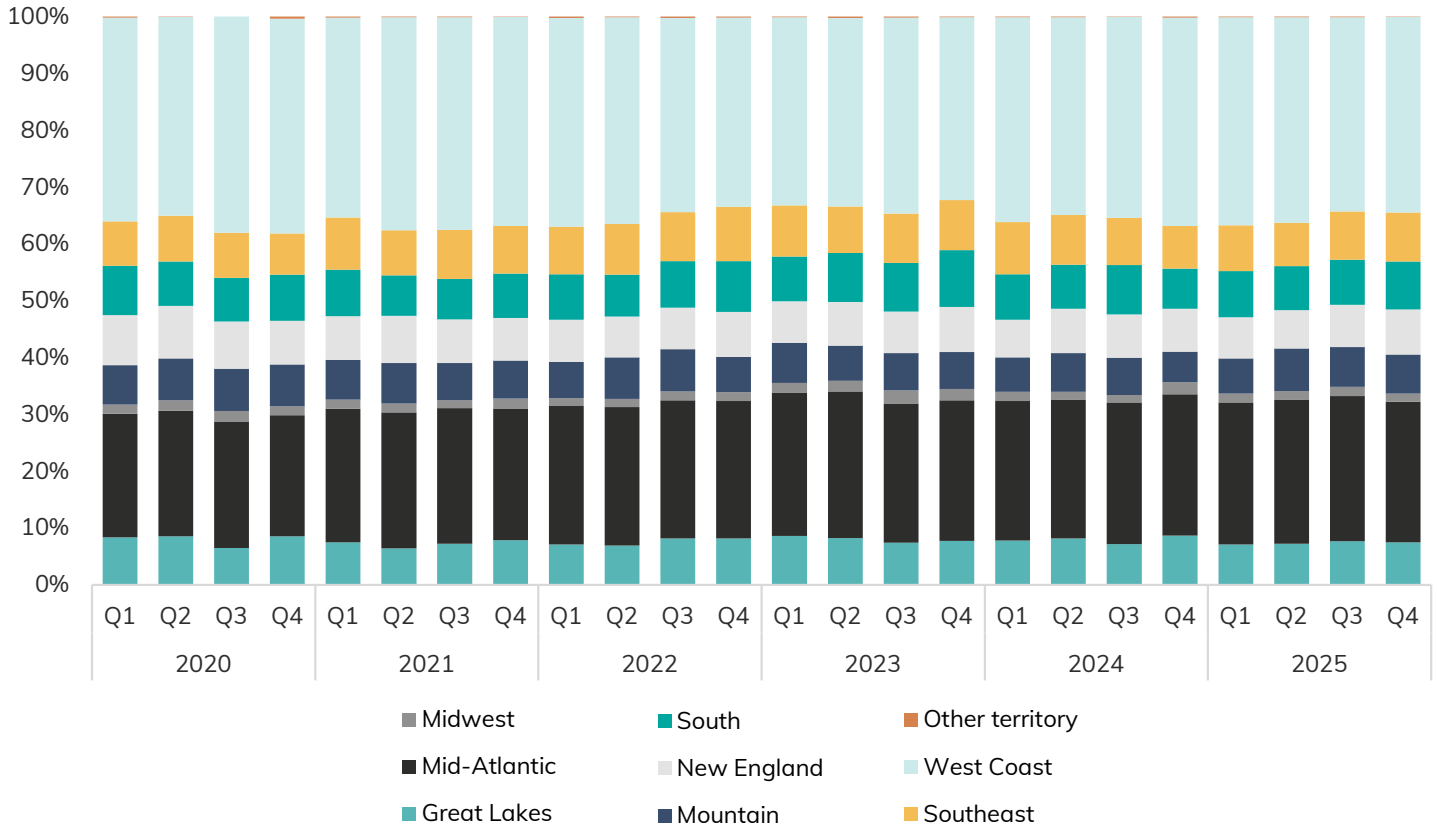
Source: PitchBook-NVCA Venture Monitor | As of 6/30/2025

Share of US VC Deal Value ($B) by Region



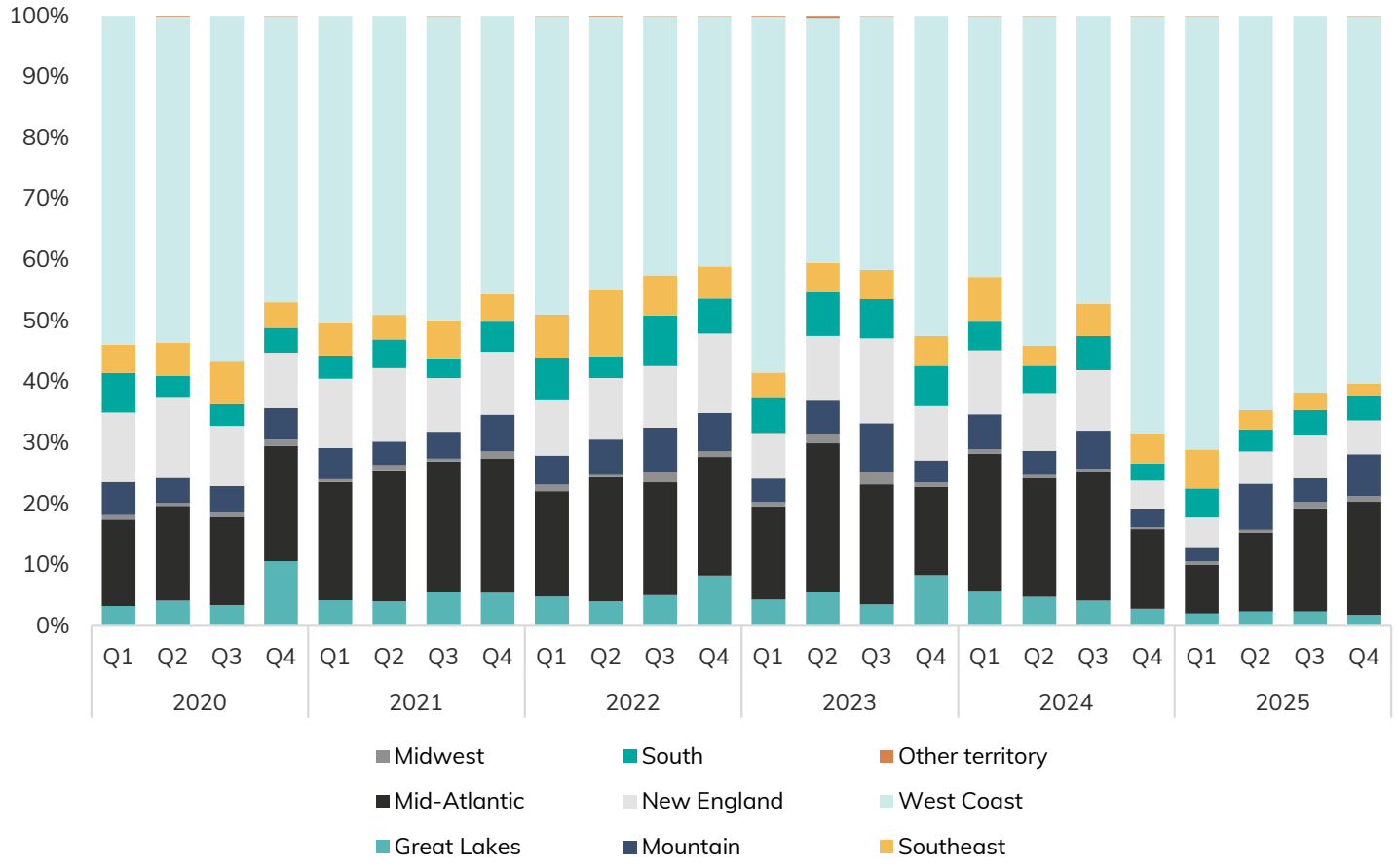
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Quarterly Share of US VC Deal Count by Region



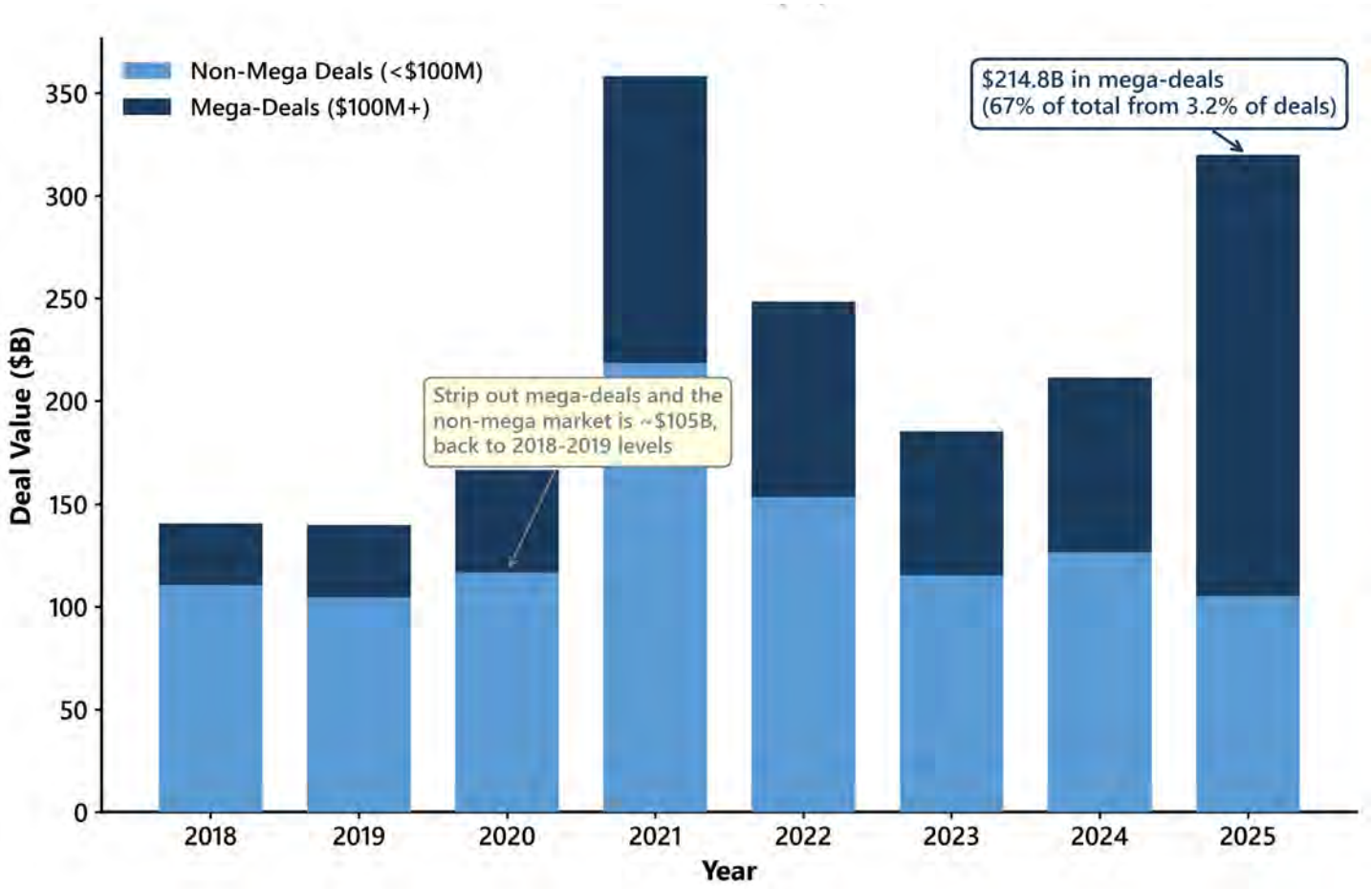
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Quarterly Share of US VC Deal Value ($B) by Region



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

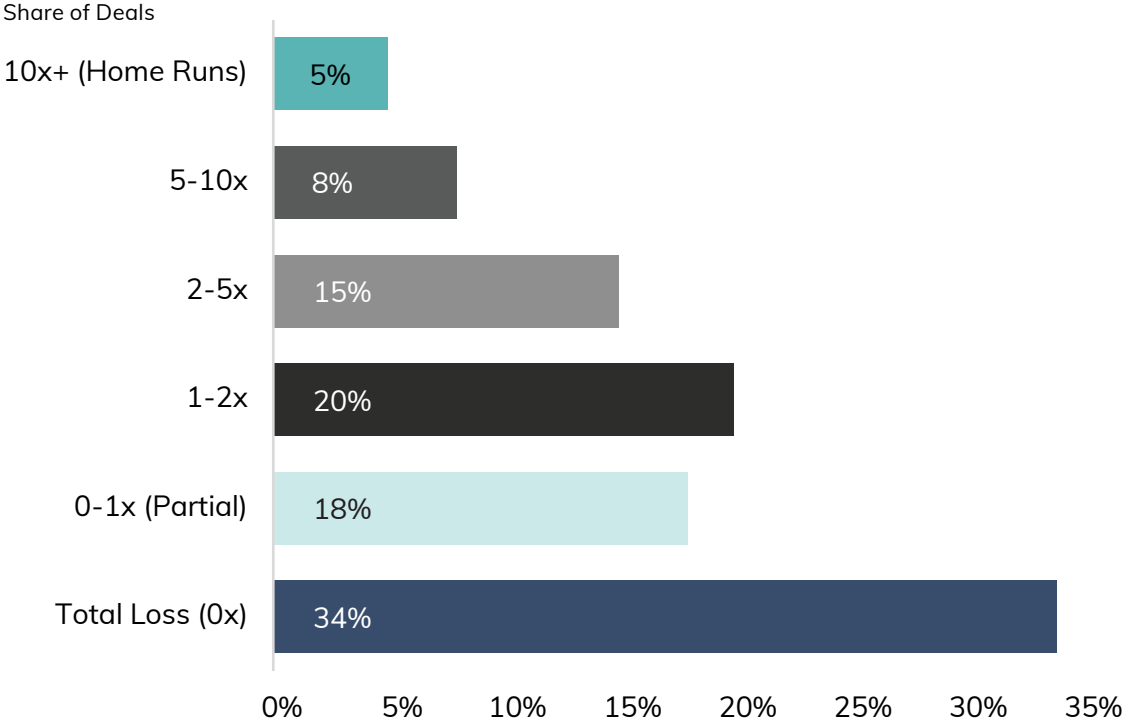
Strip the Megas



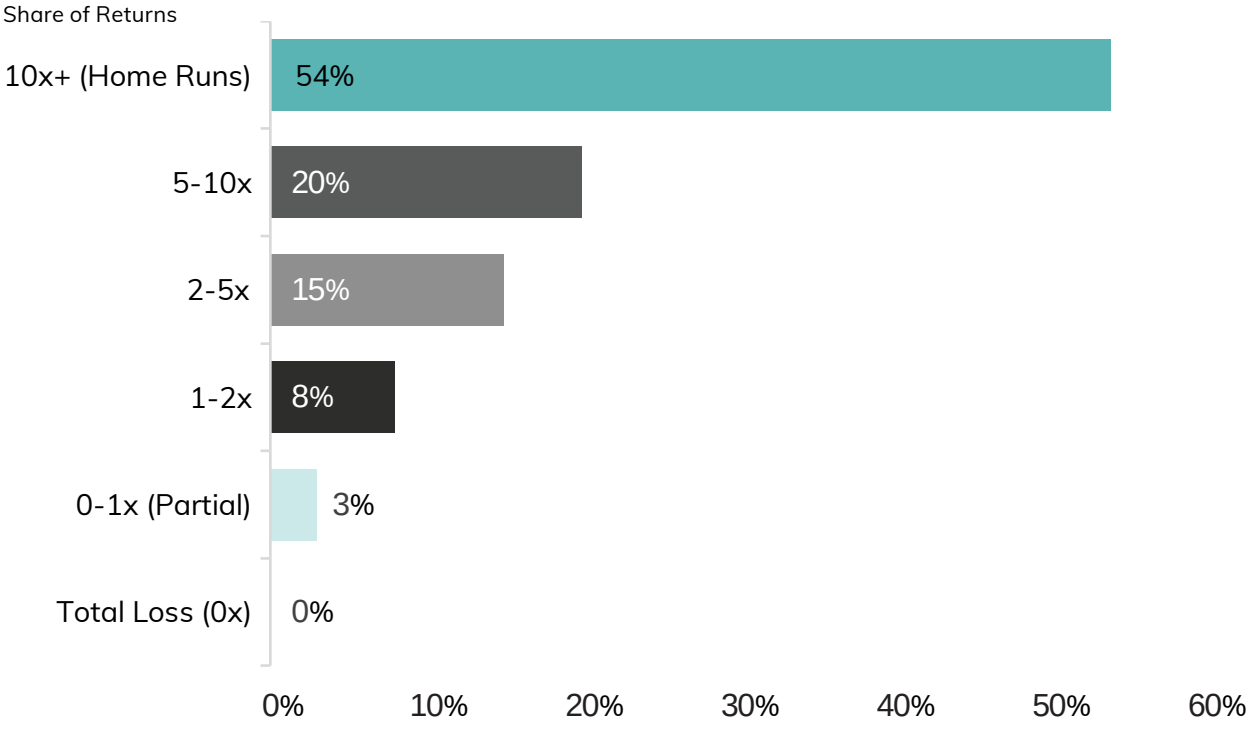
Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Power Law Returns

Share of Deals

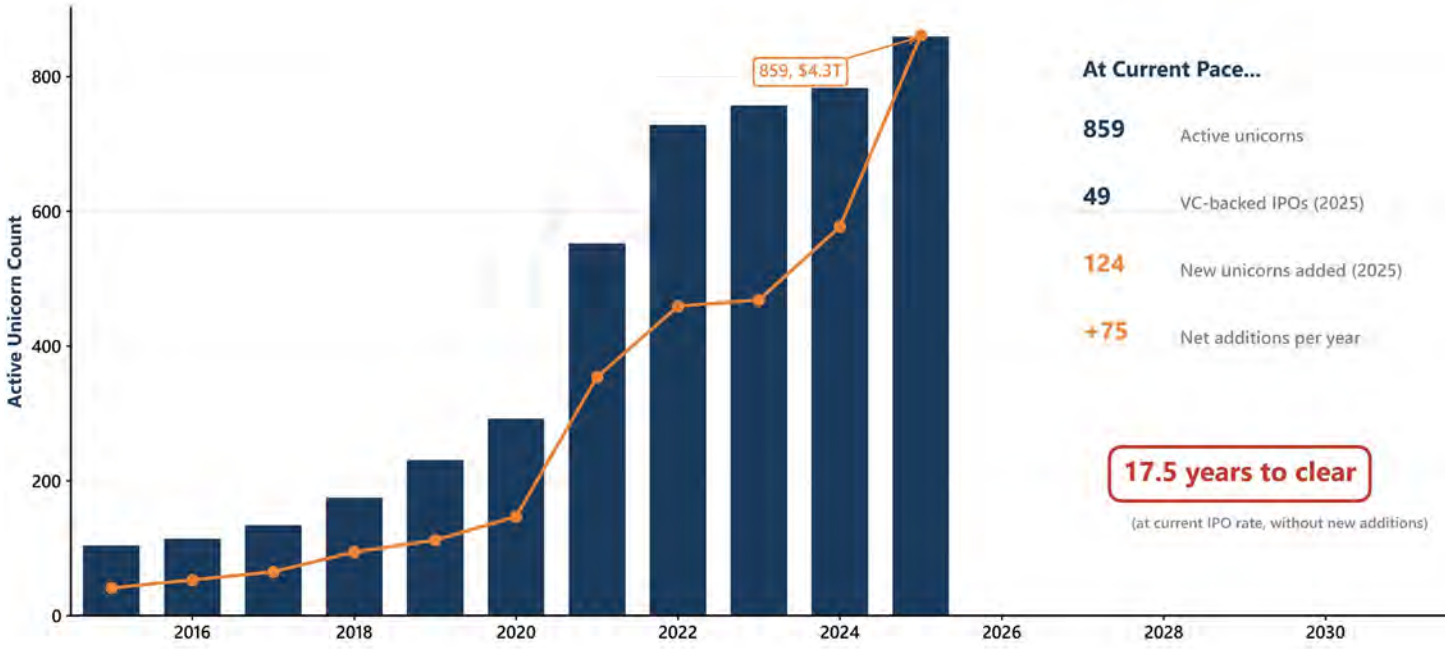


Share of Returns



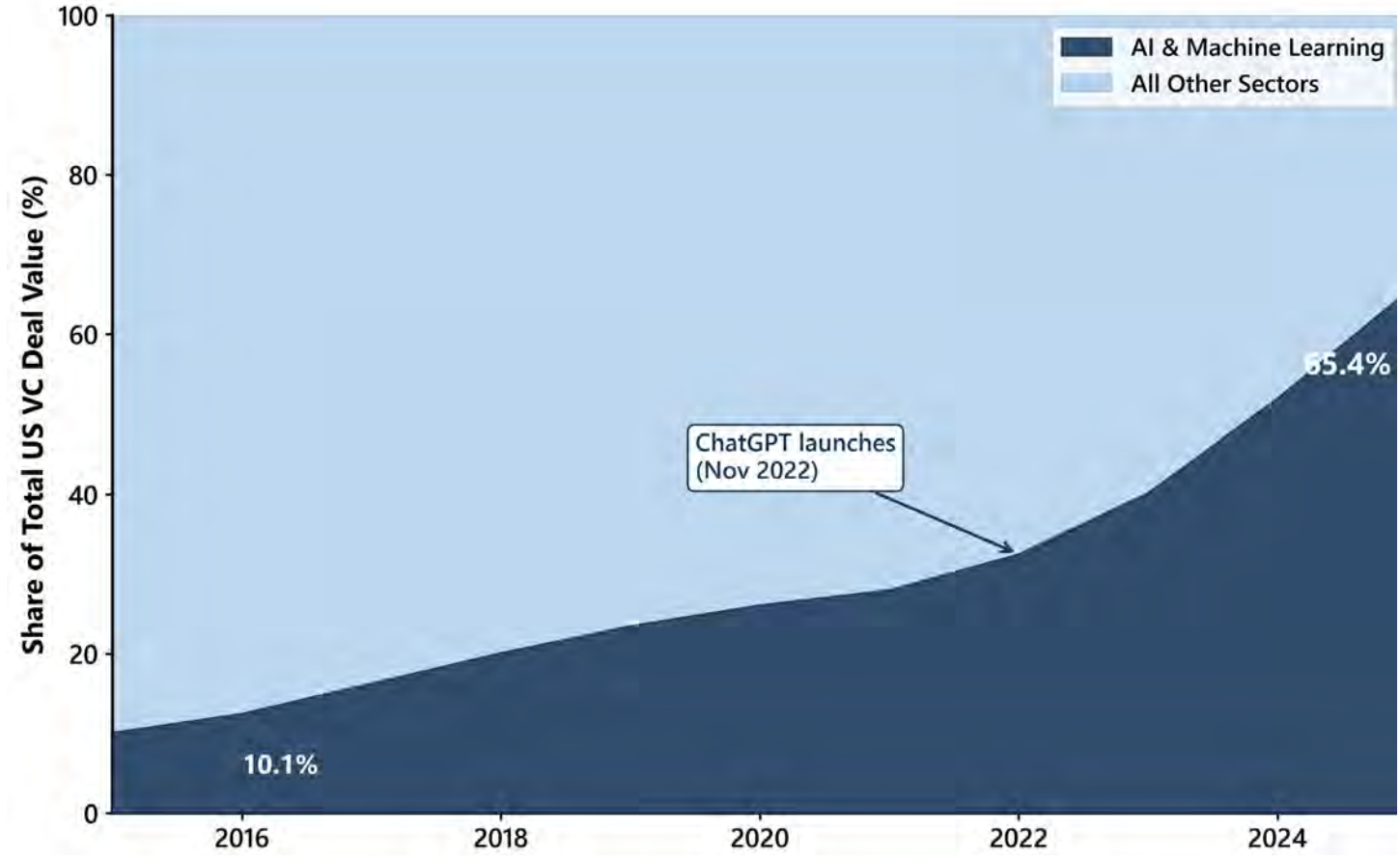
Source: NVCA | Based on industry research on angel and early-stage portfolios

The Unicorn Backlog



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

AI Growing Dominace of total VC Shares



Source: PitchBook-NVCA Venture Monitor | As of 12/31/2025

Geographic Definitions

US regions

West Coast – Alaska, California, Hawaii, Oregon, Washington

Mountain – Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming

Midwest – Iowa, Kansas, Missouri, Nebraska, North Dakota, South Dakota

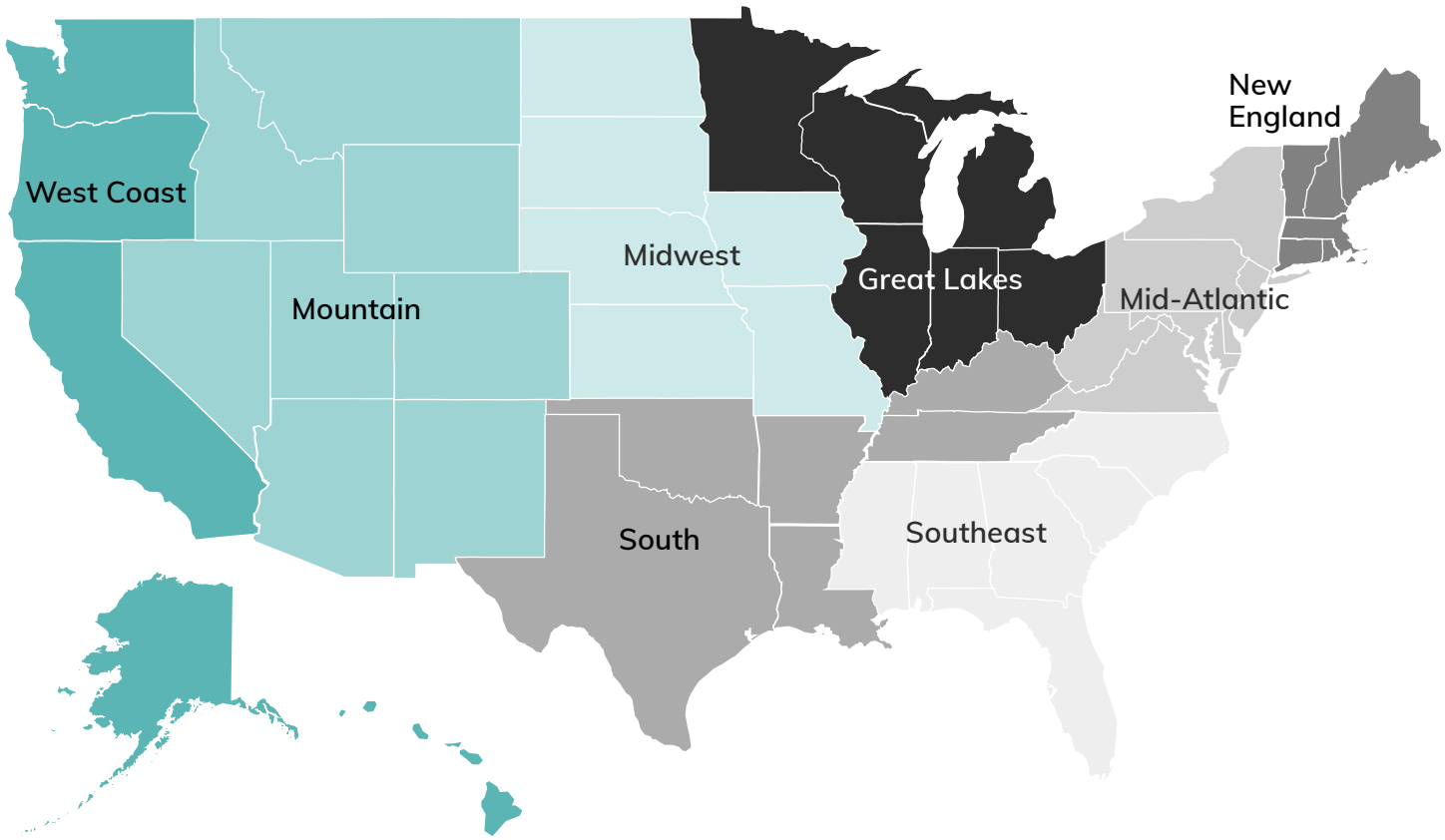
Great Lakes – Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

New England – Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Mid-Atlantic – Delaware, DC, Maryland, New Jersey, New York, Pennsylvania, Virginia, West Virginia

South – Arkansas, Kentucky, Louisiana, Oklahoma, Tennessee, Texas

Southeast – Alabama, Florida, Georgia, Mississippi, North Carolina, Puerto Rico, South Carolina



Industry Code Definitions

Example companies in these definitions do not necessarily mean that those companies are included in the venture dataset included in the Yearbook, but are merely provided for context.

Description	VC Special Industry
Commercial Services	Commercial Services
Apparel and Accessories	Consumer Goods & Recreation
Restaurants, Hotels and Leisure	Consumer Goods & Recreation
Retail	Consumer Goods & Recreation
Energy Equipment	Energy
Exploration, Production and Refining	Energy
Energy Services	Energy
Healthcare Devices and Supplies	HC Devices & Supplies
Healthcare Services	HC Services & Systems
Healthcare Technology Systems	HC Services & Systems
Communications and Networking	IT Hardware
Computer Hardware	IT Hardware
Semiconductors	IT Hardware
Media	Media
Commercial Products	Other
Other Healthcare	Other
IT Services	Other
Other Information Technology	Other
Agriculture	Other
Chemicals and Gases	Other

Description	VC Special Industry
Construction (Nonwood)	Other
Containers and Packaging	Other
Forestry	Other
Metals, Minerals and Mining	Other
Textiles	Other
Other Materials	Other
Utilities	Other
Other Energy	Other
Capital Markets/Institutions	Other
Commercial Banks	Other
Insurance	Other
Other Financial Services	Other
Services (Non-Financial)	Other
Transportation	Other
Other Consumer Products and Services	Other
Consumer Durables	Other
Consumer Non-Durables	Other
Commercial Transportation	Other
Other Business Products and Services	Other
Pharmaceuticals and Biotechnology	Pharma & Biotech
Software	Software

Note: Life sciences is composed of pharma & biotech and healthcare devices & supplies combined.

1 Business Products & Services

1.1 Commercial Products

1.1.1 **Aerospace and Defense** - Manufacturers of equipment, parts or products related to civil or military aerospace and defense. Includes aircraft parts, firearms, and other munitions.

Ex: Boeing, Lockheed Martin, Northrop Grumman

1.1.2 **Building Products** - Manufacturers and distributors of home improvement and construction products and equipment. Includes drills, saws, windows, doors, and other prefabricated building materials, among others.

Ex: USG, Elk Corporation, Fastenal Company

1.1.3 **Distributors/Wholesale** - Companies engaged in the sale of bulk goods for resale by a retailer. The goods are sold to industrial, commercial, institutional, or other entities.

Ex: Ferguson Enterprises, W.W. Grainger, Hughes Supply

1.1.4 **Electrical Equipment** - Manufacturers of electrical equipment and components. Includes a broad range of electrical devices, electrical components, power-generating equipment, and other large electrical systems, among others.

Ex: AO Smith, Exide Technologies, Zoltek Companies

1.1.5 **Industrial Supplies and Parts** - Manufacturers of intermediate goods. Includes industrial parts and supplies made through injection molding, extrusion, thermoforming, die casting, and metal stamping, among others.

Ex: Advanced Plastics, Precision Urethane and Machine, Lyons Tool and Die

1.1.6 **Machinery** - Manufacturers of heavy-duty industrial machinery. Includes heavy equipment, hardware, and machine tools, among others.

Ex: Caterpillar, Komatsu, Deere and Company

1.1.7 Other Commercial Products

1.2 Commercial Services

1.2.1 **Accounting, Audit and Tax Services** - Providers of accounting, audit, and tax services to managers, investors, and tax authorities.

Ex: PricewaterhouseCoopers, Ernst and Young, KPMG, Deloitte

1.2.2 **BPO/Outsource Services** - Providers of business process outsourcing (BPO) services.
BPO is the transmission of processes and operational activities to a third party for the purpose of cost reduction, productivity growth, and innovative capabilities.

Ex: Accenture, Sitel, ARAMARK

1.2.3 **Construction and Engineering** - Companies engaged in large scale or non-residential construction. Includes building construction, heavy/highway construction, industrial construction, architecture, and civil engineering, among others.

Ex: Turner Construction, Skanska, Tishman Construction

1.2.4 **Consulting Services** - Providers of specialized consulting services to improve a company's performance. Includes environmental consulting, human resource consulting, management consulting, strategic consulting, and political consulting, among others.

Ex: McKinsey and Company, Boston Consulting Group, Watson Wyatt

1.2.5 **Education and Training Services** - Providers of specialized education and training services. Includes on-the-job and off-the-job training, among others.

Ex: Apollo Group, Accredited Technical Training, WorldWideLearn

1.2.6 **Environmental Services** - Providers of environmental services. Includes environmental management, waste management, and pollution control services, among others.

Ex: Environmental Quality Management, Waste Management, Allied Waste Industries

1.2.7 **Human Capital Services** - Providers of human resource and employment services. Includes recruitment, training, and career development, among others.

Ex: Monster Worldwide, Vault.com, Robert Half Finance and Accounting

1.2.8 **Legal Services** - Providers of corporate legal services. Includes contract law, tax law, securities law, intellectual property rights, and zoning law, among others.

Ex: DLA Piper, Goodwin Procter, White and Case

1.2.9 **Logistics** - Providers of supply chain management and logistical support. Includes inventory management, purchasing, organizing transportation, and warehousing, among others.

Ex: Penske Logistics, United Parcel Service, Expeditors International

1.2.10 **Media and Information Services** - Providers of media and information services to businesses. Includes companies engaged in trade shows, marketing, branding, conducting surveys, market analysis, and audience data interpretations, among others. This includes online marketplaces.

Ex: Arbitron, DST Systems, Interactive Data Corporation

1.2.11 **Office Services** - Providers of administrative, office management, and personnel services.

Ex: Express Personnel Services, IKON Office Solutions, Snelling Personnel Services

1.2.12 **Printing Services** - Providers of commercial printing services. Includes printing, copying, binding, and document preparation, among others.

Ex: Kinko's, AlphaGraphics, Sir Speedy

1.2.13 **Security Services** - Provider of residential and commercial security services. Includes security system installation, monitoring, and staffing services, among others.

Ex: Brinks, AlliedBarton Security Services, Protection One

1.2.14 Other Commercial Services

1.3 Transportation

1.3.1 **Air** - Providers of products or services related to commercial air transportation. Includes couriers, airfreight, and airplane maintenance, among others.

Ex: Delta Cargo, Pilot Freight Services, Lufthansa Cargo

1.3.2 **Marine** - Providers of products or services related to commercial water transportation. Includes cargo shipping, manufacturers of ships, and ship components, among others.

Ex: Overseas Shipholding Group, DryShips, Seacor Holdings

1.3.3 **Rail** - Providers of products or services related to commercial rail transportation. Includes freight trains, manufacturers of trains, and train parts, among others.

Ex: Union Pacific, Canadian National Railway, Norfolk Southern

1.3.4 **Road** - Providers of products or services related to commercial land transportation. Includes freight trucks, manufacturers of commercial trucks, and truck parts, among others.

Ex: J.B. Hunt Transport Services, Landstar System, Con-way

1.3.5 **Infrastructure** - Providers of products and services for commercial transportation infrastructure. Includes products and services

related to airports, train stations, bus terminals, and highway construction, among others.

Ex: Hubbard Construction, Granite Construction, Mosites Construction

1.3.6 Other Transportation

1.4 Other Business Products and Services

1.4.1 **Buildings and Property** - Owners of buildings and property. Includes office buildings, factories, farmland, and oil fields, among others.

Ex: The Empire State Building, 175 Fifth Avenue

1.4.2 **Conglomerates** - Companies engaged in multiple and unrelated industrial sectors.

Ex: Berkshire Hathaway, Altria Group, GE

1.4.3 **Government** - Providers of products and services to government agencies. Includes consulting, information technology services, and military equipment and support, among others.

Ex: Booz Allen Hamilton, Maximus, Skanska

1.4.4 Other Business Products and Services

2 Consumer Products & Services

2.1 Apparel and Accessories

2.1.1 **Accessories** - Manufacturers or designers of fashion accessories. Includes jewelry, gloves, handbags, hats, belts, scarves, and sunglasses, among others.

Ex: Ray-Ban, Coach, Citizen Watch Company

2.1.2 **Clothing** - Manufacturers or designers of clothing.

Ex: Ralph Lauren Polo, Hanes, Columbia Sportswear

2.1.3 **Footwear** - Manufacturers or designers of footwear. Includes athletic shoes, boots, and sandals, among others.

Ex: Crocs, Sketchers, Timberland

2.1.4 **Luxury Goods** - Manufacturers or designers of luxury goods. Includes high end clothing, accessories, and footwear, among others.

Ex: Gucci Group, Patek Philippe, Tag Heuer International

2.1.5 Other Apparel

2.2 Consumer Durables

2.2.1 **Business Equipment and Supplies** - Manufacturers of office supplies and equipment. Includes general office supplies, filing products, and paper shredders, among others.

Ex: Pitney Bowes, Steelcase, 3M

2.2.2 **Electronics** - Manufacturers of consumer electronics. Includes digital cameras, televisions, and handheld devices, among others.

Ex: Samsung, Sony, Panasonic

2.2.3 **Home Furnishings** - Manufacturers of home furniture and other decorative accessories. Includes couches, lamps, and draperies, among others.

Ex: Ethan Allen Interior, Furniture Brands International, La-Z-Boy

2.2.4 **Household Appliances** - Manufacturers of household appliances. Includes microwaves, vacuum cleaners, washers, and dryers, among others.

Ex: Whirlpool, Kenmore, LG

2.2.5 **Recreational Goods** - Manufacturers of recreational goods. Includes sporting goods and leisure goods, among others.

Ex: Burton, Titleist, Coleman

2.2.6 Other Consumer Durables

2.3 Consumer Non-Durables

2.3.1 **Beverages** - Producers and distributors of alcoholic and non-alcoholic beverages.

Ex: Coca-Cola, Pepsi, Anheuser-Busch

2.3.2 **Food Products** - Producers, processors, and distributors of food products. Includes companies engaged in food preparation, and manufacturers of packaged food, among others.

Ex: Kraft Foods, Heinz, Lancaster Colony

2.3.3 **Household Products** - Manufacturers of household products. Includes cleaning supplies, disposable products, and paper towels, among others.

Ex: Clorox, Dixie, Kleenex

2.3.4 **Personal Products** - Manufacturers of personal products. Includes cosmetics, perfumes, and hygiene products, among others.

Ex: Old Spice, Gillette, Dove

2.3.5 Other Consumer Non-Durables

2.4 Media

2.4.1 **Broadcasting, Radio and Televisio**n - Providers of entertainment through radio, television, or the internet. Includes local, national, and international radio and television channels.

Ex: NBC, Telemundo, YouTube

2.4.2 I**nformation Services** - Providers of information and content services. Includes political surveys, financial data, and statistics, among others.

Ex: Bloomberg, Interactive Data Corporation, Gallup

2.4.3 **Movies, Music and Entertainment** - Companies engaged in the production, distribution, and sale of entertainment products and services. Includes movie theaters, production companies, and music labels, among others.

Ex: Lowes Cineplex, Virgin Records, Paramount Pictures

2.4.4 **Publishing** - Providers of print and internet publishing services. Includes newspapers, magazines, and books, among others.

Ex: Daily Journal, The New York Times Company, The McGraw-Hill Companies

2.4.5 **Social Content** - Owners and operators of social content websites. Includes social networks, discussion boards, and dating websites, among others.

Ex: Facebook, LinkedIn, Match.com

2.4.6 Other Media

2.5 Restaurants, Hotels and Leisure

2.5.1 **Casinos and Gaming** - Owners and operators of casinos and other gaming operations.

Ex: MGM Mirage, Boyd Gaming, Monarch Casino

2.5.2 **Cruise Lines** - Owners and operators of cruise lines. Includes cruise ships, and ocean liners, among others.

Ex: Carnival Cruise Lines, Royal Caribbean Cruise Lines, Crystal Cruises

2.5.3 **Hotels and Resorts** - Owners and operators of hotels and resorts. Includes vacationing facilities and commercial establishments, among others.

Ex: Four Seasons, Hyatt, Fairmont

2.5.4 **Leisure Facilities** - Owners and operators of leisure facilities. Includes fitness centers and day spas, among others.

Ex: LA Fitness, 24 Hour Fitness, Aveda Lifestyle Salon and Spa

2.5.5 **Restaurants and Bars** - Owners and operators of restaurants and bars.

Ex: Applebee's, Chili's, Ruth's Chris Steak House

2.5.6 Other Restaurants, Hotels and Leisure

2.6 Retail

2.6.1 **Catalog Retail** - Provider of retail services through mail order and TV home shopping.

Ex: QVC, HSN, Jewelry Television

2.6.2 **Department Stores** - Owners and operators of large stores with a wide variety of products in distinct departments. Includes apparel, furniture, electronics, hardware, and sporting goods, among others.

Ex: Nordstrom, Macy's, Neiman Marcus

2.6.3 **Distributors/Wholesale** - Companies engaged in the sale of bulk goods to individual consumers.

Ex: Costco, Sam's Club, BJ's Wholesale Club

2.6.4 **General Merchandise Stores** - Owners and operators of stores offering a wide variety of general merchandise. General merchandise includes personal products, food, film, and prescriptions, among others.

Ex: CVS, RiteAid, Walgreen's

2.6.5 **Internet Retail** - Providers of retail services primarily through the internet.

Ex: Amazon.com, Overstock.com, Netflix

2.6.6 **Specialty Retail** - Owners and operators of retail stores specializing in the sale of goods in a particular industry or sector.

Ex: Barnes and Noble, Petsmart, Office Depot

2.6.7 Other Retail

2.7 Services (Non-Financial)

2.7.1 **Accounting, Audit and Tax Services** - Providers of accounting, audit, and tax services to individuals.

Ex: HandR Block, Jackson Hewitt, Liberty Tax Service

2.7.2 **Educational and Training Services** - Providers of educational and professional training services. Includes vocational education and exam preparation, among others.

Ex: University of Phoenix, ITT Technical Institute, Princeton Review

2.7.3 **Legal Services** - Providers of legal services to individuals. Includes criminal law, property law, human rights law, and insurance law, among others.

Ex: DLA Piper, Goodwin Procter, White and Case

2.7.4 **Real Estate Services** - Providers of real estate services to individuals. Includes real estate brokers and property valuation, among others.

Ex: Century 21, RE/MAX, Coldwell Banker

2.7.5 Other Services (Non-Financial)

2.8 Transportation

2.8.1 **Air** - Providers of air transportation to consumers. Includes major airlines and charter airlines, among others.

Ex: Northwest Airlines, United Airlines, Alaska Airlines

2.8.2 **Automotive** - Providers of products and services related to automotives. Includes automotive manufacturers and automotive services, among others.

Ex: Ford, GM, Enterprise Rent-a-Car

2.8.3 **Marine** - Providers of products and services related to water transportation. Includes leisure boat manufacturers and yacht dealers, among others.

Ex: Viking Yacht Company, Marine Products Corporation, Fountain Powerboat Industries

2.8.4 **Rail** - Providers of products and services related to rail transportation. Includes passenger trains and express trains, among others.

Ex: Amtrak, Grand Luxe Rail Journeys, Union Pacific Railroad

2.8.5 Other Transportation

2.9 Other Consumer Products and Services

2.9.1 Other Consumer Products and Services

3 Energy

3.1 Equipment

3.1.1 **Alternative Energy Equipment** - Manufacturers or providers of alternative energy equipment. Includes compressed natural gas, solar, hydroelectric, and wind, among others.

Ex: The Wind Turbine Company, Vestas, Solar Electric Power Company

3.1.2 **Coal and Consumable Fuels Equipment** - Manufacturers or providers of coal and consumable fuels equipment.

Ex: Joy Mining Machinery, Getman, Peters Equipment Company

3.1.3 **Oil and Gas Equipment** - Manufacturers or providers of oil and gas equipment. Includes rigs and drilling equipment, among others.

Ex: Weatherford International, Baker Hughes, Cameron International

3.1.4 Other Equipment

3.2 Exploration, Production and Refining

3.2.1 **Energy Exploration** - Companies engaged in energy exploration. Includes the identification, testing and development of sites for well drilling and wind farms.

Ex: Apache Corporation, Anadarko Petroleum, Hunt Oil

3.2.2 **Energy Production** - Companies engaged in energy production. Includes wind farming, drilling and removal of crude oil and natural gas.

Ex: Transocean, Diamond Offshore Drilling, Noble Corporation

3.2.3 **Energy Refining** - Companies engaged in energy refining. Includes the refining of crude oil into gasoline, diesel, kerosene, and fuel oil.

Ex: Sasol, Valero Energy, Imperial Oil

3.3 Services

3.3.1 **Energy Marketing** - Companies engaged in energy marketing. Includes gas marketing, pipeline analysis, and asset management, among others.

Ex: Marathon Oil, Hess Corporation, Murphy Oil

3.3.2 **Energy Storage** - Companies engaged in energy storage. Includes commercial and industrial batteries, fuel cells, and capacitors, among others.

Ex: ZBB Energy, Young Gas Storage, Falcon Gas Storage

3.3.3 **Energy Traders and Brokers** - Companies engaged in energy trading and brokerage services.

Ex: Dynergy, Reliant Energy, El Paso Corporation

3.3.4 **Energy Transportation** - Companies engaged in energy transportation. Includes tankers, and gathering and transmission pipelines, among others.

Ex: Energy Transfer Equity, Kinder Morgan Energy Partners, Enbridge

3.3.5 **Infrastructure** - Companies engaged in energy infrastructure. Includes pipelines, transmission lines, generation plants, and refineries, among others.

Ex: Energy Infrastructure Acquisition, Brookfield Infrastructure Partners, Tortoise Energy Infrastructure

3.3.6 Other Energy Services

3.4 Utilities

3.4.1 **Electric Utilities** - Companies engaged in the generation, transmission, and distribution of energy for sale in the regulated market.

Ex: Southern Company, FPL Group, Dominion Resources

3.4.2 **Gas Utilities** - Companies engaged in the production, distribution and marketing of natural gas and related services.

Ex: National Grid, Sempra Energy, Equitable Resources

3.4.3 **Multi-Utilities** - Companies engaged in the generation, transmission, distribution, and sale of water, electricity and natural gas to residential, commercial, industrial, and wholesale customers.

Ex: Exelon Corporation, Public Service Enterprise Group, PGandE

3.4.4 **Water Utilities** - Companies engaged in providing water or wastewater services.

Ex: Aqua America, California Water Service Group, American States Water Company

3.4.5 Other Utilities

3.5 Other Energy

3.5.1 Other Energy

4 Financial Services

4.1 Capital Markets/Institutions

4.1.1 **Asset Management** - Financial institutions providing management of various securities to meet specified investment goals for the investors. Investors may be institutions or high net worth individuals.

Ex: Smith Barney, Edward Jones, Ameriprise Financial

4.1.2 **Brokerage** - Financial Institutions acting as an intermediary between a buyer and seller of securities, usually charging a commission. Includes clearing houses and stock brokerage firms, among others.

Ex: Citigroup, Options Clearing Corporation, LCH. Clearnet

4.1.3 **Investment Banks** - Financial institutions functioning across all areas of capital markets. Includes raising money by issuing and selling securities, and advisory within mergers and acquisitions, among other financial services.

Ex: Citigroup, Goldman Sachs, Lehman Brothers

4.1.4 **Private Equity** - Financial institutions engaged in long-term loans with multinational corporations and governments. Includes merchant banks, and private equity firms, among others.

Ex: Blackstone Group, Carlyle Group, Kohlberg Kravis Roberts

4.1.5 Other Capital Markets/Institutions

4.2 Commercial Banks

4.2.1 **International Banks** - Non-investment commercial banks located in more than one country.

Ex: Deutsche Bank, UBS, Bank of America

4.2.2 **National Banks** - Non-investment commercial banks located in one country.

Ex: Bank of New York, Citizens Bank, Capital One Bank

4.2.3 **Regional Banks** - Non-investment commercial banks located in a particular region.

Ex: Sterling Savings Bank, Evergreen Bank, HomeStreet Bank

4.2.4 **Thrifts and Mortgage Finance** - Financial institutions specializing in originating and/or servicing mortgage loans.

Ex: Accredited Home Lenders, Countrywide, Quicken Loans

4.2.5 Other Commercial Banks

4.3 Insurance

4.3.1 **Automotive Insurance** - Providers of insurance for cars, trucks, and other vehicles.

Ex: State Farm, All-State, GEICO

4.3.2 **Commercial/Professional Insurance** - Providers of commercial or professional insurance. Includes medical malpractice and legal malpractice, among others.

Ex: CNA Insurance, Zurich, FM Global

4.3.3 **Insurance Brokers** - Companies sourcing contracts of insurance on behalf of their customers.

Ex: Marsh and McLennan, Willis Group, Brown and Brown

4.3.4 **Life and Health Insurance** - Providers of life and health insurance.

Ex: ING, Prudential, MetLife

4.3.5 **Multi-line Insurance** - Providers of diversified insurance services with multiple interests in life, health, and property insurance.

Ex: AXA, Prudential, Sun Life

4.3.6 **Property and Casualty Insurance** - Providers of property and casualty risks insurance.

Ex: Allianz, American International Group, Hartford Financial

4.3.7 **Re-Insurance** - Providers of insurance to insurance companies.

Ex: Berkshire Hathaway, Munich Reinsurance, Hannover Reinsurance

4.3.8 Other insurance

4.4 Other Financial Services

4.4.1 **Consumer Finance** - Companies engaged in any kind of lending to consumers. Includes sub prime lending, among others.

Ex: HSBC Finance, CIT, CitiFinancial

4.4.2 **Holding Companies** - Companies that do not produce goods or provide services, but instead own shares of other companies.

Ex: Berkshire Hathaway, UAL Corporation, AMR Corporation

4.4.3 **Real Estate Investment Trusts (REITs)** - REIT is a tax designation for a corporation investing in real estate. REITs receive special tax reductions and offer high yield investments in real estate.

Ex: AMB Property, Duke Realty, EastGroup Properties

4.4.4 **Specialized Finance** - Companies engaged in providing specialized finance to both public and private enterprises.

Ex: Latitude Capital Group, Budget Finance Company, Capital Source

4.4.5 Other Financial Services

5 Healthcare

5.1 Devices and Supplies

5.1.1 **Diagnostic Equipment** - Manufacturers of imaging and non-imaging devices used to assess and diagnose medical conditions. Includes X-ray and MRI machines, otoscopes and stethoscopes, and ultrasound equipment, among others.

Ex: Welch Allyn, Siemens, AFC Industries, SOMA Technology

5.1.2 **Medical Supplies** - Manufacturers of medical supplies that would be considered non-durable. Includes syringes, diabetes supplies, bandages, and protective wear, among others.

Ex: Frank Healthcare, Johnson and Johnson, Adenna, Cardinal Health, Covidien

5.1.3 **Monitoring Equipment** - Manufacturers of devices used to collect and monitor vital signs. Includes heart-rate monitors, oxygen saturation monitors, and fetal monitors, among others.

Ex: Phillips Medical Systems, GE Medical Systems, Welch Allyn, SOMA Technology, Datascope

5.1.4 **Surgical Devices** - Manufacturers of devices and equipment used in a surgical setting. Includes laparoscopy instruments, retractor systems, and positioning devices, among others.

Ex: Lyons, Mediflex, Boston Scientific

5.1.5 **Therapeutic Devices** - Manufacturers of devices for rehabilitation or therapy. Includes muscle stimulators, light therapy, and pacemakers, among others.

Ex: Medtronic, Boston Scientific, Empi

5.1.6 Other Devices and Supplies

5.2 Services

5.2.1 **Clinics/Outpatient Services** - Facilities and services for short-term, outpatient care and procedures. Includes rehabilitation, diagnostic testing, and outpatient surgery and exams.

Ex: AmSurg, Physiotherapy Associates, HealthSouth

5.2.2 **Distributors** - Distributors of healthcare equipment and supplies. Includes all distributors of healthcare products.

Ex: American Medical Supplies and Equipment, AmerisourceBergen, BMP Sunstone, Owens and Minor

5.2.3 **Elder and Disabled Care** - Facilities and services for the care of senior citizens. Includes assisted living, long term care, hospice care, nursing homes, and home care, among others.

Ex: RehabCare Group, Sunrise Senior Living, AccentCare

5.2.4 **Hospitals/Inpatient Services** - Facilities and services for long-term care, and inpatient care and procedures. Includes invasive surgical procedures, and emergency services.

Ex: Tenet Healthcare, HCA, Universal Health Services

5.2.5 **Laboratory Services** - Providers of medical laboratory services. Includes blood and tissue testing.

Ex: Quest Diagnostics, LabCorp, LabOne

5.2.6 **Managed Care** - Owners and operators of managed health plans. Includes Preferred Provider Organizations (PPOs) and Health Maintenance Organizations (HMOs).

Ex: Aetna, Kaiser Permanente, UnitedHealth Group

5.2.7 **Practice Management** - Providers of consulting and management services to medical practices. Excludes practice management software, such as billing or medical records software.

Ex: Advantage Medical Claims, Medical Management Associates, Healthcare Facilitators

5.2.8 Other Healthcare Services

5.3 Healthcare Technology Systems

5.3.1 **Decision/Risk Analysis** - Developers and producers of software or systems used to expedite the medical decision and risk management process. These programs try to assist doctors and nurses in their decision making process.

Ex: HLTH Corporation, Apache Medical Systems, Wellsource

5.3.2 **Enterprise Systems** - Developers and producers of software and systems that cover multiple areas of the healthcare organization.

Ex: NextGen, Cerner, McKesson Corporation

5.3.3 **Medical Records Systems** - Developers and producers of software or systems to organize medical records.

Ex: NextGen, McKesson, MediNotes

5.3.4 **Outcome Management** - Developers and producers of software or systems used to analyze the effectiveness of treatments prescribed by doctors.

Ex: Tri-Analytics, Outcome Concept Systems, Protocol Driven Healthcare

5.3.5 Other Healthcare Technology Systems

5.4 Pharmaceuticals and Biotechnology

5.4.1 **Biotechnology** - Companies engaged in research, development, and production of biotechnology. Includes embryology, genetics, cell biology, molecular biology, and biochemistry, among others.

Ex: Elan, Genentech, Amgen

5.4.2 **Discovery Tools** - Researchers and developers of tools used in drug discovery and drug delivery research. Includes compound libraries,

enzymes, kinases, and specialized proteins, among others.

Ex: PerkinElmer, Qiagen, Charles River Laboratories

5.4.3 **Drug Delivery** - Researchers and developers of medication delivery methods. Includes targeted delivery methods, and timed release formulations, among others.

Ex: Elan, Hospira, Nektar Therapeutics

5.4.4 **Drug Discovery** - Researchers and developers of new drugs. Includes identification, screening, and efficacy testing of drug candidates, among others.

Ex: Bristol-Meyers Squibb, PerkinElmer, Elan

5.4.5 **Pharmaceuticals** - Manufacturers and distributors of established drugs/pharmaceuticals. This category includes any large drug company that primarily manufactures medicines; however they may also be engaged in drug research and development.

Ex: Bristol-Meyers Squibb, GlaxoSmithKline, Novartis, Eli Lilly and Company

5.4.6 Other Pharmaceuticals and Biotechnology

5.5 Other Healthcare

5.5.1 Other Healthcare

6 Information Technology

6.1 Communications and Networking

6.1.1 **Cable Service Providers** - Developers and marketers of television, internet and voice services for cable networks. Includes broadband internet, VoIP, and cable television, among others.

Ex: Comcast, Cox Communications, Adelphia

6.1.2 **Connectivity Products** - Manufacturers of electronic components used to create networks or link devices. Includes bulk cable, connectors, and adapters, among others.

Ex: Belkin, AMP Inc., Griffin Technology, Molex

6.1.3 **Fiberoptic Equipment** - Manufacturers of fiber optic and photonics equipment. Includes bulk cable, connectors, lasers, and light emitting diodes (LEDs), among others.

Ex: Oplink Communications, Optical Communication Products, Belden

6.1.4 **Internet Service Providers** - Providers of dial-up and DSL access to the internet.

Ex: America Online, NetZero, EarthLink, Juno, PeoplePC

6.1.5 **Telecommunications Service Providers** - Providers of commercial and residential voice and data services. Includes phone service, paging, and voicemail, among others.

Ex: BellSouth, AT&T, Qwest, Vodafone, Airtel

6.1.6 **Wireless Communications Equipment** - Manufacturers, designers and marketers of wireless communications equipment. Includes wireless handsets, and wireless modems and routers, among others.

Ex: LG, Motorola, Cisco

6.1.7 **Wireless Service Providers** - Providers of wireless telephone networks. Includes cellular telephone service, and personal communication service (PCS), among others.

Ex: Verizon Wireless, Qualcomm, Nextel Partners

6.1.8 Other Communications and Networking

6.2 Hardware

6.2.1 **Computers, Parts and Peripherals** - Manufacturers, designers, and distributors of computers and peripherals. Includes monitors, cases, mice, keyboards, and printers, among others.

Ex: Dell, Apple, Hewlett-Packard, Sony, IBM

6.2.2 **Electronic Components** - Manufacturers, designers, and distributors of electronic parts and components for use in more advanced products. Includes processors, video cards, sound cards, fans, and motherboards, among others.

Ex: Intel, Advanced Micro Devices (AMD), Texas Instruments, NVIDIA

6.2.3 **Electronic Equipment and Instruments** - Manufacturers, designers, and distributors of electronic equipment and instruments. Includes multimeters, and oscilloscopes, among others. This category is for electronic testing and measurement devices.

Ex: Agilent Technologies, National Instruments, Tektronix, Chase Scientific

6.2.4 **Office Electronics** - Manufacturers, designers, and distributors of office equipment. Includes copiers and faxes, among others.

Ex: Xerox, Ricoh, Lanier

6.2.5 **Storage** - Manufacturers, designers, and distributors of electronic storage devices. Includes hard drives, optical drives, and flash memory, among others.

Ex: Seagate Technology, EMC, Western Digital

6.2.6 Other Hardware

6.3 Semiconductors

6.3.1 **Application Specific** - Manufacturers and designers of application specific semiconductors and integrated circuits.

Ex: First Solar, NVIDIA, Linear Technology

6.3.2 **General Purpose** - Manufacturers and designers of generic or general purpose semiconductors and integrated circuits.

Ex: Intel, Texas Instruments, STMicroelectronics

6.3.3 **Production** - Owners and operators of semiconductor foundries. “Foundries” are companies that manufacture semiconductors, but are not involved in their design.

Ex: Taiwan Semiconductor Manufacturing, United Microelectronics, Chartered Semiconductor Manufacturing, SMIC

6.3.4 Other Semiconductors

6.4 Services

6.4.1 **Consulting and Outsourcing** - Providers of outside consulting, outsourcing, or offshoring services. Includes subcontractors, and business process outsourcers, among others.

Ex: Gartner, Infosys Technologies, Sapient Corporation

6.4.2 **Systems and Information** - Management Providers of systems and information management services. Includes companies providing IT hosting and data centers, among others.

Ex: Rackspace, Network World, Mosso

6.4.3 Other IT Services

6.5 Software

6.5.1 **Application Software** - Developers and producers of software for specific tasks or applications. Includes general application software not classified elsewhere.

Ex: Microsoft, Oracle, Adobe

6.5.2 **Automation/Workflow Software** - Developers and producers of software for automation and workflow management. Includes automation of IT processes, data transferring, FTPs, and scheduling, among others.

Ex: Tethys Solutions, Parallels, Synopsys

6.5.3 **Business/Productivity Software** - Developers and producers of software for the enterprise where the focus is on process management and automation.

Ex: Salesforce, IBM, Microsoft

6.5.4 **Communication Software** - Developers and producers of software for communicating electronically through voice, video or text. Includes text and video chat, web conferencing, and web-based presentations, among others.

Ex: America Online, Microsoft, WebEx

6.5.5 **Database Software** - Developers and producers of software to manage and utilize information in databases. Includes MySQL, Microsoft SQL Server, and Oracle, among others.

Ex: Microsoft, Oracle, IBM, Sun Microsystems

6.5.6 **Educational Software** - Developers and producers of educational software.

Ex: Renaissance Learning, Scientific Learning Corporation, The Learning Company

6.5.7 **Entertainment Software** - Developers of consumer-oriented gaming software and applications.

Ex: Zynga, Rovio

6.5.8 **Financial Software** - Developers and producers of software for managing accounting and financial processes. Also includes various software developed specifically for the financial industry.

Ex: Intuit, CapControls, Merlin Securities, Tally, Finacle

6.5.9 **Internet Software** - Developers and producers of software for accessing and manipulating internet content. Includes internet browsers, and file transfer protocol (FTP) programs, among others.

Ex: Apple, Microsoft, Mozilla Foundation, Norwegian Opera Software

6.5.10 **Multimedia and Design Software** - Developers and producers of software for creating and manipulating multimedia content. Includes Computer Aided Design (CAD) software, and video and image editing software, among others.

Ex: Adobe Systems, Quark, Autodesk

6.5.11 **Network Management Software** - Developers and providers of software and systems for managing and organizing networks and information. Includes network monitoring software, and network security software, among others.

Ex: Altiris, Tivoli, NetIQ

6.5.12 **Operating Systems Software** - Developers and producers of computer operating systems.

Ex: Apple, Microsoft, Red Hat Software, Novell

6.5.13 **Social/Platform Software** - Developers and producers of software that facilitates the production, distribution or following of social content. The category also includes online markets.

Ex: Facebook, LinkedIn

6.5.14 **Software Development Applications** - Developers and producers of software for planning, coding, and debugging of new software. Includes compilers, build tools, debuggers, disassemblers, and documentation generators, among others.

Ex: Eiffel Software, Borland Software, BigFix

6.5.15 **Vertical Market Software** - Developers and producers of vertical market software. Includes point of sale software, among others. A vertical market is a group of companies that do business in the same industry.

Ex: SAP, Hypercom, Ingenico

6.5.16 Other Software

6.6 Other Information Technology

6.6.1 Other Information Technology

7 Materials & Resources

7.1 Agriculture

7.1.1 **Animal Husbandry** - Companies that breed, raise, and market livestock.

Ex: Seaboard Corp., Smithfield Foods, Alico

7.1.2 **Aquaculture** - Companies that cultivate and market aquatic organisms. Includes fish, shrimp, kelp/seaweed and cultured pearls, among others.

Ex: Stolt Sea Farm, D.B. Kenney Fisheries, America's Catch

7.1.3 Cultivation

7.1.4 **Horticulture** - Companies that cultivate and market grains, fruits, flowers, and vegetables.

Ex: Cargill, Archer Daniels Midland, The Andersons, Inc.

7.1.5 Other Agriculture

7.2 Chemicals and Gases

7.2.1 **Agricultural Chemicals** - Producers of chemicals used primarily in an agricultural setting. Includes diammonium phosphate (DAP), anhydrous ammonia (NH3), and potassium chloride (KCl), among others.

Ex: Monsanto, Mosaic, CF Industries Holdings

7.2.2 **Commodity Chemicals** - Producers of chemicals that are sold in bulk due to their low cost. Includes methane, hydrochloric acid, chlorine, and sodium chloride, among others.

Ex: Mitsubishi Chemical, Terra Nitrogen, ExxonMobil

7.2.3 **Industrial Chemicals** - Producers of chemicals used primarily in industrial applications. Includes plastics, biocides, coolants, and polyglycols, among others.

Ex: Celanese, FMC Corp., Archer Daniels Midland

7.2.4 **Multi-line Chemicals** - Producers of diversified chemicals.

Ex: Dow Chemical, Air Products and Chemicals, FMC Corp., DuPont

7.2.5 **Specialty Chemicals** - Producers of proprietary or advanced chemical compounds. Includes food additives, and polymers, among others.

Ex: Sigma-Aldrich, Lubrizol, Cytec Industries

7.2.6 Other Chemicals and Gases

7.3 Construction (Non-Wood)

7.3.1 **Raw Materials (Non-Wood)** - Harvesters or producers of non-wood construction materials. Includes stone, gravel, sand, cement, and bricks, among others. Finished construction products are classified under Building Products.

Ex: Texas Industries, Eagle Materials, Hanson Aggregates North America

7.4 Containers and Packaging

7.4.1 **Metal** - Producers of metal containers and packaging materials.

Ex: Ball Corporation, Greif Inc., Silgan Holdings

7.4.2 **Paper** - Producers of paper containers and packaging materials.

Ex: Packaging Corporation of America, International Paper, Georgia-Pacific

7.4.3 **Plastic** - Producers of plastic containers and packaging materials.

Ex: Ball Corporation, Sonoco, Silgan Holdings

7.4.4 **Wood** - Producers of wood containers and packaging materials.

Ex: Greif Inc., Berry Industrial Group, Universal Forest Products

7.4.5 Other Containers and Packaging

7.5 Forestry

7.5.1 **Forestry Development/Harvesting** - Companies engaged in developing and harvesting forested areas.

Ex: Weyerhaeuser, Deltic Timber, MAXXAM

7.5.2 **Forestry Processing** - Companies engaged in converting raw forest products into marketable materials. Includes lumber, woodchips, engineered wood products, and paper products, among others.

Ex: Weyerhaeuser, Louisiana-Pacific, Stimson Lumber, Pope and Talbot, Georgia-Pacific, Boise Cascade, Temple-Inland Forest Products

7.5.3 Paper/Soft Products

7.5.4 Wood/Hard Products

7.5.5 Other Forestry

7.6 Metals, Minerals and Mining

7.6.1 **Aluminum** - Miners, producers and marketers of aluminum. Includes aluminum ore, and rolled aluminum, among others.

Ex: Alcoa, Kaiser Aluminum, Alcan

7.6.2 **Coal** - Miners, producers and marketers of coal. Includes lignite coal, bituminous coal, anthracite coal, and coke, among others.

Ex: Peabody Energy, CONSOL Energy, Drummond Company

7.6.3 **Gold** - Miners, producers and marketers of gold.

Ex: Newmont Mining, AngloGold Ashanti, Gold Fields Limited

7.6.4 **Iron and Steel** - Miners, producers and marketers of iron and steel.

Ex: Nucor, Olympic Steel, ArcelorMittal

7.6.5 Multi-line - Miners, producers and marketers of diversified metals and minerals.

Ex: BHP Billiton, Rio Tinto, Teck Cominco

7.6.6 **Precious Metals and Minerals** - Miners, producers and marketers of precious metals and minerals. Includes platinum, silver, and palladium, among others.

Ex: Coeur d'Alene Mines, Stillwater Mining, Metalor

7.6.7 Other Metals, Minerals and Mining

7.7 Textiles

7.7.1 **Animal** - Manufacturers of animal-based textiles. Includes wool, cashmere and silk, among others.

Ex: Buckskin Fur and Leather, J. Hewit and Sons

7.7.2 **Plant**- Manufacturers of plant-based textiles. Includes hemp and cotton, among others.

Ex: Parkdale Mills, Boston Felt Company, Aetna Felt Corporation

7.7.3 **Mineral** - Manufacturers of mineral-based textiles. Includes asbestos, glass fiber, and metal fiber, among others.

Ex: Roxul, Potter and Soar, Central Glass

7.7.4 **Synthetic** - Manufacturers of synthetic textiles. Includes polyester, aramid, nylon and spandex, among others.

Ex: Huitong Chemical, Unifi, DuPont-Akra Polyester

7.7.5 Other Textiles

7.8 Other Materials

7.8.1 Other Materials