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Q2 2026

Venture Monitor

The definitive review of the US venture capital ecosystem

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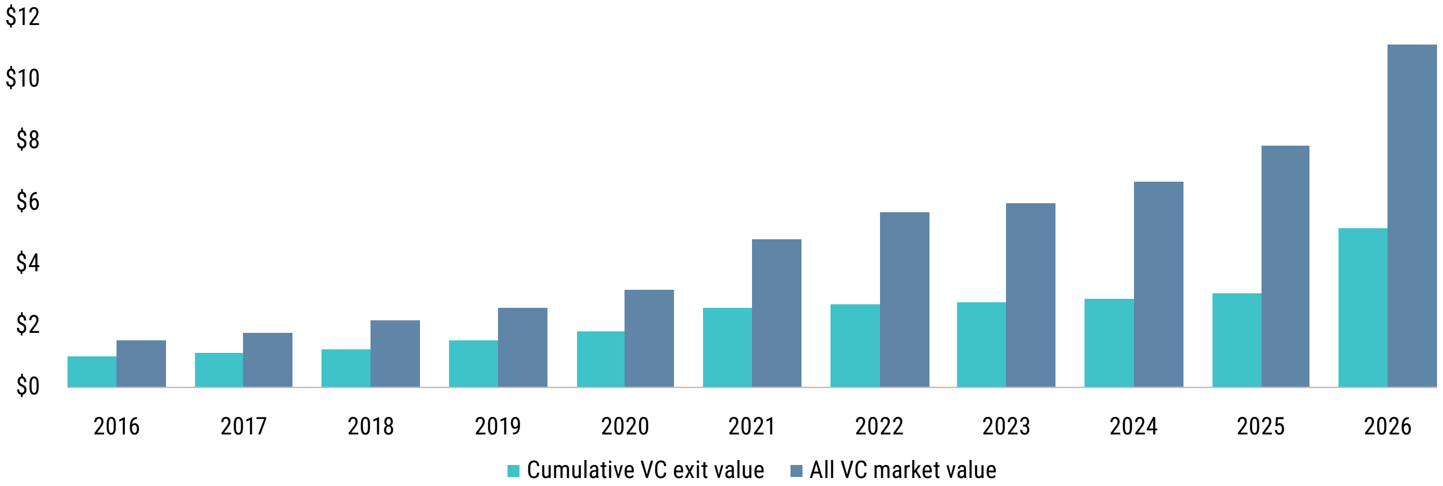
Market overview

Despite SpaceX IPO, market value still outweighs cumulative exit value

Cumulative VC exit value versus VC market value ($T)



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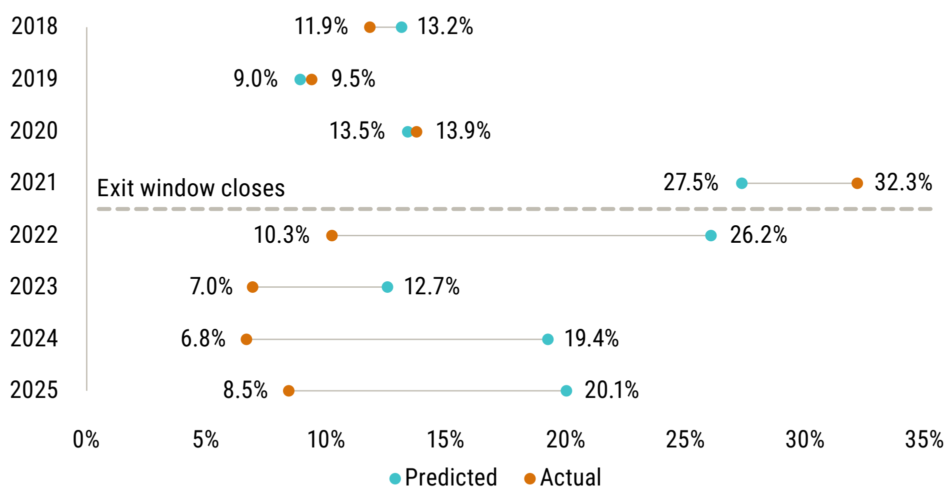
SpaceX was the center of the VC universe in H1. Its $1.7 trillion IPO was the largest US VC-backed tech IPO by 17x and the largest IPO of all time. However, the announced $60 billion purchase of Cursor, a 4-year-old coding startup, and the $250 billion merger with xAI in Q1 have made SpaceX the ultimate "kingmaker" in VC. Overall, the market has still struggled to unlock IPOs, and few M&A deals outside of healthcare have been notable. The distributions that will be generated from the SpaceX IPO and eventually from the xAI and Cursor acquisitions will reach a broader investor base than normal for three companies because of SpaceX's size and use of secondaries, but they do not signal a reopened liquidity market.

IPOs have fallen well short of expectations

Predicted versus actual IPO rates of VC Time to Exit Model



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This is the likely story for the next couple of quarters. Anthropic and OpenAI have confidentially filed for IPOs. Those IPOs will likely add two more trillion-dollar exits by VC-backed companies. Along with the SpaceX IPO, these exits will generate more value than all US VC-backed exits since 2000. That would more than make up for the lack of liquidity the market has endured over the past few years, but a large portion of investors and their LPs will not see distributions from those deals. These deals are the greatest example of the VC power law and a reminder that a few good exits do not make a great liquidity market. In true VC fashion, the next question is: What happens next? The next 10 largest unicorns would generate $843 billion in exit value if they were ascribed a 40% step-up in valuation at IPO. However, none of those companies has positioned itself

Not all unicorns are ready to IPO

Estimated times to exit for select top unicorns

Company	Valuation estimate ($B)	Last known post-money valuation ($B)	1-year IPO probability	3-year IPO probability	Announced exit	City	Verticals	VC raised to date ($B)
Anthropic	$1,014.2	$965.0	76.9%	84.9%	IPO	San Francisco	AI & machine learning (ML), Big Data, software as a service (SaaS)	$124.3
OpenAI	$905.2	$852.0	89.2%	93.2%	IPO	San Francisco	AI & ML, Big Data, mobile, SaaS	$181.9
Stripe	$168.9	$159.0	44.5%	87.3%	N/A	South San Francisco	AI & ML, fintech, mobile, SaaS	$8.7
Databricks	$146.9	$134.0	5.0%	39.3%	N/A	San Francisco	AI & ML, Big Data, mobile, SaaS	$22.4
Waymo	$138.5	$126.0	3.6%	26.8%	N/A	Mountain View	AI & ML, autonomous cars, mobility tech, mobile	$27.1
Anduril Industries	$63.9	$61.0	3.6%	18.5%	N/A	Costa Mesa	Augmented reality, AI & ML, robotics & drones	$11.9
Ripple	$46.3	$40.0	8.3%	40.0%	N/A	San Francisco	B2B payments, cryptocurrency/blockchain, fintech, SaaS	$0.8
Ramp	$45.2	$44.0	5.9%	36.1%	N/A	New York	AI & ML, fintech, mobile, SaaS	$3.5
Cognition	$27.0	$26.0	5.7%	26.5%	N/A	San Francisco	AI & ML, SaaS	$1.7
Rippling	$21.6	$16.8	14.6%	75.2%	N/A	San Francisco	AI & ML, HR tech, SaaS	$1.9
ClickHouse	$17.2	$15.0	2.4%	26.0%	N/A	San Francisco	AI & ML, Big Data, cloudtech & development operations, SaaS	$1.0
Devoted	$14.5	$13.0	6.7%	22.9%	N/A	Waltham	Digital health, healthtech, insurtech, LOHAS & wellness	$2.7
Shield AI	$13.9	$12.7	6.8%	33.8%	N/A	San Diego	Advanced manufacturing, AI & ML, Big Data, robotics & drones	$2.8
Notion	$12.1	$11.0	4.1%	19.5%	N/A	San Francisco	AI & ML, mobile, SaaS	$0.3
Polymarket	$10.7	$15.0	6.6%	37.7%	N/A	New York	AI & ML, fintech, mobile, SaaS	$1.9

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to be the next IPO. And the pipeline of unicorn tech IPOs is limited, at least when looking at those currently in registration.

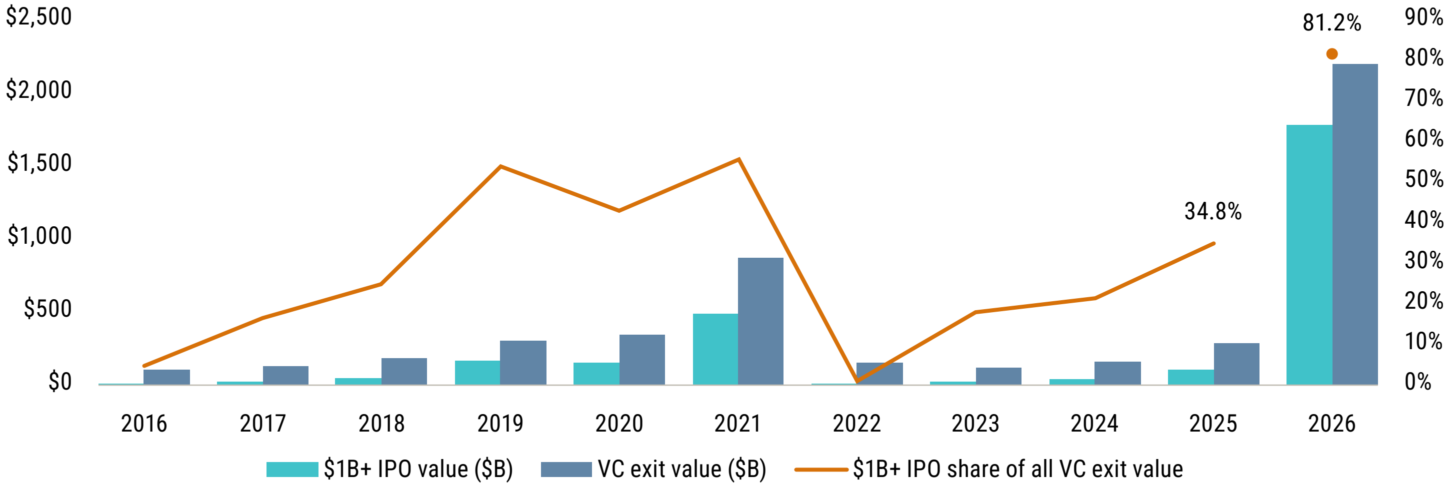
Unicorn formation has not been limited, however, which has widened the gap between paper value creation and exit value realization. Despite the trillion-dollar IPOs, there remains a price imbalance between the public and private markets. That is a major reason why aging unicorns have not looked to go public. The continued availability of capital for private investments further exacerbates that imbalance, which lower interest rates will likely not alleviate. Public markets have remained stable, and indexes continue to reach new highs despite steady interest rates.

Proposed legislation to create a smoother transition between the private market and the public market is making its way through the approval process. Increasing off-the-shelf offerings and limited reporting requirements are the main points of the legislation. These changes are a start, but they alone will likely not provide the incentive for high-growth, highly coveted companies to go public, at least for top startups.

The pitfalls of delayed liquidity are easily tracked through the 2021 cycle. Private capital was plentiful then, but

$1 billion+ IPOs drive the majority of annual exit values

$1 billion+ IPO value as a share of all VC exit value



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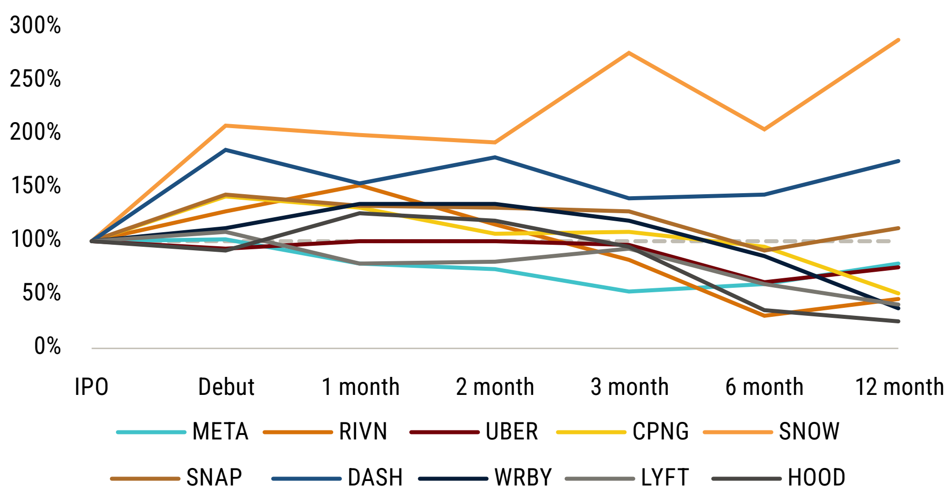
so was liquidity with an abundance of SPACs, a high volume of IPOs, and a strong M&A market. PitchBook's Time to Exit Model shows that more companies completed new listings than were expected in 2019, 2020, and 2021, and by a significant margin. However, the strong financing market of those years led to many more unicorns than ever before. And many of those companies opted instead to raise more private funding because it was available, and probably at a higher valuation than an exit may have offered. But now they are stuck in the private market with fewer options for liquidity. Those unable to raise capital since have seen a significant degradation in their value.

Most large tech offerings do not immediately perform well

Post-IPO performance of 10 largest tech IPOs



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Liquidity benefits are not limited to SpaceX, Anthropic, and other large unicorns, but the returns are not headline-worthy. No matter the power-law dynamics, liquidity generated through midsize unicorns can still provide strong returns, and these companies are more akin to public market companies than the high-revenue, high-loss companies near the top of the market. For investors not on the cap tables of the mega-unicorns, the timing of distributions from their portfolios is a key piece of information that can inform fund-reserve management and shape return expectations and the narrative to LPs. If relaxed reporting regulations can restart the IPO pipeline, the benefits will have a wide reach. Price discovery for M&A will be enhanced, public comps will enrich secondary due diligence, and the liquidity generated will return money to LPs' hands to recycle into new venture funds. Until then, liquidity remains tight as private market valuations balloon.

NVCA policy highlights

Taxes: Federal tax policy remains unsettled, with no major package expected in the near term, though smaller provisions could still move through reconciliation or later vehicles. Carried interest stays an active revenue-offset risk, and capital gains indexing continues to face political headwinds. The Department of the Treasury is now targeting Qualified Small Business Stock "trust stacking."

Capital markets: The Securities and Exchange Commission's agenda accelerated, with proposals to raise the Form PF filing threshold, permit optional semiannual reporting, streamline filer status to ease disclosure for all but the largest issuers, and expand shelf registration and communications flexibility so that more issuers can raise capital quickly. The Financial Crimes Enforcement Network (FinCEN) separately proposed risk-based anti-money-laundering modernization; NVCA continues to oppose advisor burdens while viewing the reform direction as constructive.

Merger and competition policy: The Department of Justice's antitrust leadership remains in flux, trending toward lighter-touch enforcement, as signaled by the approval of the Paramount Skydance and Warner Bros. Discovery deal. A permanent division head is expected to be nominated. Participants are also watching the Federal Trade Commission for revised Hart-Scott-Rodino guidelines after a court struck down the Biden-era forms.

Blockchain and crypto: The CLARITY Act cleared the Senate Banking Committee but still lacks a floor vote as illicit-finance and ethics provisions stall progress before the August congressional recess and midterm pivot. Meanwhile, the post-GENIUS-Act build-out accelerated, with stablecoin-issuer rules from the Office of the Comptroller of the Currency, FDIC, and FinCEN spanning Bank Secrecy Act and sanctions requirements, but digital-asset tax alignment remains unfinished.

AI: Lawmakers are testing competing oversight models. The bipartisan Great American AI Act would set federal guardrails while temporarily pre-empting state AI laws—central for startups facing a growing regulatory patchwork—but drew immediate pushback on civil rights and pre-emption. Congress stayed bipartisan on child safety, deepfakes, and synthetic-content labeling, while the Trump administration favored voluntary coordination over licensing. AI infrastructure became the focal point of discussions about datacenter energy demand, grid reliability, and consumer power costs, alongside proposals for new AI and datacenter taxes.

National security and emerging tech: Federal policy continues shifting toward commercial-first, faster acquisition and closer Department of Defense alignment with venture-backed dual-use, AI, and autonomy companies. Reform advanced at the Committee on Foreign Investment in the United States via a Known Investor Program and narrower filing triggers, with Chinese competition shaping technology, capital, exports, and supply chains. The Trump administration released a cyber strategy emphasizing private-sector threat response and is exploring a national robotics strategy tied to reshoring and trusted suppliers. Critically, Small Business Innovation Research/Small Business Technology Transfer reauthorization restores early-stage nondilutive research & development funding through 2031 with commercialization and security reforms.

Healthcare and IP: Food and Drug Administration (FDA) modernization prioritizes speed and clarity, including the proposed RAPID coverage pathway aligning FDA review with earlier Centers for Medicare & Medicaid Services coverage for certain Breakthrough Devices, plus lifecycle work on AI-enabled devices. The Patent and Trademark Office advanced a pro-IP agenda—including AI-assisted prior-art search, antifraud screening, and backlog reduction—as attention centered on Patent Trial and Appeal Board rule changes. Patent certainty remains material for life sciences and robotics formation and financing, even as startups flag approval timelines and reimbursement uncertainty.

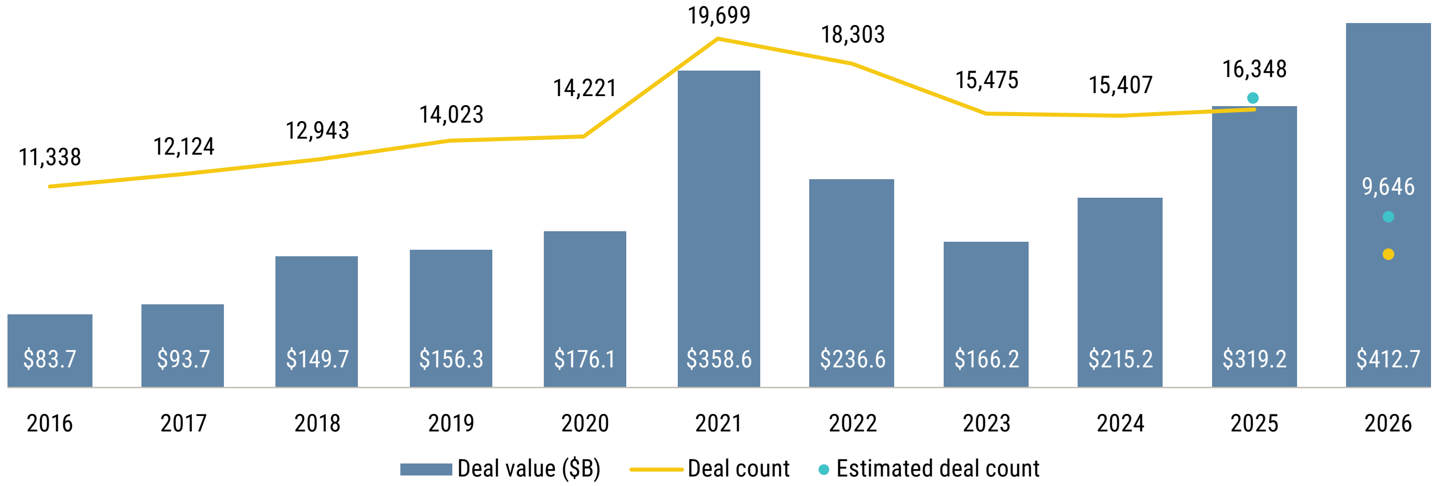
Energy: Policy stays focused on implementation, permitting, and executing existing incentives rather than new legislation. AI and datacenter growth are driving demand toward firm, dispatchable power—such as nuclear, geothermal, and long-duration storage—while permitting delays, interconnection queues, and transmission constraints threaten commercialization timelines. Speed to power and incentive durability are becoming central underwriting considerations.

Bobby Franklin
President & CEO, NVCA
Bobby Franklin is the President & CEO of NVCA, the venture community's trade association focused on empowering the next generation of transformative US-based companies. Based in Washington, DC, with an office in San Francisco, NVCA acts as the voice of the US VC and startup community by advocating for public policy that supports the US entrepreneurial ecosystem.

Dealmaking

H1 2026 deal value already exceeds 2025 full-year figure by nearly 30%

VC deal activity



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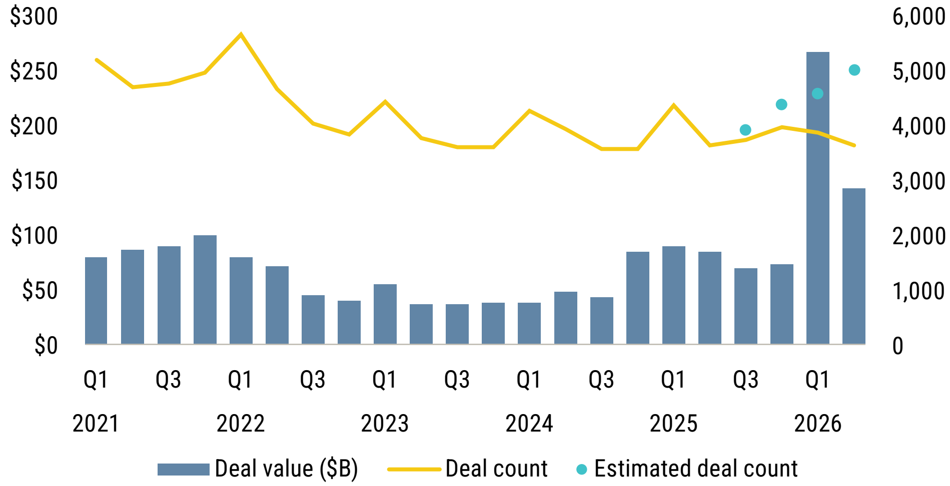
In H1 2026, venture dollars continued to flow unevenly. Megadeals (rounds of $100 million or more) made up 87.5% of the $412.7 billion deployed. That half-year total already exceeds the 2025 full-year figure. Deals under $100 million drew $51.4 billion, and their share of value has compressed consistently and sharply over the years, from 43.8% in 2024 to 33.1% in 2025 and 12.5% this year, further evidence of how highly capital has concentrated at the top of the market. Q2's seven rounds at or above $1 billion—from Anthropic, Prometheus Industries, Anduril Industries, Baseten, MiRus, Kalshi, and Cognition—totaled $87.2 billion. Five were for AI companies, a sign of AI's dominance among the largest rounds. Anthropic's $65 billion round marked a 157.1% pre-money valuation step-up to $900 billion from $350 billion three months earlier and lifted its post-money valuation to $965 billion, ahead of OpenAI's.

Q2 2026's deal value is the second highest in a decade, trailing only Q1

VC deal activity by quarter



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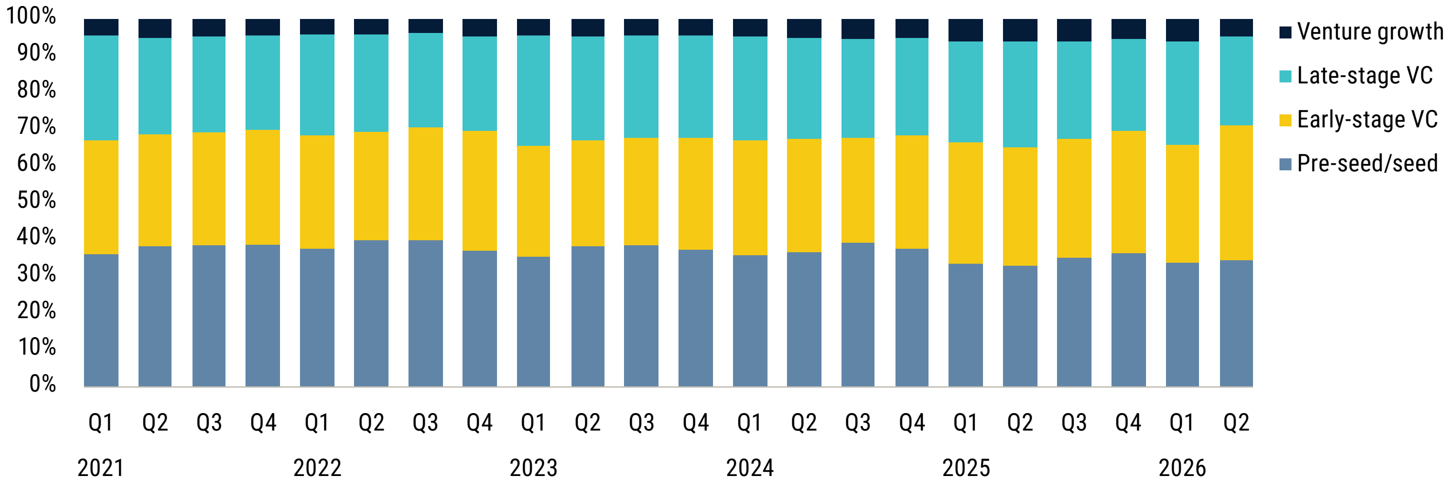
AI continued to define the venture market in H1 2026. The total AI deal value of $355.9 billion made up 86% of all venture dollars in the period. The companies driving the largest private rounds are now moving toward public markets: OpenAI and Anthropic through confidential IPO filings, and xAI through its acquisition by SpaceX, which has listed. The exits of these mega-round issuers thin the near-term pipeline of rounds at this scale, though they do not

The share of late-stage and venture-growth deals dips QoQ

Quarterly share of VC deal count by stage



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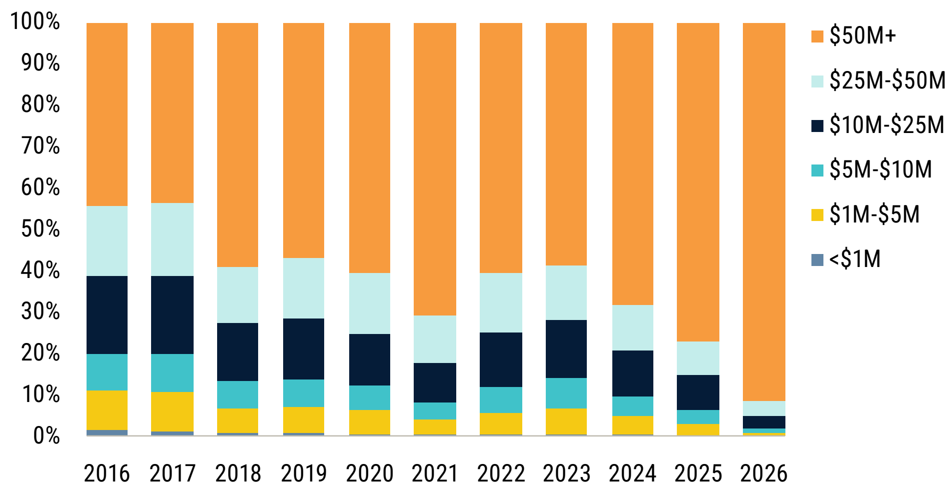
necessarily signal the end of outsized financings of tens of billions of dollars. The next few quarters should surface the latest batch of companies able to command that kind of capital: names familiar to investors even if they do not yet carry the broad public recognition of Anthropic or OpenAI.

AI maintained its dominance in the tech sector, an extension of a yearslong trend. The shift is structural. AI has lowered the cost to build tech, with AI coding tools speeding up product development and foundation models giving founders a base layer to develop upon without having to train their own models. The talent that can build at the frontier, though, is scarce and clustered on the West Coast, particularly the Bay Area, so if capital keeps following that talent, value creation in AI may stay geographically concentrated. First-time financings reached an estimated 5,674 deals in H1 2026, putting the year on pace to see more than 10,000 companies raising their first venture round, which would be a record.

Deals over $50 million make up an unprecedentedly high share of total deal value

Share of VC deal value by size bucket



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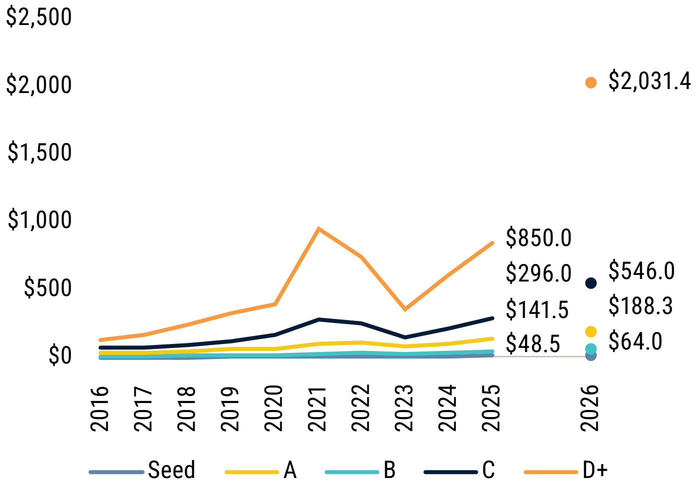
Valuations have not just recovered from the 2022-to-2023 correction; they have pushed past their 2021 highs at every series. The median pre-money valuation more than doubled relative to 2021 at pre-seed, seed, and Series D+. Among the middle stages, Series C came closest at 95%, followed by Series A at 89.9% and Series B at 83.3%. The driver differs from that of the 2021 surge. Then, low rates and abundant liquidity lifted valuations broadly. Now, AI is the main force as expectations of fast revenue growth and market capture push the largest valuations higher and set comparables across stages. That

Median Series D+ pre-money valuation already more than double 2025 level

Median VC pre-money valuation ($M) by series



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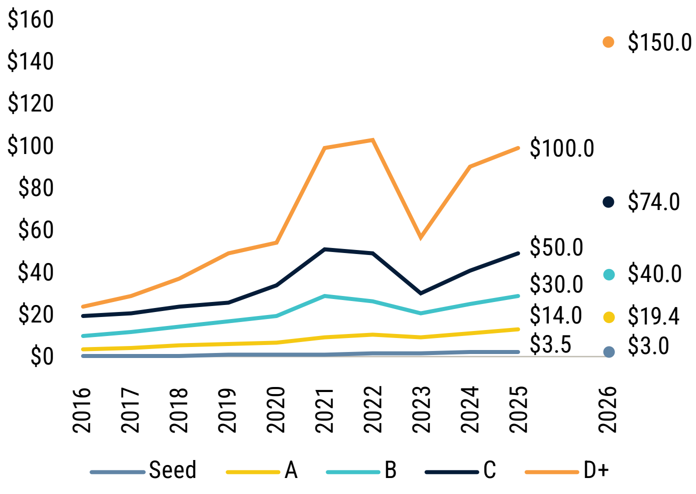
Median deal value continues to ascend across all series except for seed

Median VC deal value ($M) by series



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reliance on a single theme raises the risk of a broad correction if AI growth or returns fall short. The power law of venture compounds the risk: Even if AI delivers, returns will concentrate in a small number of winners, so funding a wide field at elevated prices leaves many of those entries exposed.

Many of the largest rounds are structured in tranches, or they fold in prior commitments. For instance, $15 billion of Anthropic's $65 billion round was committed earlier, so the figure cited in media headlines overstated the new money going into the company. The post-money valuation, usually the highest mark in the round, is not the price every investor pays. That figure can be misleading: It reflects the top valuation in the round, not a common entry price, and it can overstate the momentum behind a company. In a market this competitive, those marks can intensify the scramble to get onto the cap tables of the most sought-after AI companies.

The gap between private and public valuations remains an obstacle. Even with public indexes near record highs, listings have been limited, and several recent ones priced below their last private rounds. Investors across stages have questioned whether every company carrying a high valuation can reach the $1 billion+ outcome it implies. High entry prices raise the bar for the growth and exits needed to justify them, and some of these companies will not clear it.

The next six months will test these bets. Companies that raised at elevated prices on compressed timelines need to show fast growth to justify their valuations and raise again, or they risk a down round. The mega-IPO of SpaceX and the pending ones from OpenAI and Anthropic will reveal whether public investors will validate private marks. The time between rounds has compressed, especially for AI companies, so the margin for error is thin, and investors and their LPs will be watching for growth that meets elevated expectations.

A WORD FROM J.P. MORGAN

Our views on venture

Ginger Chambless

Head of Market Insights, Commercial Banking, J.P. Morgan

Ginger Chambless is a Managing Director and Head of Market Insights for JPMorgan Chase Commercial Banking. In this role, she produces curated thought leadership content for commercial banking clients and internal teams. Her content focuses on economic and market insights, industry trends, and the capital markets.

Additional contributor: **Carly Roddy, *Co-Head of Venture Capital Relationships***

Record venture volumes are masking ongoing liquidity challenges for many startups

The venture landscape continues to be shaped by a handful of high-profile mega-rounds. This is driving overall investment values to new records, but not broad access to capital across the ecosystem. The concentration of investment into AI startups has been unprecedented, reflecting both the capital-intensiveness of the AI sector and industry consensus around the wholesale impact of AI technology.

With this backdrop, we are seeing VC strategies split into two business models. On one end, GPs are running concentrated, high-conviction positions in a small set of frontier AI companies. This increasingly resembles private infrastructure finance: very large checks; long durations; and an emphasis on platform control, compute access, and ecosystem positioning. The strategy here is to build allocations in perceived fund returners and category winners.

On the other end, managers are allocating exclusively to early-stage and AI-native companies with a classic portfolio-construction approach. There is optimism among early-stage investors that improved exit market momentum will unlock a fresh crop of founders to start new companies soon. In the meantime, we are seeing more nontechnical founders enter the early-stage-formation mix as AI tools continue to lower the barriers to entry.

For startups that do not align with one of these active VC strategies—a strong and differentiated AI story to tell, or a perceived category winner in their space—liquidity remains highly selective and below the 2021 peak. For this part of the market, the prevalence of undisclosed terms on rounds continues to be elevated. Undisclosed terms often coincide with structured rounds that provide investors with downside protection, down rounds, or flat rounds.

Another strategy that venture firms are increasingly leveraging is incubation and/or co-development. Several funds are formalizing early-stage innovation by incubating ideas inside internal labs—or partnering with independent ones—before spinning the most promising concepts out into standalone ventures. At this front end of the lifecycle, ideation is the core asset. Teams can run structured experiments, iterate quickly, and test hypotheses before committing meaningful capital or scaling—and firms can establish a toehold of meaningful ownership at attractive valuations in platforms they deeply believe in.

The 2026 IPO market is on its way to making history, while M&A also heats up

YTD issuance and the current pipeline point to an estimated $60 billion to $70 billion in IPO proceeds for 2026, excluding any mega-listings—comparing favorably with $43 billion in 2025, $31 billion in 2024, and the prior peak of $155 billion (excluding SPACs) in 2021.

The completion of SpaceX's $75 billion IPO—the largest in history—has meaningfully raised the probability that 2026 will become a new peak for IPO volumes. According to Tegh Kapur, head of Technology Equity Capital Markets, current market depth is supportive of a record-breaking year. A sharp rally in public market valuations has generated strong returns and renewed investor interest for newly public companies. Notably, if IPO volumes as a percentage of US equity market cap reach 2021 levels, the market would be on track to absorb over $200 billion in issuance.

Several structural tailwinds are reinforcing the positive backdrop. Recent index rule changes now allow newly listed companies to be included more quickly, broadening the potential buyer base. Retail investor participation is also higher than in prior cycles, providing a complementary source of demand alongside traditional institutional investors. Meanwhile, increased M&A

has reduced the number of publicly listed companies, which increases scarcity value.

Looking ahead, the performance of high-profile IPOs over the coming months will be a key signal for the broader pipeline. History shows that successful large IPOs tend to open the window for a wider range of issuers—and encouragingly, we are already seeing green shoots across a diverse set of sectors, including semiconductors, space, quantum computing, consumer internet, and robotics.

In parallel, M&A is picking up. Devin Thomas, head of Technology M&A within J.P. Morgan's Strategic Investor Group, is seeing strong demand for startups that bring sustainably differentiated, proprietary data and a proven AI product set. As startups are opting to stay private longer and the lines between VC, growth equity, and PE continue to blur, competition is high for the best assets.

Higher-for-longer rate outlook keeps cost of capital elevated, while policy shifts add uncertainty

We continue to expect steady economic growth this year, but our expectation for inflation has increased. This primarily stems from the conflict in the Middle East and global supply shock for several key commodities: oil & gas, fertilizer, and helium. Supply chain pressures and input costs have increased as delivery times have extended and physical scarcity of some materials has become acute.

As a result, inflation is reaccelerating from somewhat elevated levels already. Both headline and core inflation measures have moved further away from the Federal Reserve's (the Fed's) 2% target. With other aspects of the economy performing as expected—steady GDP growth, resilient consumer spending, and a stable unemployment rate of 4.3%—we think the Fed will likely hold the fed funds target range steady at 3.50% to 3.75% for the rest of 2026. Of note: Rates market pricing has shifted from two to three 25-basis-point cuts this year to one to two hikes over the next 12 months.

An important consideration for valuations and cost of capital is that we see 10-year Treasury yields staying in the mid- to high-4% area through year-end. This is below the 5% level observed in the fourth quarter of 2023, but toward the upper end of the past decade's range and notably above 2021, when rates were below 1%.

Labor market conditions have been stable to slightly improved across the US economy YTD, while trends in the tech sector are more nuanced with an unemployment rate below the national average but elevated layoff announcements. According to the latest Challenger, Gray & Christmas report, nearly 125,000 job cuts have been announced across the tech sector YTD, with a rising percentage being attributed to AI.[1] Many established startups are going AI-first, including retooling workflows and product road maps around AI agents to drive growth with leaner teams.

Despite the push toward leaner organizational structures, AI is also opening doors as companies increasingly seek skilled workers. The percentage of job openings on Indeed.com mentioning AI has sharply risen in recent years to 5.7% at the end of May.[2] For software development specifically, over 47% of job postings in the sector at the end of April mentioned AI, up from 40% in December 2025 and 29% in January 2025.[3]

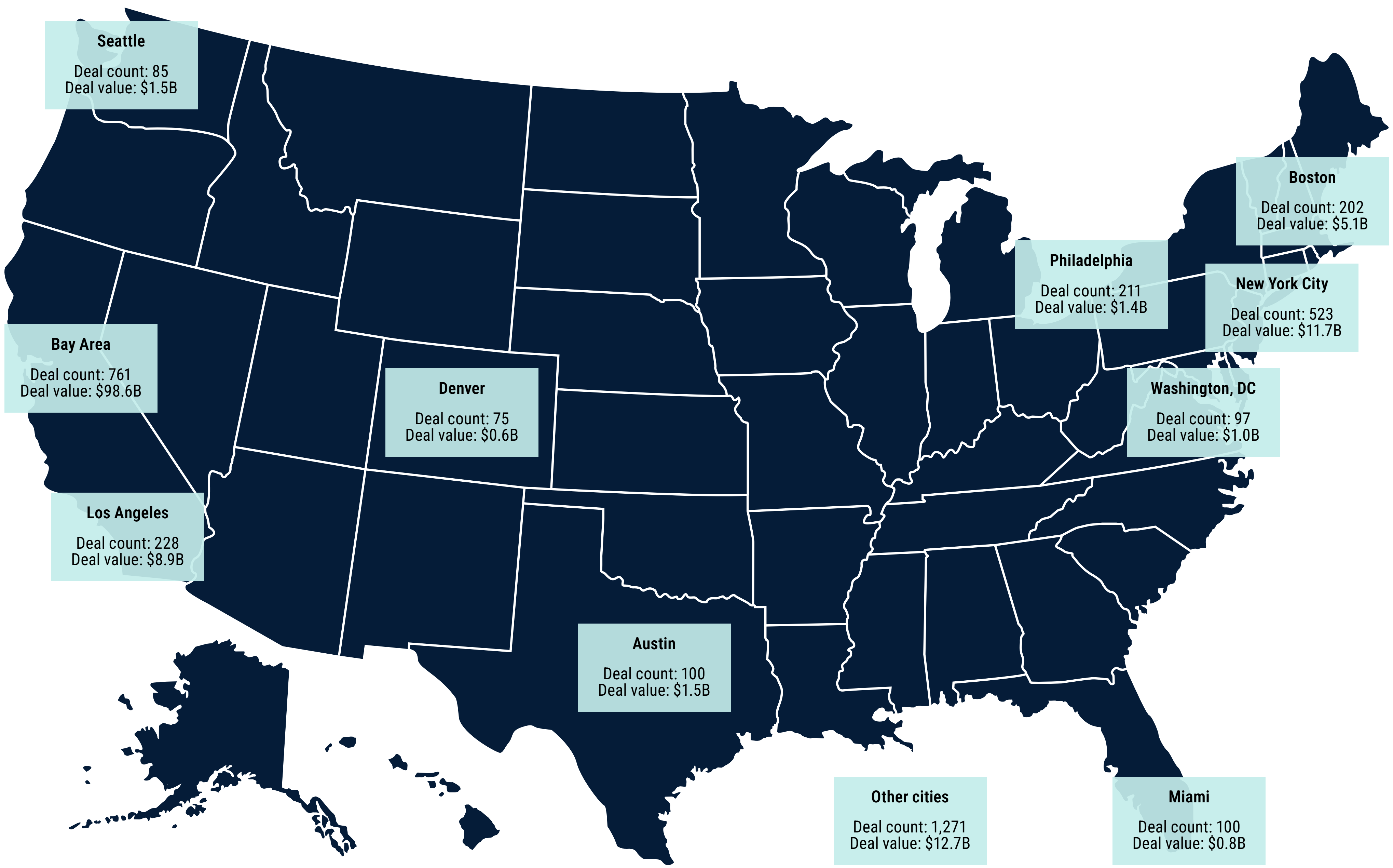
On the policy front, a recent federal ruling struck down the Trump administration's proposed $100,000 H-1B visa fee nationwide, vacating the policy and restoring the prior fee framework. While the administration plans to appeal, the immediate effect is reduced friction in hiring plans and improved predictability for budgeting and workforce strategy. This is especially important for startups that had paused or repriced skilled tech roles in anticipation of sharply higher sponsorship costs.

Tariffs remain an important consideration for the innovation economy, especially as AI deployment drives capital expenditure into chips, servers, and devices. The administration recently proposed new tariffs of at least 10% on imports from major trading partners based on Section 301 unfair trade practices, specifically forced labor. These developments are in line with expectations that the administration would take steps to reconstruct the tariff regime after the Supreme Court's ruling against International Emergency Economic Powers Act tariffs earlier this year.

Regional spotlight

$492 billion has been invested in Bay Area companies since 2025

Q2 2026 VC deal activity by ecosystem



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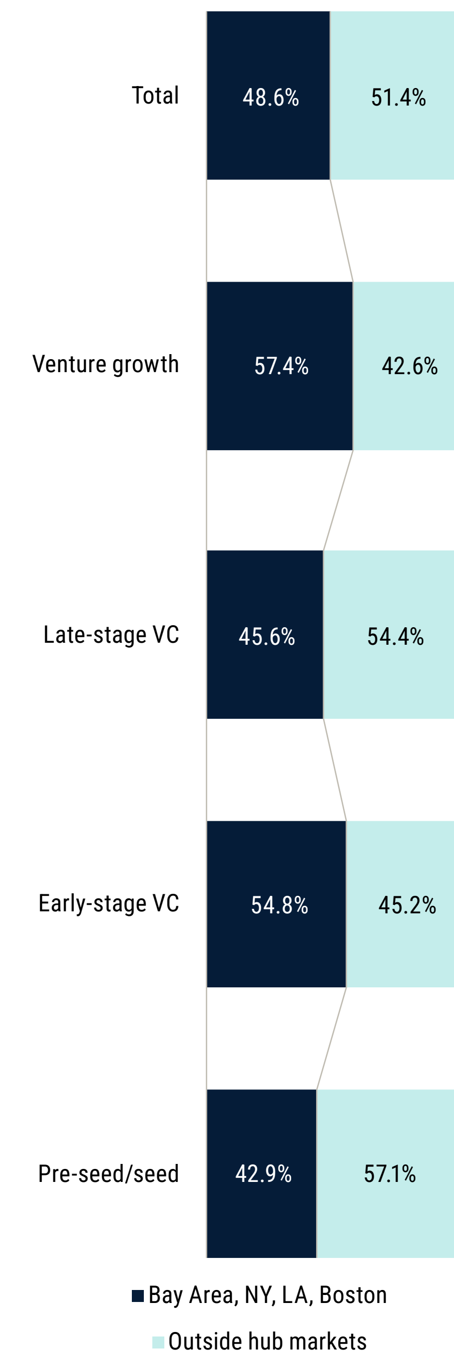
Hub deal count has retreated from recent highs

Share of VC deal count by market breakout



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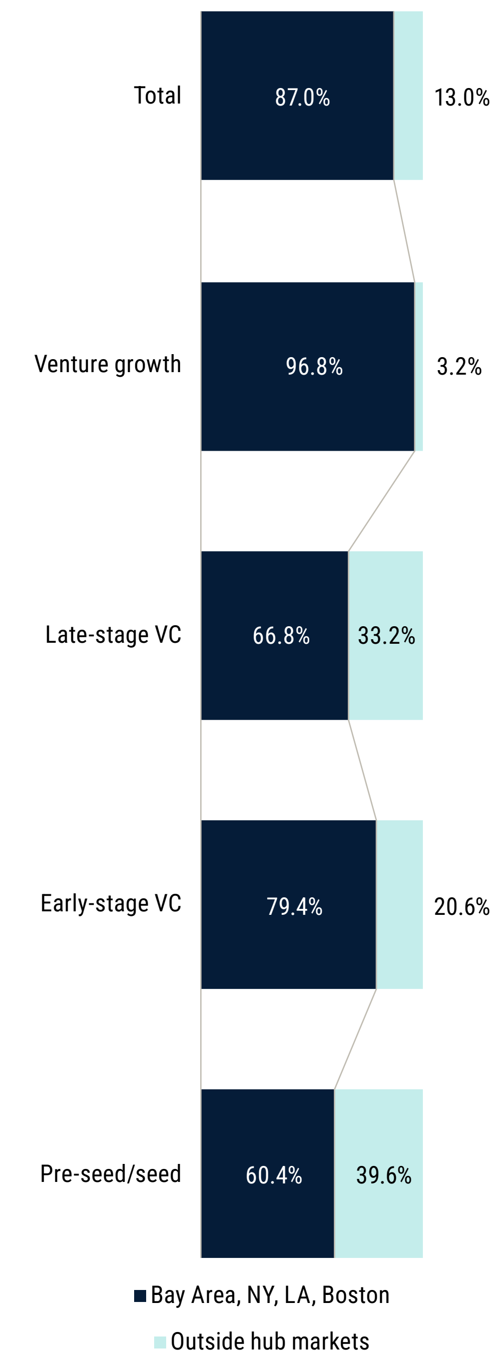
AI continues to center capital on tech hubs

Share of VC deal value by market breakout



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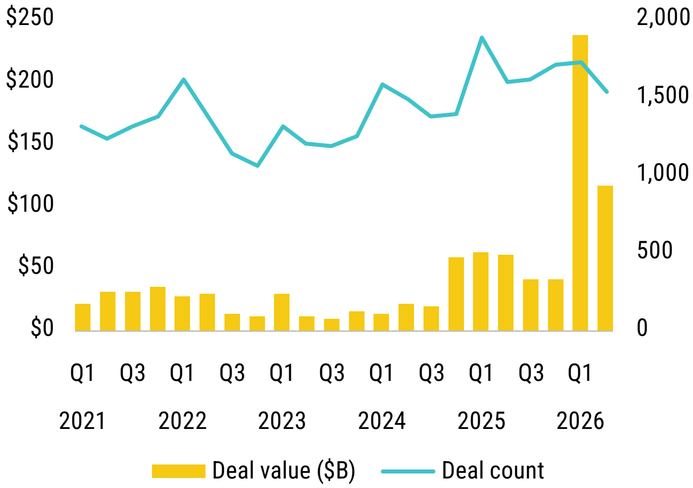
AI

Gargantuan deals from OpenAI, Anthropic, xAI, and more AI companies in H1

AI VC deal activity by quarter



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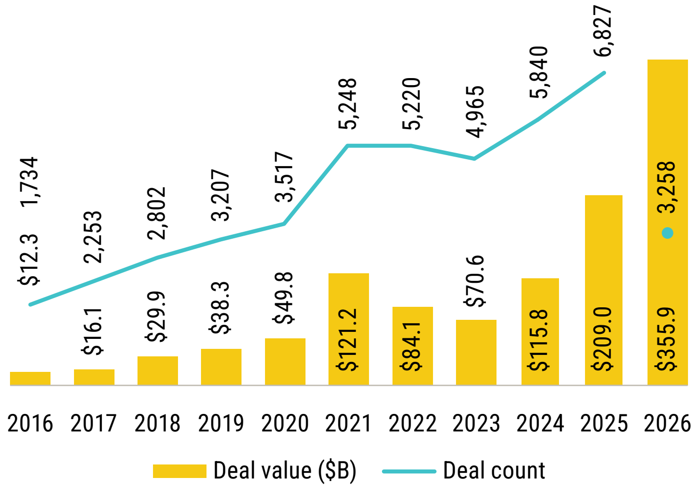
AI deal value surges to record highs

AI VC deal activity



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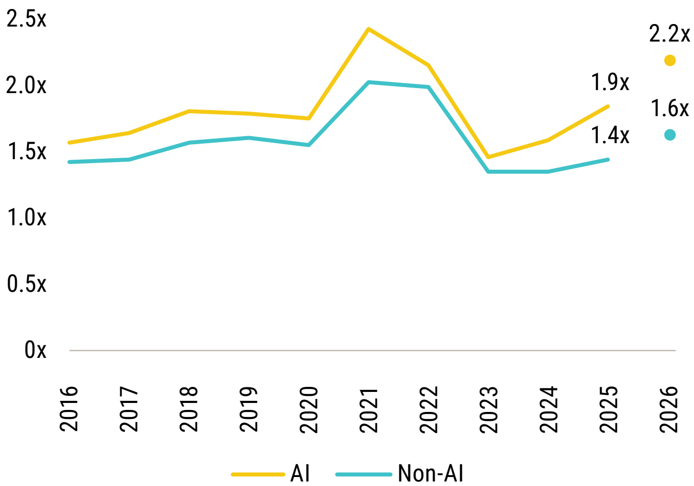
AI step-ups rising faster

Median AI and non-AI VC valuation step-up



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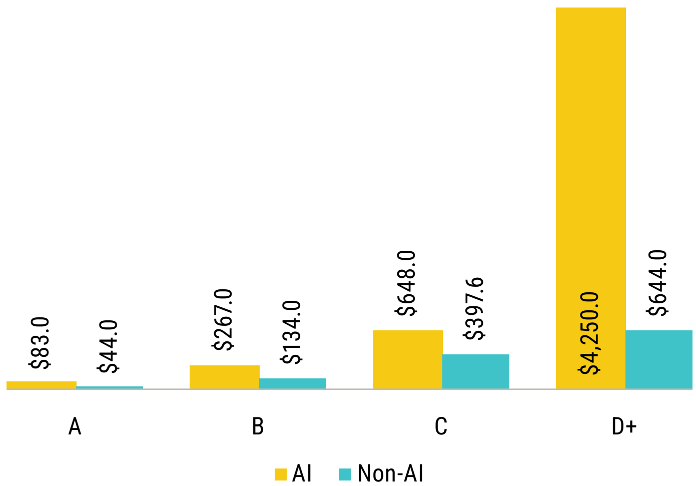
AI valuations significantly higher in 2026

YTD median AI and non-AI VC pre-money valuation ($M) by series



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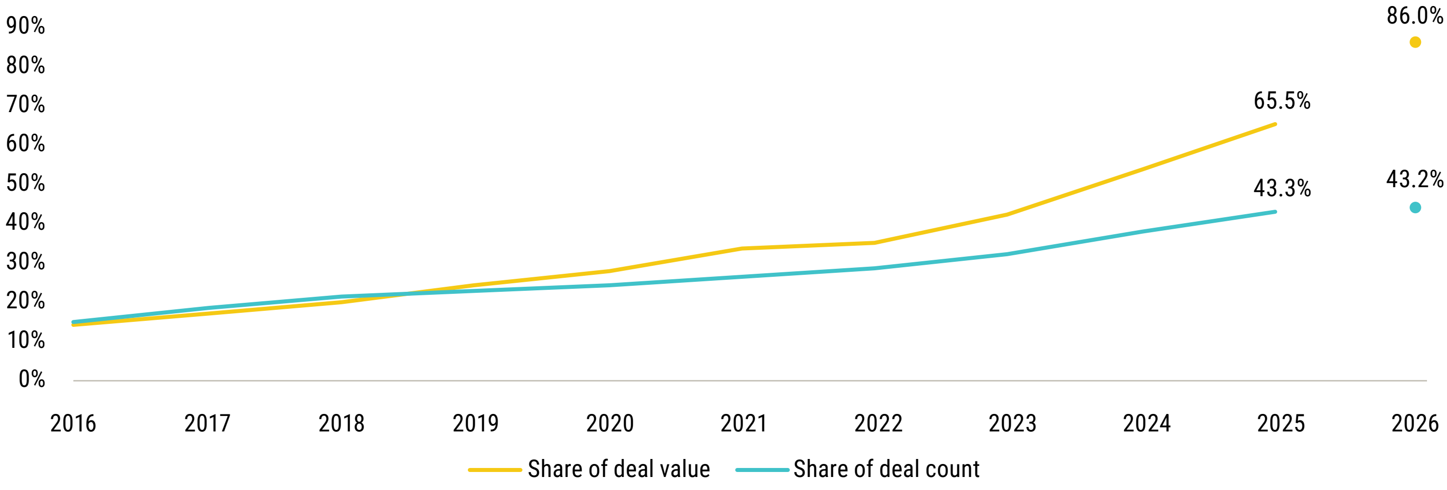
86% of H1 deal value went to AI

AI VC deal activity as a share of all VC deal activity



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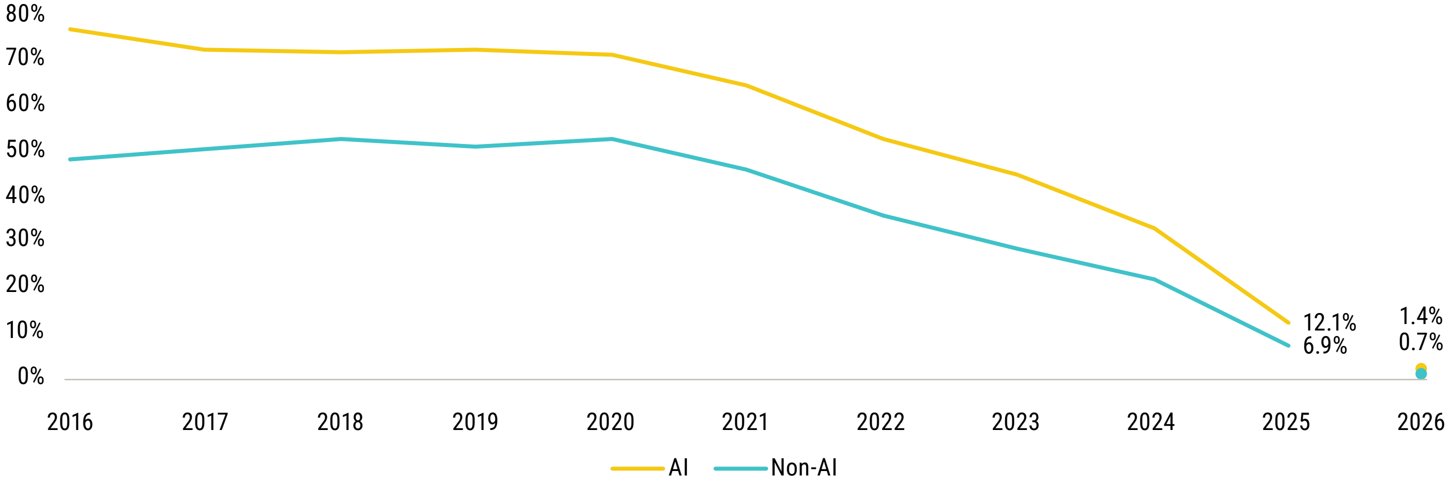
AI companies are more likely to raise a second VC round

Share of first-time-financed AI and non-AI companies that raised a second round by year of first VC deal



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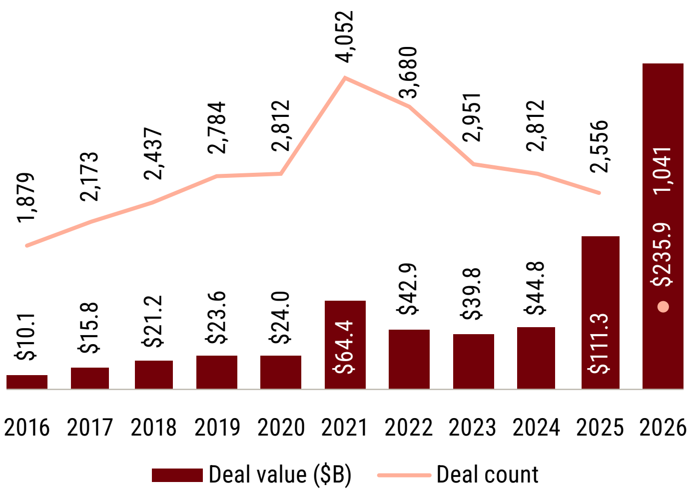
Female founders

Anthropic, OpenAI, and Kalshi drive 2026 deal value

VC deal activity in companies with at least one female founder



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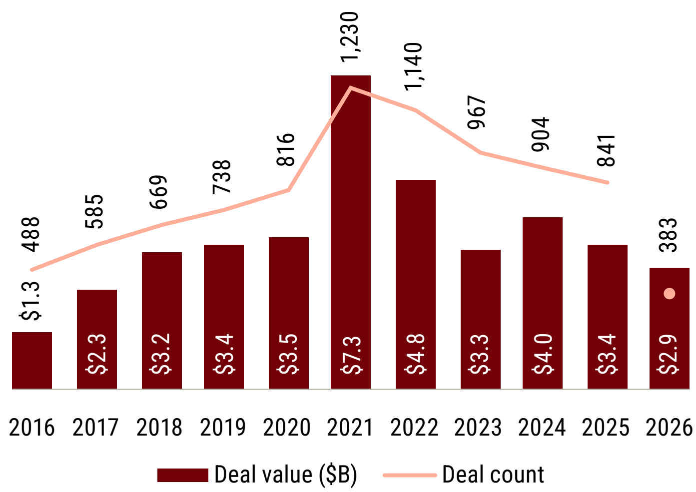
Slower pace of dealmaking for all-female teams

VC deal activity in companies with all-female founding teams



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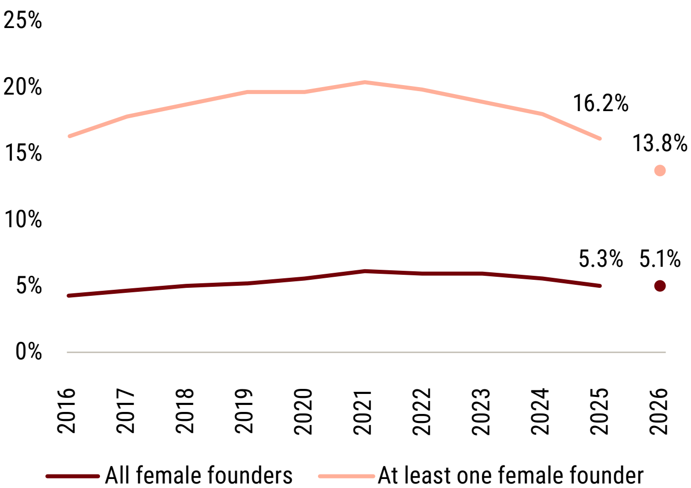
Female-founded companies make up 13.8% of all deals

Female-founded company deal count as a share of all VC deal count



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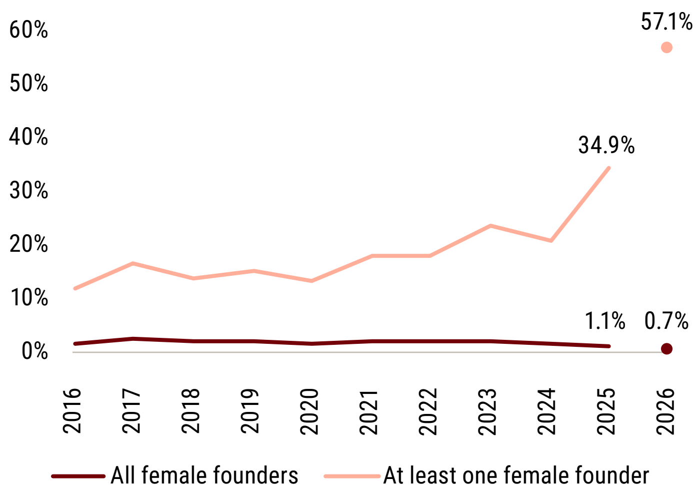
Only 0.7% of capital was invested in all-female teams in H1

Female-founded company deal value as a share of all VC deal value



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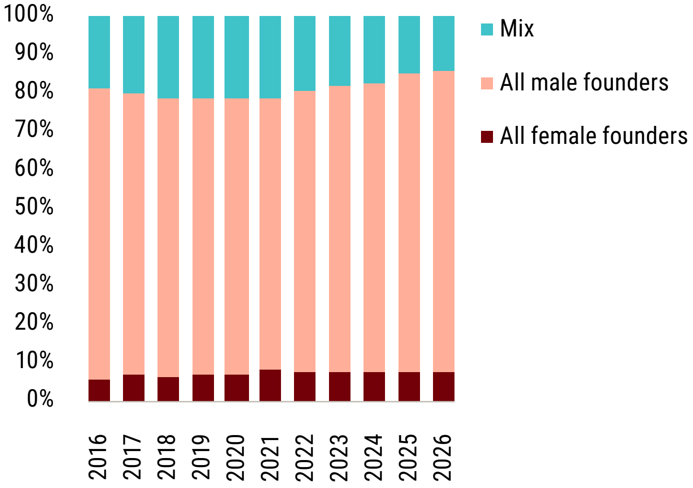
78.2% of first-time financings in H1 went to all-male teams

Share of first-time financing VC deal count by founder gender mix



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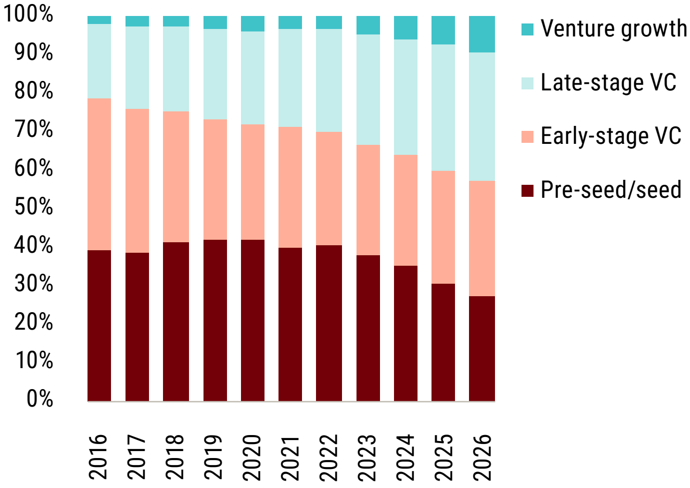
Later stages hold their greatest share of deals ever in H1

Share of VC deal count for female-founded companies by stage



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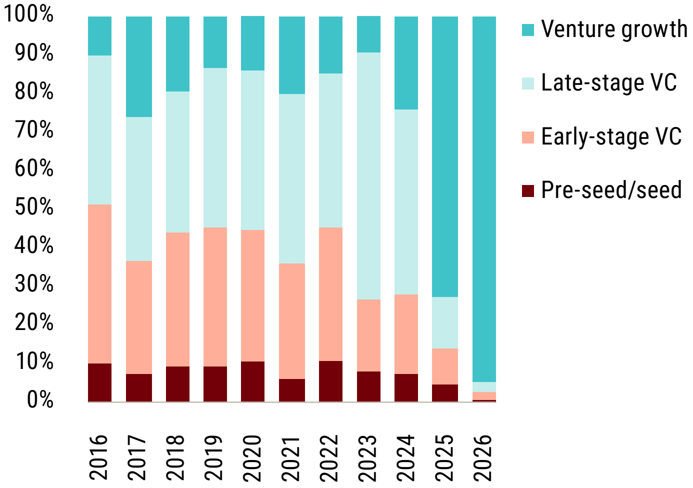
Venture growth captures 94.3% of H1 deal value

Share of VC deal value for female-founded companies by stage



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San Francisco CSA leads deal count for all-female teams

Top five CSAs by trailing 12-month VC deal count for companies with all-female founding teams

CSA	Deal count
San Jose-San Francisco-Oakland, CA	144
New York-Newark, NY-NJ-CT-PA	133
Los Angeles-Long Beach, CA	63
Philadelphia-Reading-Camden, PA-NJ-DE-MD	39
Boston-Worcester-Providence, MA-RI-NH-CT	37

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Note: The San Diego MSA is excluded from the Los Angeles-Long Beach CSA.

A WORD FROM DENTONS GLOBAL VENTURE TECHNOLOGY GROUP

Breaking through: What sets emerging venture managers apart today

Dentons' Christopher J. Kula speaks with Nisha Dua of BBG Ventures and Rick Zullo of Equal Ventures about what it takes for emerging managers to stand out with LPs, win founders, and navigate today's concentrated venture market.

Christopher J. Kula

Partner, Dentons Corporate Practice

Christopher J. Kula is a partner in Dentons' Corporate practice, advising investment managers, sponsors, and institutional investors on fund formation, structuring, governance, and regulatory matters. His experience spans private credit, venture capital, and private equity funds, as well as secondaries, advisor regulation, and investment management transactions.

Nisha Dua

Managing Partner, BBG Ventures

Nisha Dua is a managing partner at BBG Ventures, an early-stage venture firm investing at the intersection of emerging technologies and shifting consumer needs for the "polycultural" future of the US. She focuses on backing founders with unique earned insights, particularly in underserved markets, and has experience building platforms that bridge consumer, enterprise, and societal trends.

Rick Zullo

Founder and Managing Partner, Equal Ventures

Rick Zullo is founder and managing partner at Equal Ventures, an early-stage firm focused on thematic investing across sectors including supply chain, insurance, retail, and energy. Known for a high-conviction approach, he partners closely with founders to build and scale companies with durable fundamentals and long-term category-owning potential.

Kula (Dentons, NY): It feels like the market has become much more concentrated from a fundraising perspective. What are you both seeing in terms of what's actually separating the emerging managers who are breaking through right now?

Zullo (Equal Ventures, NY): I have never seen a more "haves and have-nots" market. If you have heat as a manager, your fund closes very, very quickly. If you do not, it is incredibly hard—even for funds with solid paper returns and some DPI. LPs are not just asking what your backward-looking returns are; they are asking who is going to win in the future and whether you have the right to win for a specific set of opportunities. For us, that means being one of the first calls for early-stage opportunities in energy, insurance, retail, and supply chain. If you cannot make it obvious why you should be one of the top names for a founder in your category, you will be out.

Dua (BBG Ventures, NY): I think that is right. The pressure for emerging managers to have a reason to exist has never been higher. A lot of dollars are going to a very small number of funds, but I'd argue that a lot of VCs are investing in what we call the commodity middle—horizontal AI, point solutions, and wrappers. In any platform shift, capital converges in the same networks, the same founder archetypes, and the same pattern matching. Where emerging managers can still generate alpha is by having a thesis that is genuinely differentiated or nonobvious. For us, that means looking at the big opportunities for the fundamental needs of the "polycultural" future of the US, backing founders with lived experience over logo-filled resumes, and investing outside of where the majority of capital is going.

Kula: That makes sense. And when you're out talking to potential LPs, how does their approach toward investment opportunities manifest itself? What are they really chasing?

Dua: Both sides of the market are true. LPs are chasing where capital is already going because, in a platform shift, they believe that is where outsized returns will be, but they are also thinking hard about where we are in the cycle and how to add diversification to a portfolio. So anyone who is thinking about the market in a nonobvious way can get attention—the point is differentiation.

Zullo: Exactly. The question is not just "Can you raise?" It is "Why are you going to win?" LPs want to know whether you are going to be in the very small group that gets into the best opportunities. If that is not unequivocally obvious, this is a very unforgiving market.

Kula: Switching gears a bit—founders are making choices too. How should emerging managers be thinking about their own platform and what they're actually offering?

Dua: There has been a "platformization" of venture for years, but we are now in a strange moment where everyone believes they need a platform or a brand but isn't sure what that means. There is a sea of LinkedIn posts, podcasts, and Substacks, and some of the big funds have real content engines behind them. The question is: What are you offering beyond content?

The founders riding momentum are often attracted to larger platforms that offer go-to-market teams, marketing support, or hiring help. For emerging managers, the proposition has to be different. It comes back to the partners, the thesis, and how you show up one-on-one. In our case, we are former operators, so we play that role directly rather than farming it out.

Zullo: I think that is exactly right. You cannot outmarket the big funds. Your answer has to be your book. Your portfolio has to show that great founders want to work with you and that you are winning in real time—not by saying it, but by building something several standard deviations away from the norm. If you are trying to be a junior version of a large platform fund, you are dead in the water.

Kula: As you think about your existing funds, how are you approaching portfolio construction and the desire for liquidity from your existing LPs?

Zullo: One thing we have tried to do is split the portfolio into cash cows and heaters. The cash cows are businesses that may be outside the zeitgeist but are growing and generating real cash flow and do not need to stay on the venture-capital drug. The heaters are higher-velocity opportunities where outside capital still makes sense.

The key is making sure companies are not addicted to venture funding. If something falls out of favor, it still needs a path to profitability. That is especially important when you are investing through hype cycles.

Dua: We use a similar barbell approach. On one side are "deep technology leverage" companies building AI-native tools to drive new behavior or new value pools that may need longer time horizons. On the other side are our "deep humanity" companies: more capital-efficient—and often consumer—businesses that can reach profitability, create optionality around exits, or take money off the table in a growth round. LPs are also asking more about DPI. They want to know if you have thought about secondaries, M&A, and practical paths to liquidity—even if there is no immediate pressure.

Kula: You both touched on secondaries and the gap between expectations and outcomes. What is your approach toward those types of transactions given the current exit market?

Dua: Managers need to develop guardrails around secondaries, especially in hype cycles. That does not mean trading out of everything, but knowing when it makes sense to sell some secondary and deliver meaningful return to the fund. And you have to be candid with founders about your strategy early in the piece. I also think FOMO is a weakness in this market. A little JOMO—joy of missing out—probably would not hurt anyone when thinking about driving returns in a hype cycle.

Zullo: I agree with that completely. There is also a real gap between what early-stage investors need and how later-stage capital behaves. A lot of strong companies that are growing and cash-flowing—but are not "zeitgeist" assets—end up looking like zombies in venture portfolios.

There should be more collaboration between emerging managers, seed investors, and growth equity around those companies. A billion-dollar outcome can be transformational for firms like ours and for founders. Not everything has to be a decacorn story to matter.

Kula: If you were starting a fund today, what would you do differently? And what would you stay disciplined on?

Dua: I would continue to stay disciplined on up-front ownership. It is easy to make exceptions or overemphasize reserves, but for a smaller firm, that early ownership really matters. I would also say every GP launching today has to be comfortable with having a front-facing personal brand. Founders are learning about firms from more channels than ever before, and individual partner exposures matter a lot.

Zullo: I would stay disciplined on the style of investing we do: early, high-conviction, and concentrated. But I would also say more directly that branding, voice, and distribution matter. That was not something I fully appreciated early on. If you are not creating your own distribution, no one is going to do it for you in this market.

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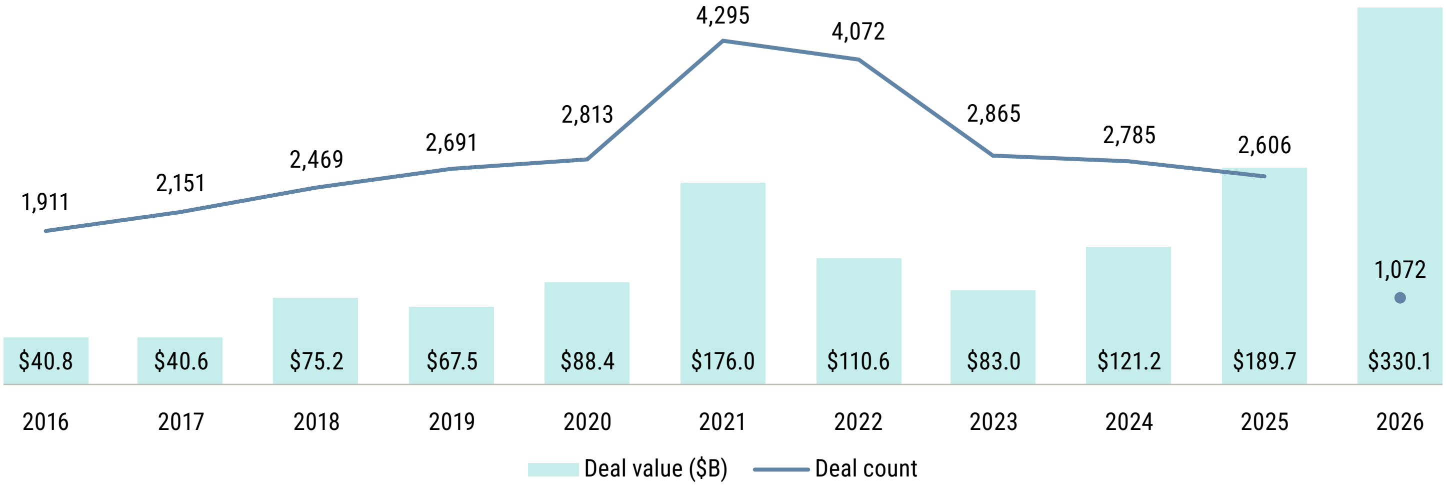
Investor trends

CVC deal count continues its descent

VC deal activity with CVC investor participation



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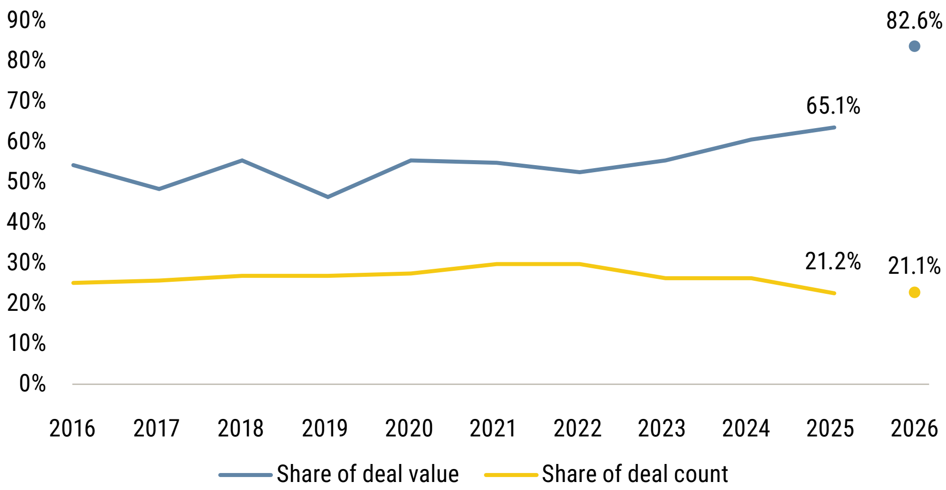
Nontraditional investor activity has moved at a slower pace this year than in 2025 as a shrinking number of crossover funds, asset managers, and corporates are writing progressively larger checks into the same narrow set of late-stage AI and infrastructure names. Nontraditional investor deal value reached $379.4 billion in H1 2026, but much of it is attributable to a handful of companies, including OpenAI and Anthropic. This concentration is not so much concerning as it is reflective of the current state of the market, especially as liquidity pressure remains high for nontraditional investors.

Corporate VC (CVC) activity has continued to decline, with CVC investors participating in just 21.1% of VC deals in H1 2026, the lowest share in the past decade. Rather than deploying additional capital into VC investments, many corporates are adjusting to the AI-driven market by keeping cash on their balance sheets to manage skyrocketing AI costs.

Large AI deals skew CVC share of deal value

Deal activity with CVC investor participation as a share of all VC deal activity with known investors



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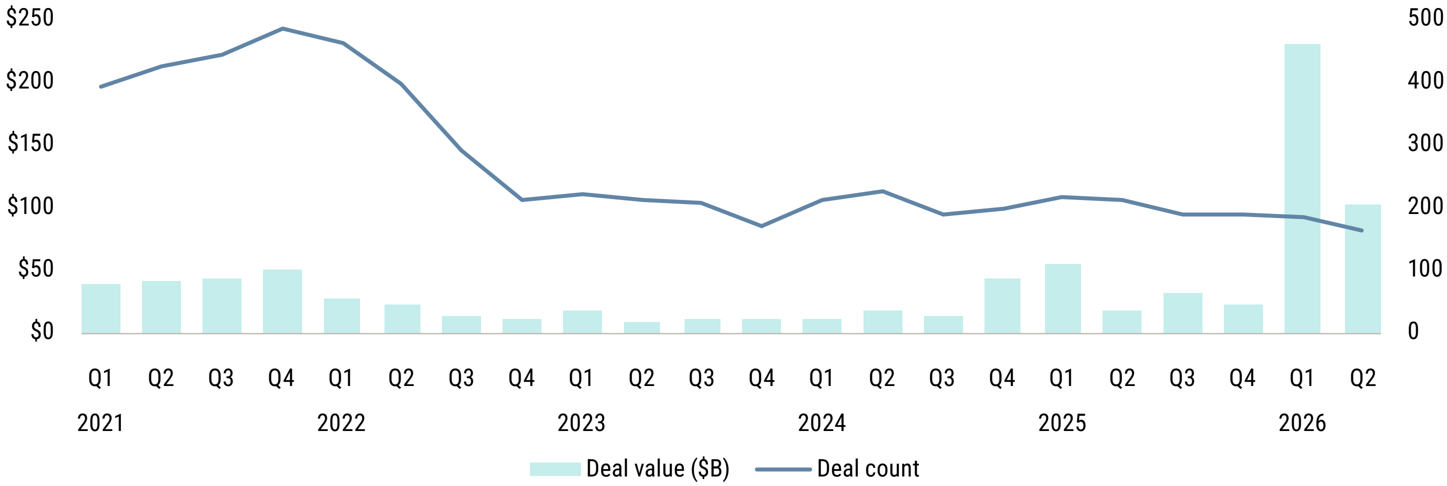
Crossover investors are being selective

VC deal activity with crossover investor participation by quarter



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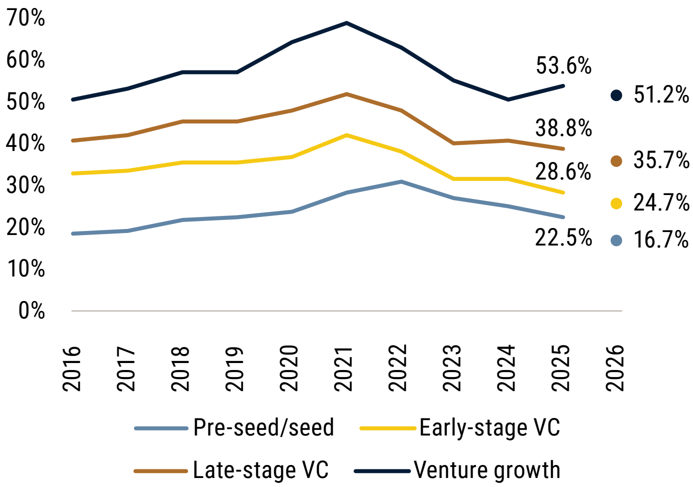
Nontraditional investor activity reaches lowest proportion in past decade across nearly all stages

Deal count with nontraditional investor participation as a share of all VC deal count by stage



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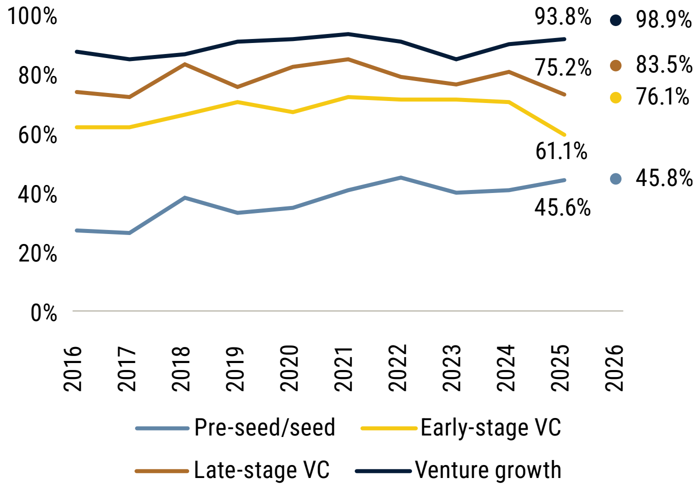
Nontraditional investor capital focusing on largest deals

Deal value with nontraditional investor participation as a share of all VC deal value by stage



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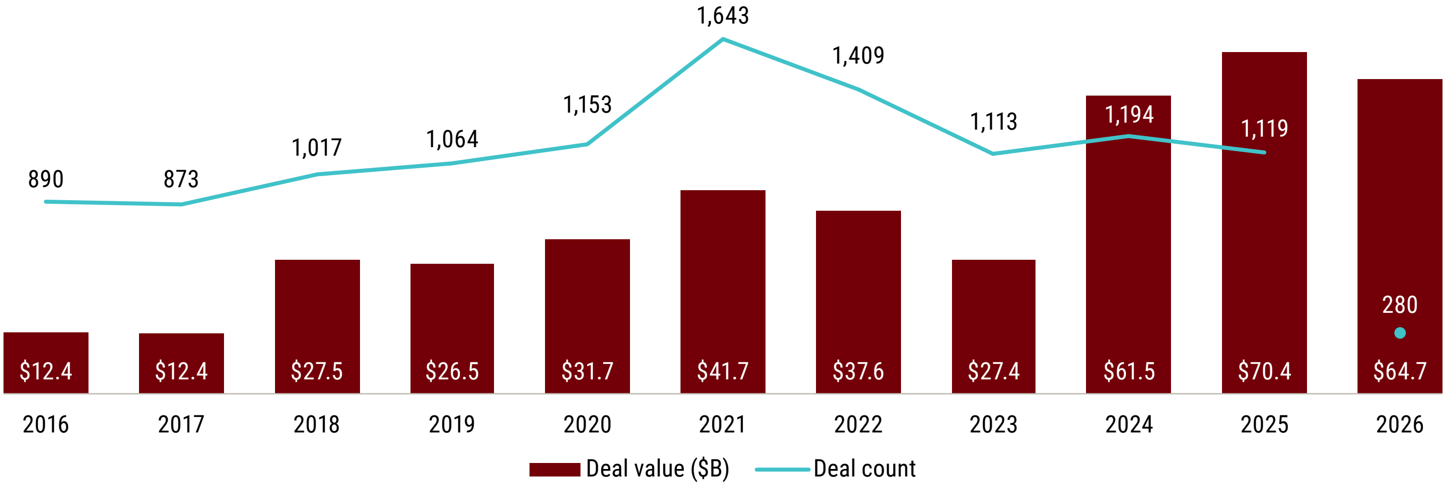
Crossover investors illustrate the starkest form of capital concentration. They participated in $325.1 billion of deal value through Q2, more than double 2025's total, yet the count of deals involving crossover investors fell to the lowest level since 2019. Crossover firms are being more cautious about deploying capital, which has negatively affected the broad base of growth-stage companies that have historically relied on crossover capital to bridge to exits. Whether this trend persists depends on how the AI listing wave is received in public markets, which will determine crossover funds' appetite for private positions at current valuations.

Venture debt

Venture loan counts struggle to find their footing

Venture debt deal activity



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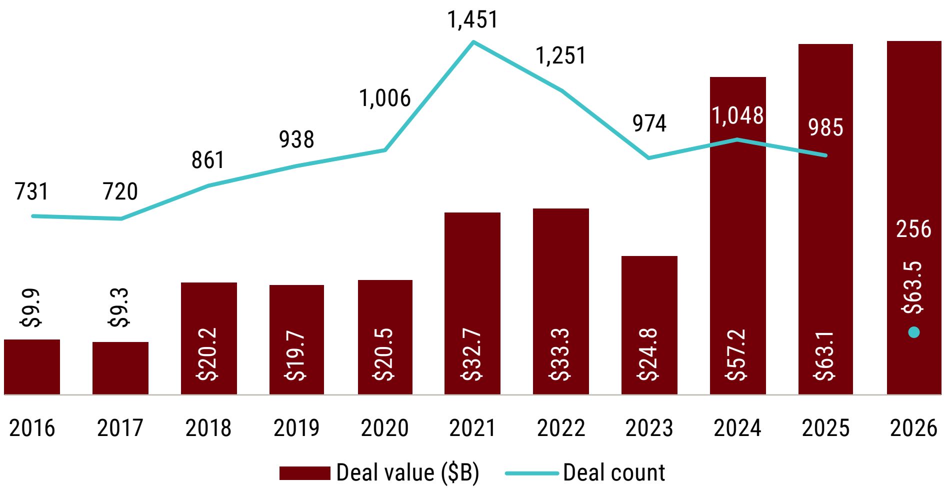
In H1 2026, the venture debt market mirrored the equity market's concentration, with dollar volume holding up even as the number of loans cratered. The H1 debt issuance of $64.7 billion was extremely high, though it was boosted by a few outsized loans, including a $20 billion debt refinancing for SpaceX. The 280 loans recorded through Q2 highlight a challenging market. The post-2022 retrenchment of the traditional venture-lending market, accelerated by the collapse of Silicon Valley Bank, a major sector lender, has given way to a market in which fewer, far larger debt deals are concentrated among the most established borrowers.

AI leading tech VC lending activity

Tech venture debt deal activity



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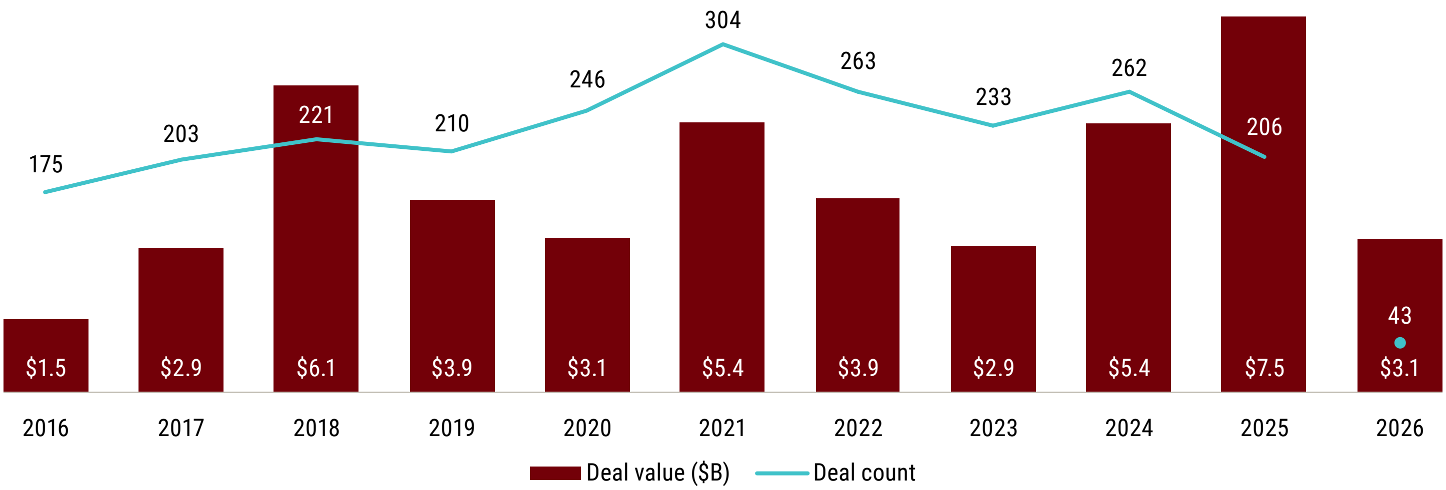
Private credit's expansion into the space has helped sustain dollar volume even as the number of borrowers has shrunk, but the availability of venture debt to the typical growth-stage company remains constrained and focused on AI. The SaaS-pocalypse has also eroded much of the goodwill and trust that private credit investors have generated over the past few years, even if the loans exposed to SaaS and the impact of AI are relatively less risky in VC than in the private equity market.

The stage breakdown of venture debt reveals an anomaly that points squarely to the AI infrastructure build-out. Venture-growth-stage debt surpassed $54 billion in H1 alone, higher than its prior peak. The scale of the AI compute build-out, evident in the multibillion-dollar capital expenditures disclosed by the largest AI model and infrastructure companies, is now as clearly visible in the debt data as it is in the equity data. The venture debt market, like the equity market, has bifurcated into a small set of enormous infrastructure-driven facilities and capital-intensive models, and a long tail that has been largely cut off.

Healthcare loan value pacing strongly

Healthcare venture debt deal activity



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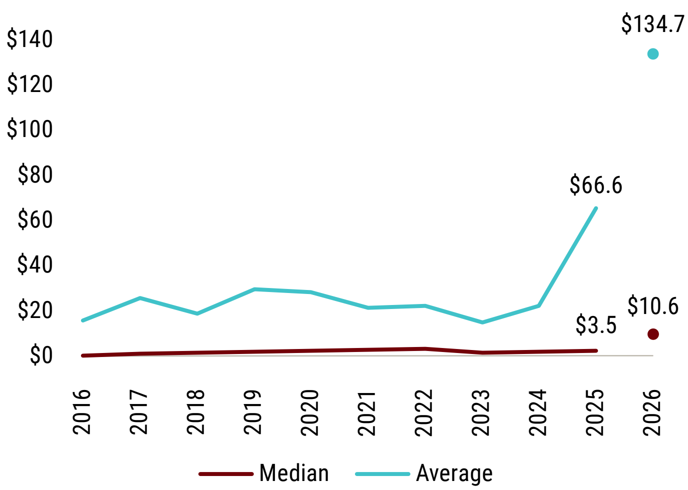
Fewer loans leading to higher medians

Median and average early-stage venture debt deal value ($M)



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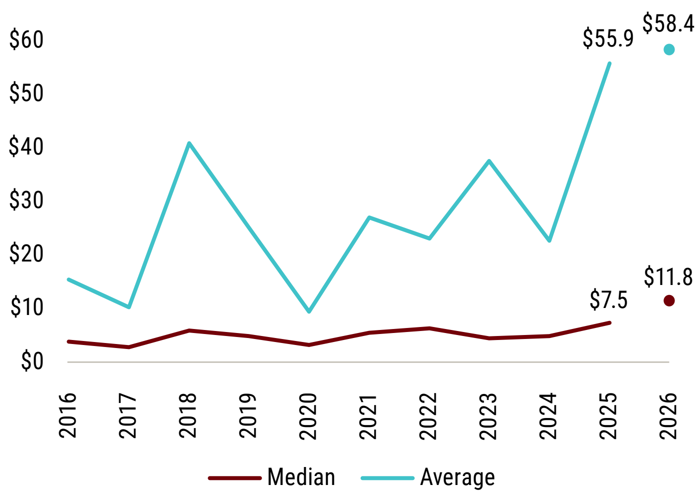
AI build-out costs increasing loan sizes

Median and average late-stage venture debt deal value ($M)



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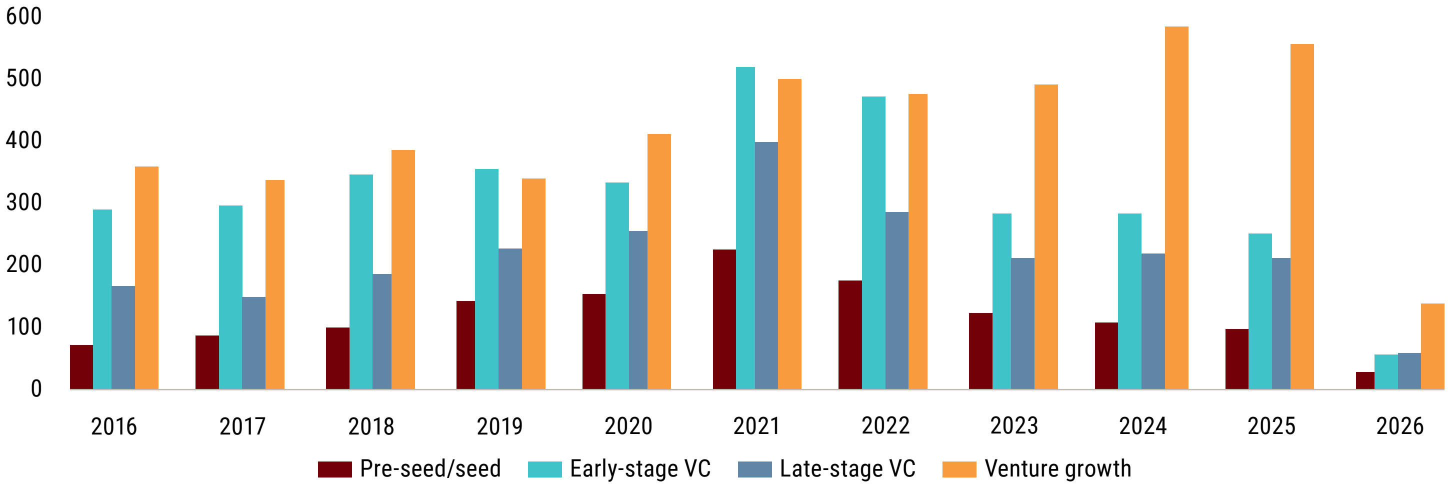
Venture-growth risk suitable for lenders

Venture debt deal count by stage



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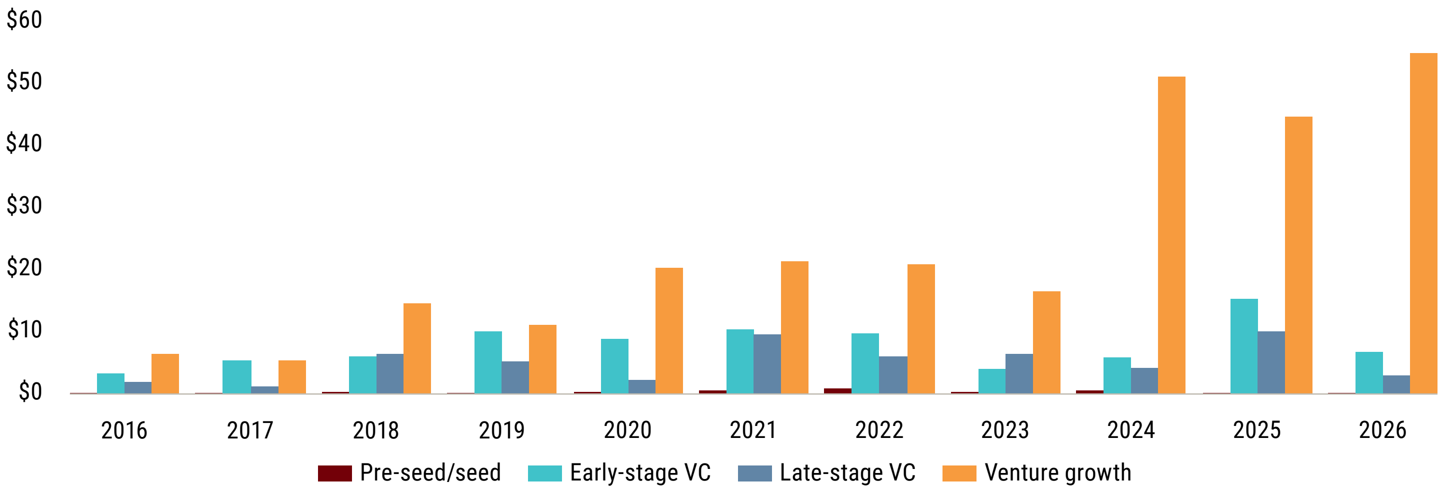
A few companies dominate lending at venture-growth stage

Venture debt deal value ($B) by stage



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A WORD FROM EISNERAMPER

What the proposed rule on alternative investments in 401(k)s means for advisors

Much of the focus of the Department of Labor's proposed "Fiduciary Duties in Selecting Designated Investment Alternatives" rule is an important development for investment advisors to hedge funds, VC funds, PE funds, and other alternative asset managers. While the proposal targets Employee Retirement Income Security Act (ERISA) plan fiduciaries rather than fund managers directly, it could create opportunities for investment advisors by providing a defined prudence framework that makes it easier for plan fiduciaries to justify alternative investment exposure.

Nicholas Tsafos, Partner-in-Charge of New York region, EisnerAmper
Nicholas Tsafos is the partner-in-charge of EisnerAmper's New York City office, and partner-in-charge of the Digital Assets and Blockchain Group. He launched EisnerAmper Global and serves as a board member. With more than 30 years of experience, he provides accounting and auditing services to hedge funds, funds of funds, investment advisors, and other financial services entities.

What is the Department of Labor's proposed fiduciary rule?

The Department of Labor published the rule in the Federal Register on March 31, 2026, with comments due by June 1, 2026. As proposed, the rule would establish a safe harbor for ERISA fiduciaries selecting designated investment alternatives for participant-directed individual account plans.

For alternative investment advisors, the most significant benefit is access to the defined-contribution retirement market. The Department of Labor described the proposal as one that could increase retirement investment options for more than 90 million Americans and establish process-based safe harbors for plan fiduciaries considering alternative investments in 401(k) investment lineups.

Historically, alternative investment vehicles have had a far stronger presence in institutional portfolios, including those of endowments and foundations, pension plans, insurance companies, family offices, and high-net-worth channels, than in participant-directed 401(k) plans. Defined-contribution plans have generally been more cautious because of ERISA fiduciary risk, fee sensitivity, liquidity needs, participant disclosure concerns, and litigation risk.

The proposed rule does not eliminate those concerns, but it could reduce uncertainty by clarifying that fiduciary prudence is judged primarily by process. That is significant for advisors to private funds, because the barrier to retirement plan adoption has often been less about whether alternatives can serve an investment purpose and more about whether plan fiduciaries can defend the decision to include them.

What could this mean for alternative investment advisors?

It is also important to not overstate the proposal. The Department of Labor is not saying that hedge funds, VC funds, PE funds, private credit funds, or other alternatives are automatically appropriate for 401(k) plans. Rather, the proposal would establish a process-based framework that would require fiduciaries to objectively, thoroughly, and analytically consider relevant factors before selecting a designated investment alternative.

What are the six fiduciary factors that alternative managers must address?

The proposed rule cites six factors: performance, fees, liquidity, valuation, performance benchmarks, and complexity. These are precisely the areas where alternative strategies can face significant scrutiny. The opportunity for private fund advisors will therefore be tied to their ability to meet institutional-quality expectations.

Fund advisors that can support transparent reporting, sound valuation policies, credible benchmarking, liquidity management, fee justification, clear documentation, sponsor education, and robust process implementation may be better positioned than firms that rely on opaque structures or traditional private fund marketing approaches.

How can alternative managers access the 401(k) market?

The proposed rule could accelerate demand for investment structures that package alternative exposures with defined-contribution plans in a more compatible manner. Direct investment in a traditional drawdown PE fund may be difficult for many 401(k) plans. However, alternative exposure can be incorporated through asset allocation funds, target-date funds, collective investment trusts, registered funds, interval funds, tender offer funds, evergreen vehicles, managed accounts, and multimanager platforms.

The Department of Labor's proposal specifically discusses asset allocation funds that may include alternative assets and provides examples, including a target-date fund modified to include alternative investment vehicles for risk mitigation, in which the fiduciary uses a third-party investment advice fiduciary to analyze allocations, strategies, and fee structures.

That example is significant: The retirement plan opportunity may not come primarily from placing standalone private funds directly on plan menus. Instead, it may come through subadvisory roles, sleeves within diversified vehicles, model portfolios, custom target-date structures, or professionally managed asset allocation products.

The rule could also increase demand for due diligence advisory services. If plan fiduciaries are expected to analyze performance, fees, liquidity, valuations, benchmarks, and complexity, then alternative asset managers will need to supply information formats that fiduciaries can understand and use.

That creates opportunities for employee benefit plan consultants to help alternative investment managers develop ERISA-ready materials, participant communications, investment committee presentations, risk reporting, valuation explanations, liquidity analyses, benchmark methodologies, fee comparisons, and operational due diligence packages.

The Department of Labor's discussion of liquidity emphasizes both plan-level and participant-level needs, including withdrawals, reallocation, hardships, and loans. The valuation factor focuses on whether an investment alternative can be timely and accurately valued for plan needs. The Department of Labor highlights conflict-free, independent valuation processes and provides an example of a continuation fund involving affiliate transactions and proprietary valuations that would not satisfy the safe-harbor requirements.

For alternative investment vehicle advisors, those points are commercially important. Valuation governance, conflict controls, and clear disclosure will be central to whether a plan fiduciary can justify selecting an alternative product. Advisors should also keep in mind that under US Generally Accepted Accounting Principles (GAAP), an employee benefit plan may use the practical expedient to value its investment in an alternative investment vehicle if it meets the requirements of Accounting Standards Codification 820.

The Department of Labor's complexity factor is especially relevant. Under the proposal, a fiduciary must consider the complexity of the investment alternative and determine whether they have the skills, knowledge, experience, and capacity to understand it or whether they need assistance from a qualified investment advice fiduciary or another professional. Advisors who can translate fee waterfalls, carried interest, leverage, side pockets, gated liquidity, and private asset valuations into clear and defensible explanations could become significantly more valuable.

What does it take to compete for retirement plan capital?

Alternative investment advisors must address the needs of employee benefit plans. Distributions, fee sensitivity, and liquidity are among the concerns that plan fiduciaries need to address. Fiduciaries must be able to justify fees relative to expected risk-adjusted returns. The Department of Labor's proposal states that fiduciaries must consider similar alternatives and determine that fees and expenses are appropriate while also recognizing that the lowest-fee option is not always required if a higher-fee alternative offers a justified value proposition.

Under existing ERISA rules, the duty of prudence requires plan fiduciaries to develop a process to monitor all investments they have selected, which includes alternative investments. Designating an investment alternative is a fiduciary act, and the proposed rule does not change that ongoing obligation.

The proposed Department of Labor rule could benefit investment advisors to alternative investment vehicles by opening new distribution channels, increasing demand for retirement-compatible private market products, creating subadvisory opportunities, and elevating the value of advisors who can help plan sponsors and fund managers meet ERISA fiduciary expectations.

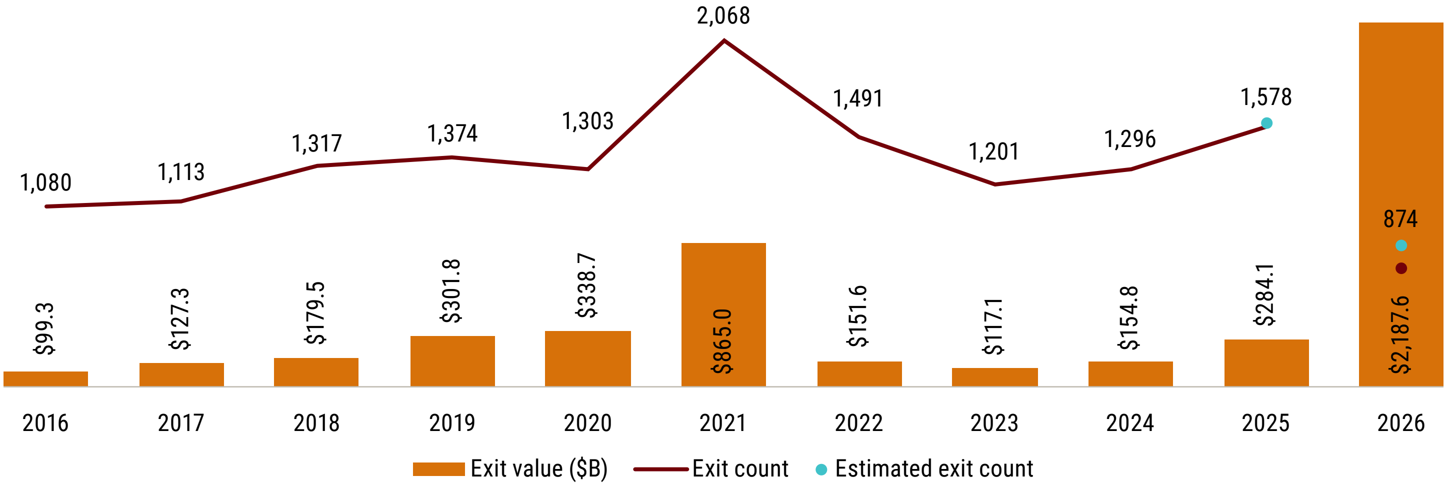
The firms best positioned to benefit will combine investment sophistication with fiduciary-ready operations: sound documentation, transparent fees, independent valuation, credible benchmarks, liquidity planning, and clear explanations of complex strategies.

The proposed rule is less a blanket invitation for alternative investment vehicles to enter 401(k) plans and more a road map for how alternative investment managers can compete for retirement plan capital.

Exits

2026 is a record-breaking but highly concentrated year for exits

VC exit activity



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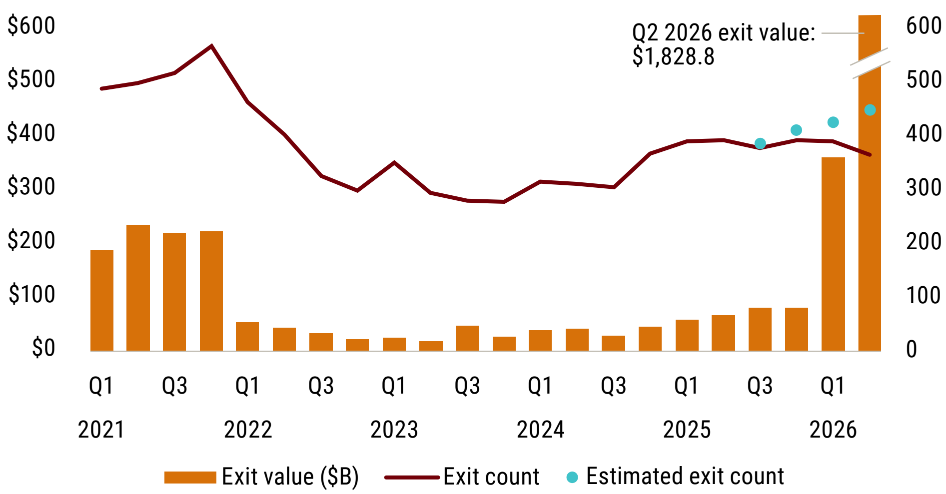
SpaceX has been the biggest story of H1 2026 for several reasons. In Q1, its acquisition of xAI totaled $250 billion, the largest acquisition of a VC-backed company ever. In Q2, SpaceX's $1.7 trillion IPO generated more value than all exits in the past decade combined, raised $75 billion, and saw its market capitalization surge above $2 trillion in early trading. Plus, SpaceX's $60 billion all-stock acquisition of Cursor will be the second-largest M&A of a VC-backed company, behind its acquisition of xAI.

However, without SpaceX, the quarter's exit value would sit at a level more consistent with the constrained environment of recent years. The IPO window is cracking open, but only narrowly for certain sectors like AI, space technology, and crypto. There have been some promising listings, like Cerebras' $34.3 billion IPO. The company canceled a 2025 public listing, raised $1 billion, and then completed its IPO at a valuation 5x higher than in the year prior. Positioning itself as a competitor to NVIDIA, Cerebras has ridden the wave of AI semiconductor fervor. Still, it has not been able to hold its price. After opening at $385 per share, more than double its IPO price, it has steadily declined to below its IPO price at the time of this writing. This decline continues the trend of highly valued tech companies seeing their stock prices fall in their first year as public companies. Of the 10 largest US tech IPOs, excluding Cerebras and SpaceX, just three posted positive performance in their first year.

SpaceX's IPO makes Q2's exit value dwarf every other quarter's

VC exit activity by quarter



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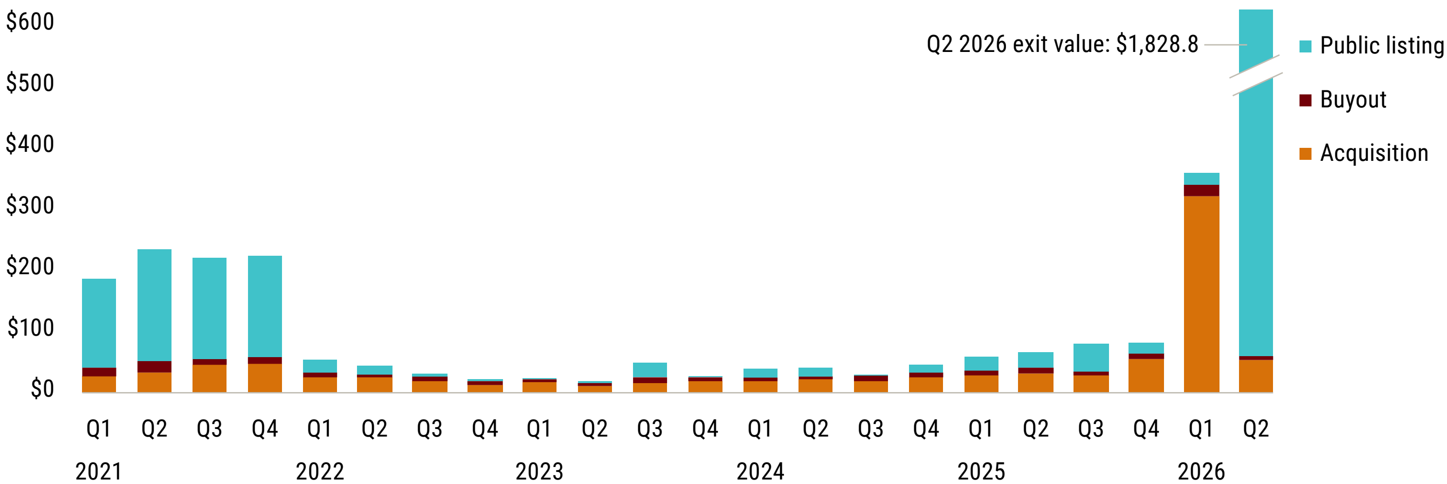
Beneath the record exit figures sits a backlog of trapped value that the SpaceX windfall did little to release. In

Q2, active unicorn counts reached a record 945, up 9.4% from year-end 2025, and aggregate unicorn value totaled $5.3 trillion. The distribution shortfall that has pressured LPs for years persists despite the quarter's record exit value, because that value is overwhelmingly concentrated in a single newly public company and has not yet flowed through to the broad base of funds and their investors. Until the AI listing wave broadens into sustained liquidity across multiple companies, the gap between record paper value and realized distributions will remain the defining tension of the market.

With OpenAI and Anthropic confidentially filing, the second half of 2026 will test how much institutional capital remains once these AI giants absorb their share. The everyday exit paths remain thin for the broader market, and realistically, many typical venture-backed companies without a path to a marquee IPO may need to accept exit prices well below peak-era expectations.

YTD acquisition value is at a decade high of $375.4 billion

Quarterly VC exit value ($B) by type



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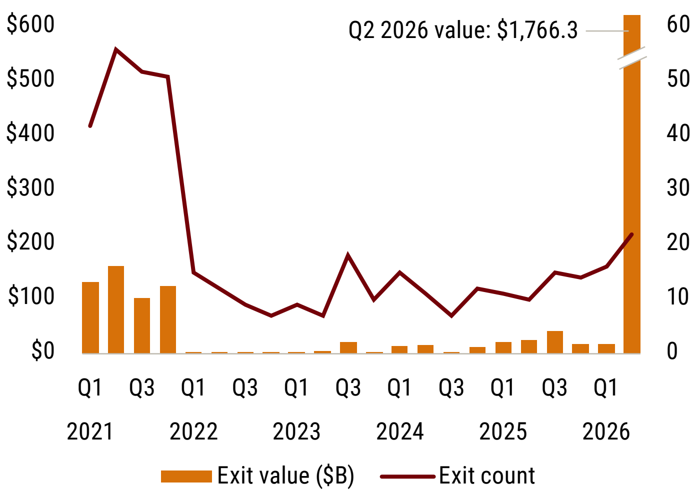
Quarterly IPO counts are steadily increasing

VC exit activity via IPO by quarter



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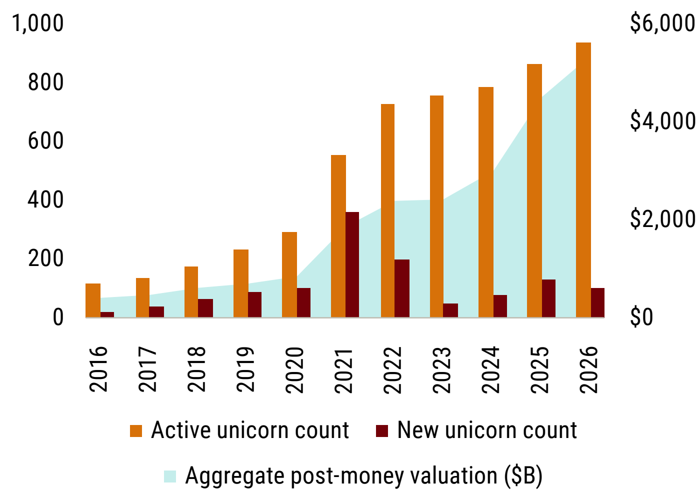
Unicorns are now valued at $5.3 trillion

Unicorn count and aggregate post-money valuation



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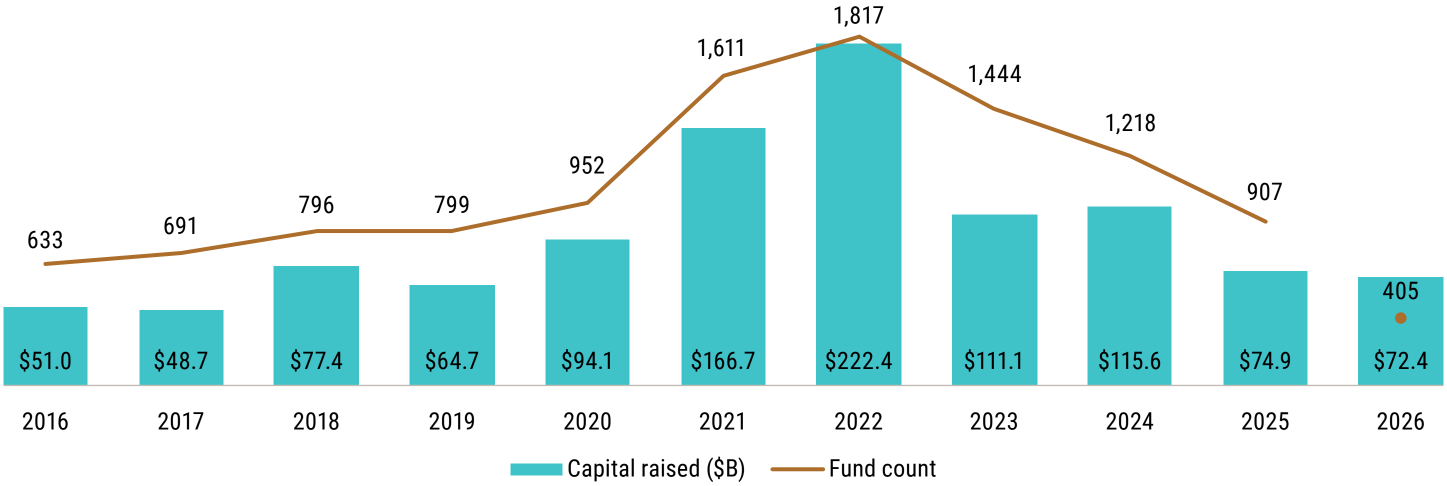
Fundraising

Fundraising is resilient but heavily concentrated

VC fundraising activity



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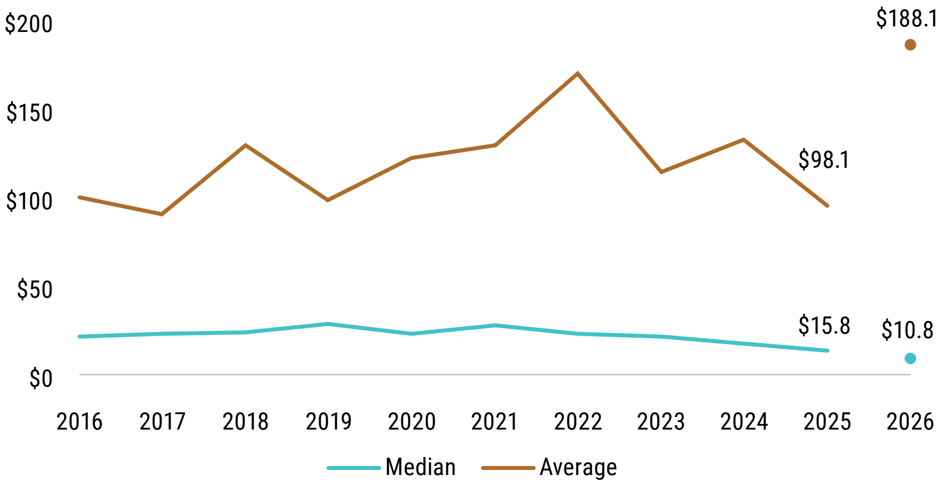
The split between resilient aggregate capital and a shrinking number of vehicles repeats the concentration theme that runs throughout this report. In H1 2026, capital raised reached $72.4 billion across only 405 funds, just below the full-year 2025 total of $74.9 billion across more funds. LP dollars are still flowing, but they are reaching a smaller set of large established managers rather than the broader market. Fund formation, a leading indicator of the asset class's future capacity, is contracting sharply. Over time, that could concentrate pricing power among the managers holding the most dry powder, and because much of that capital is bound for AI, it deepens the market's exposure to a single sector.

Outsized vehicles bring average fund size to a record high

Median and average VC fund size ($M)



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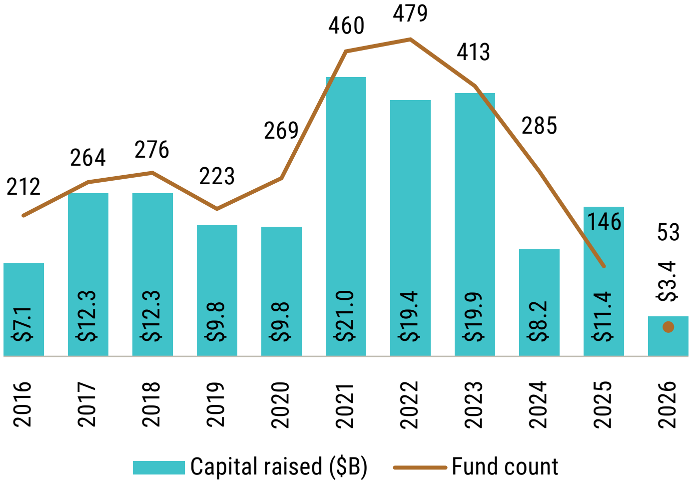
Capital is concentrating in large late-stage and multistage vehicles backing large later-stage AI companies. Funds of $1 billion or more raised $49.5 billion in H1 2026 across 16 vehicles, already well above the $27.5 billion those funds raised across 13 vehicles in all of 2025. 13 firms have crossed $1 billion in commitments this year, and a few brand-name firms accounted for most of the capital raised. Andreessen Horowitz raised $14.2 billion across seven funds; Thrive Capital, $10 billion across two; and Founders Fund, $10.6 billion across two. Together those three firms took in $34.8 billion, or 48.1% of all venture capital raised in H1 2026. For these managers, paying up at the earliest stages is a choice the fund size can afford: A large vehicle can take a sizable position before valuations climb rather than competing for a sliver of a later, pricier round.

First-time fund count annualizing to lowest total since 2016

VC first-time fundraising activity



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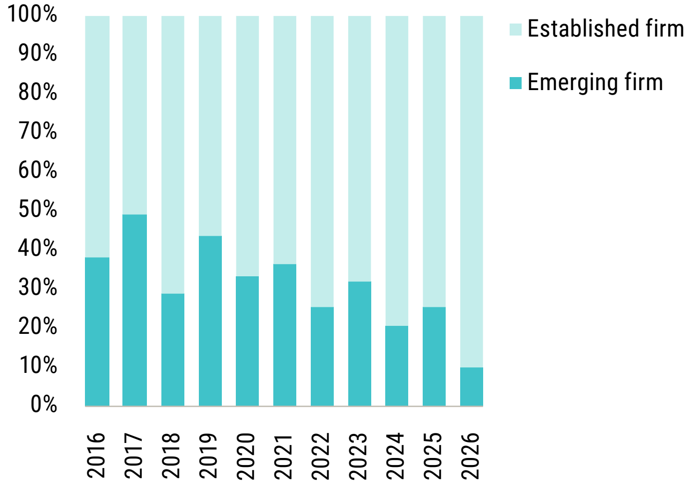
Capital concentration in established managers reaches record high

Share of venture capital raised by manager experience



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The shift toward established managers has come at the expense of emerging and first-time funds. Experienced firms raised $64.5 billion in H1 2026, against $7.9 billion for emerging firms. With experienced firms taking 89% of capital, the greatest share in a decade, the market is showing a strong preference for track records in an uncertain environment. First-time funds raised only $3.4 billion across 53 vehicles; the annualized value is well below the $11.4 billion they raised in all of 2025. Many of the emerging and first-time managers still raising are spinout managers from pedigreed funds or are veteran operators and investors, so the contraction reflects LP caution more than a shortage of credible new entrants. The pattern traces back to the distribution drought: With LPs receiving little cash back from existing commitments, they are concentrating re-ups on their highest-conviction relationships. The longer-term cost is the narrowing of a manager base that has historically seeded the next generation of venture franchises, an erosion that record megafund totals can obscure.

One operational metric underscores the same divide. The median time to close a VC fund fell sharply to 6.4 months in H1 2026 from 15.1 months in 2025. The faster pace is best read as a signal of which funds are reaching a close. The vehicles closing today are disproportionately the well-positioned, established funds that LPs are eager to back, while much of the broader market that has historically taken longer to raise has slowed or stopped fundraising.

The path back to a broader market runs through liquidity, and that will take time. SpaceX has listed, and OpenAI and Anthropic are expected to follow, but lockup periods mean GPs cannot sell into those listings right away, and share prices may move sharply by the time GPs are able to. Cash will not reach LPs until lockups expire and shares are sold, so the distributions that would free up new commitments are still a ways off. Until that cash flows back, the fundraising pattern is unlikely to shift, and capital should keep concentrating in the largest funds. That selectivity, visible in deals, exits, and investor participation, is the through line of H1 2026: a venture market setting records at the very top while contracting almost everywhere beneath it.

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Q2 2026 US league tables

Most active pre-seed/seed investors

1	Transpose Platform Management	61
2	Pioneer Fund	42
3	Y Combinator	33
4	Andreessen Horowitz	32
5	Plug and Play Tech Center	24
6	Antler	21
7	SOSV	20
8	Founder Factor	15
9	SV Angel	14
10	Multimodal Ventures	12
11	General Catalyst	11
11	Impact Assets	11
11	Rebel Fund	11
14	Kima Ventures	10
14	Team Ignite Ventures	10
16	500 Global	9
16	Alumni Ventures	9
16	BoxGroup	9
16	Elevate Ventures	9
16	I2BF Global Ventures	9
16	Liquid 2 Ventures	9
16	Mana Ventures	9

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Most active early-stage investors

1	Andreessen Horowitz	31
2	Y Combinator	29
3	Team Ignite Ventures	21
4	Alumni Ventures	20
5	Transpose Platform Management	16
6	Impact Foundation	14
7	General Catalyst	13
7	Khosla Ventures	13
9	Accel	12
9	Batch Ventures (California)	12
9	Kleiner Perkins	12
9	Pioneer Fund	12
9	Plug and Play Tech Center	12
9	Scribble Ventures	12
9	SV Angel	12
16	First Round Capital	11
16	GrowthX Capital	11
18	LedgerVenture	10
18	Offline Ventures	10
18	Rebel Fund	10
18	Sequoia Capital	10

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Most active late-stage investors

1	Alumni Ventures	15
2	General Catalyst	11
3	GrowthX Capital	10
3	Y Combinator	10
5	Connecticut Innovations	9
5	Founders Fund	9
5	Impact Assets	9
5	Khosla Ventures	9
5	Sequoia Capital	9
10	Gaingels	7
11	8VC	6
11	Andreessen Horowitz	6
11	FJ Labs	6
11	Index Ventures	6
11	Kachuwa Impact Fund	6
11	Launch Tennessee	6
11	Lux Capital	6
11	Valor Equity Partners	6
19	137 Ventures	5
19	Bessemer Venture Partners	5
19	Draper Associates	5
19	Impact Foundation	5
19	SOSV	5
19	Techstars	5
19	TEDCO	5
19	Tekla World Healthcare Fund	5
19	Thrive Capital	5

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Most active venture-growth investors

1	Sequoia Capital	11
2	Andreessen Horowitz	8
3	Coatue Management	6
3	General Catalyst	6
3	The Goldman Sachs Group	6
6	Founders Fund	5
6	Sapphire Ventures	5
8	Baillie Gifford	4
8	D1 Capital Partners	4
8	Energy Impact Partners	4
8	Spark Capital	4
8	T. Rowe Price Group	4
8	Thrive Capital	4

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Methodology

Deals

Deals include equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. It can include investment from individual angel investors, angel groups, seed funds, VC firms, CVC firms, corporate investors, and institutions, among others. 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, with any reference to "ecosystem" defined as the combined statistical area (CSA). We include deals that include partial debt and equity.

Pre-seed/seed: When the investors and/or press release state that a round is a pre-seed or seed financing, it is tagged as such. If the company is under 2 years old and the round is the first institutional investment in the company, the deal is tagged as pre-seed unless otherwise stated. Regulatory filings under $10 million for deals where investors are unknown are classified as seed unless pre-seed parameters are met.

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, and participating investors.

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, and participating investors.

Nontraditional investors: "CVC" includes rounds executed by established CVC arms as well as direct equity investments by corporations into VC-backed companies. "PE" includes VC deals by investors whose primary classification is PE/buyout, growth, mezzanine, or other PE. "Crossover" investors are a subset of nontraditional investors—specifically asset managers, hedge funds, mutual funds, and sovereign wealth funds—that have been active in VC investment across any stage. They are referred to as crossover because they are likely to be participating at the late stages immediately prior to an exit.

Venture debt: The venture debt dataset is inclusive of all types of debt products raised by VC-backed companies, regardless of the stage of company. In mixed equity-and-debt transactions, equity is excluded when the amount is of known value. Financings that are solely debt are included in this dataset though not incorporated into the deal activity dataset used throughout the report. Mixed equity-and-debt transactions are included in both datasets.

Exits

Exits 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 (an IPO) or the acquisition of the majority of the equity by another entity (a corporate or financial acquisition). 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. IPO value is based on the pre-money valuation of the company at its IPO price. One slight methodology update is the categorical change from "IPO" to "public listings" to accommodate the different ways we track VC-backed companies' transitions to the public markets. To give readers a fuller picture of the companies that go public, this updated grouping includes IPOs, direct listings, and reverse mergers via SPACs.

Fundraising

We define VC funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional VC firms, PitchBook also includes funds raised by any institution with the primary intent stated earlier. 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's investment team is based; if that information is not explicitly known, the HQ country of the fund's GP is used. Only funds based in the US 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.

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1: "May 2026 Challenger Report," Challenger, Gray & Christmas, June 4, 2026.

2: "Indeed AI Tracker," Indeed Hiring Lab, May 31, 2026.

3: "US Labor Market Snapshot — April 2026," Indeed Hiring Lab, May 14, 2026.

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