



VC Fundraising and Returns Report



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Key takeaways

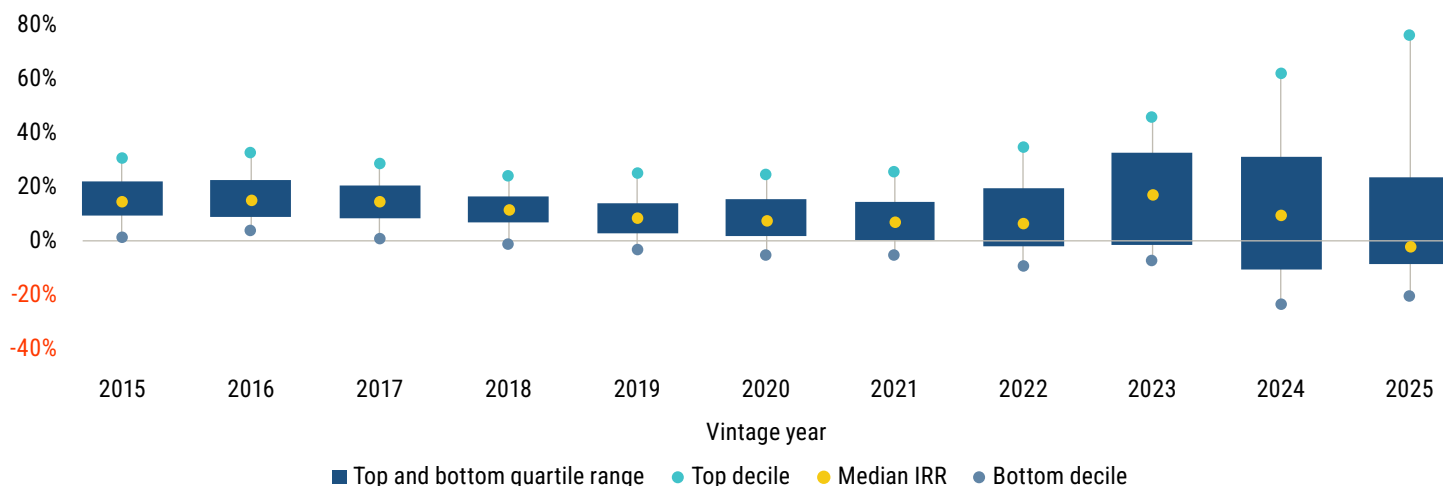
- **Fundraising has become a story of concentration.** US VC raised \$74.8 billion YTD in 2026—nearly matching 2025's full-year total—but billion-dollar-plus funds captured 68.3% of that capital, up from 36.1% in 2025. Just 12 firms accounted for 74.6% of total dollars raised.
- **US VC's one-year IRR recovery is attributable to AI valuation growth and does not signal a broad return of liquidity.** The 17.1% Q4 2025 horizon IRR is driven by NAV growth (up 21.6% YoY) rather than distributions, which remain well below the long-run 18.7% average. The three- and five-year IRRs (5.7% and 8%) tell a truer story, since they still reflect the 2022-2023 downturn.
- **Large exits are becoming more expensive to produce and less rewarding when they land.** The median company exiting above \$500 million has raised \$323.7 million, more than double the

figure a decade ago, while exit sizes have barely moved. Step-up on exit has collapsed from 62.8% in 2021 to 15.5% in 2026.

- **The IPO market remains closed while the pipeline of mature private startups keeps expanding.** Fewer than 50 VC-backed companies have gone public in any year since 2022, against a backdrop of 950-plus unicorns and 113 new billion-dollar valuations created this year alone. Private credit and secondaries have become substitutes, not bridges, to going public.
- **Small managers are being squeezed from both directions.** Sub-\$50 million funds now make up 67.7% of fund count (a decade high) but only 4% of capital raised (down from 7.5% in 2025), as LPs consolidate around brand-name managers, and large multistage funds increasingly write the early-stage checks that used to justify dedicated seed vehicles.

Challenging market has widened IRR dispersions in recent vintages

Dispersion of VC IRRs by vintage



Source: PitchBook • Geography: US • As of December 31, 2025
Note: All private capital returns are net of fees and accrued carry.

US VC market opportunity

US VC regains top one-year IRR as AI valuations soar

VC IRRs by strategy

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	15-year horizon IRR
Buyout 13.5%	Buyout 19.0%	VC 23.1%	VC 19.1%	VC 44.6%	VC 55.5%	Infrastructure 14.5%	Mezzanine 24.9%	Growth/ expansion 10.6%	VC 17.1%	Buyout 15.2%
Mezzanine 10.9%	Secondaries 18.0%	Direct lending 18.9%	Buyout 18.4%	Growth/ expansion 36.1%	FoF 54.3%	Direct lending 9.9%	Buyout 10.9%	Direct lending 7.9%	Growth/ expansion 11.0%	Growth/ expansion 14.6%
Private capital 10.3%	Growth/ expansion 14.9%	Growth/ expansion 17.0%	Growth/ expansion 17.2%	FoF 26.1%	Growth/ expansion 51.1%	Real estate 9.6%	Direct lending 9.3%	Buyout 7.5%	FoF 8.2%	VC 13.1%
Growth/ expansion 9.4%	Private capital 14.1%	FoF 16.0%	FoF 11.7%	Buyout 26.1%	Secondaries 46.7%	Secondaries 5.0%	Growth/ expansion 6.1%	Private capital 6.5%	Private capital 6.6%	Private capital 12.2%
Real estate 9.2%	Infrastructure 12.9%	Secondaries 15.6%	Private capital 11.5%	Private capital 19.4%	Buyout 42.7%	Mezzanine 1.7%	Private capital 6.0%	Secondaries 5.8%	Buyout 6.6%	FoF 12.2%
Infrastructure 8.6%	FoF 11.6%	Buyout 11.4%	Secondaries 11.1%	Secondaries 11.4%	Private capital 38.9%	Private capital 0.7%	Secondaries 5.2%	Infrastructure 5.5%	Infrastructure 3.7%	Secondaries 11.9%
FoF 6.8%	Real estate 11.0%	Private capital 11.2%	Mezzanine 9.0%	Direct lending 7.2%	Real estate 31.4%	Buyout 0.0%	Infrastructure 4.6%	Mezzanine 4.6%	Direct lending 2.6%	Mezzanine 10.0%
Secondaries 3.1%	Mezzanine 9.8%	Real estate 8.4%	Real estate 7.0%	Mezzanine 7.1%	Mezzanine 20.2%	Growth/ expansion -6.1%	FoF 1.6%	VC 4.5%	Secondaries 2.4%	Real estate 9.6%
Direct lending 2.5%	VC 9.0%	Infrastructure 5.7%	Direct lending 4.4%	Infrastructure 4.9%	Infrastructure 17.3%	FoF -6.5%	VC -4.3%	FoF 2.8%	Real estate 0.9%	Direct lending 7.9%
VC 0.0%	Direct lending 8.4%	Mezzanine -12.1%	Infrastructure 3.2%	Real estate 4.8%	Direct lending 11.3%	VC -18.0%	Real estate -6.1%	Real estate -0.3%	Mezzanine 0.6%	Infrastructure 7.8%

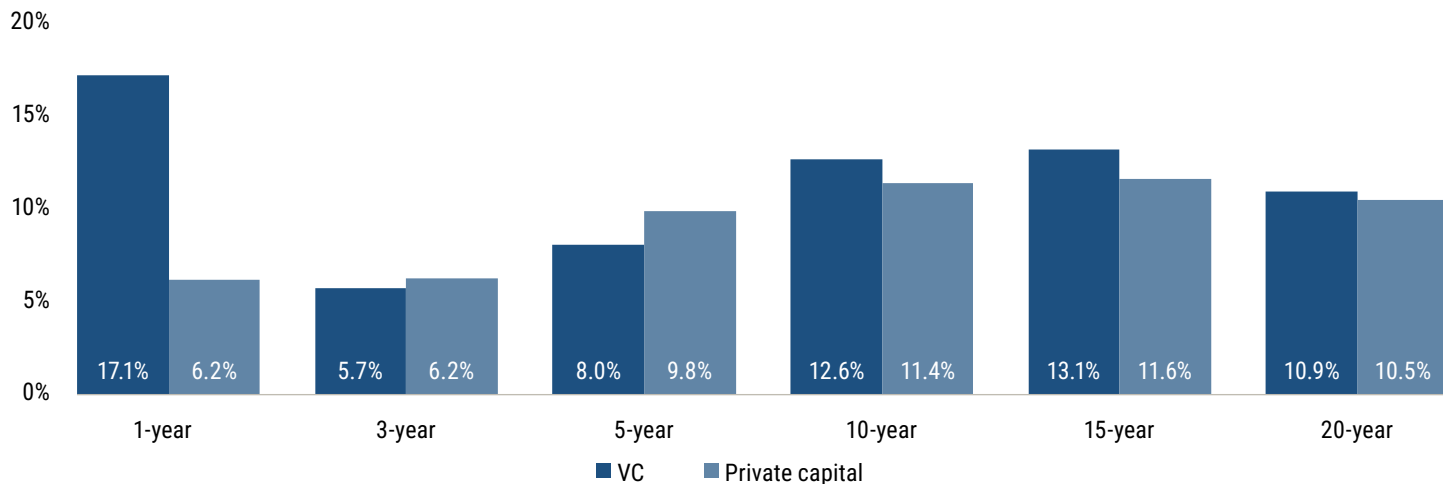
Source: PitchBook • Geography: US • As of December 31, 2025
Note: All private capital returns are net of fees and accrued carry.

The impact of five years of lagging liquidity in VC has forced LPs to make deeper decisions about where capital is allocated. In this market, large funds and established managers are receiving priority. This trend increases the likelihood that venture capital will continue to be shaped into a market that is unrecognizable compared with classic VC. Today's market theme is concentration, and fundraising is no different. Poor returns have driven LPs to narrow their allocations, and we expect that to continue as company life cycles extend, shaping the risk-reward payoff for allocations to the strategy.

The poor fundraising figures in VC over the past few years have not occurred only because VC has delivered weak returns. VC has trailed private capital returns across three- and five-year horizons, and even those private capital returns have dipped significantly from longer horizons. However, venture's riskier profile has widened the spread of returns for midterm vintages. Vintages 2018 through 2022 have the lowest VC top-quartile returns since the global financial crisis, as well as some of the largest standard deviations of returns during that time frame.

Private market returns have soured across shorter horizons

VC versus private capital horizon IRRs



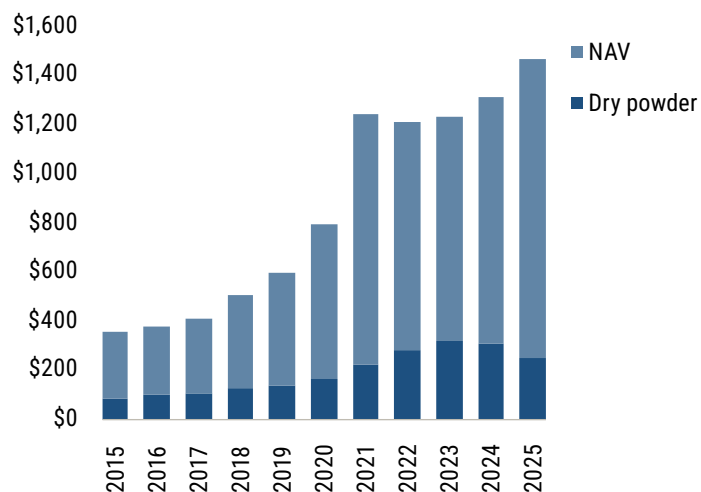
Source: PitchBook • Geography: US • As of December 31, 2025

The venture market has gone through a decadelong journey into its current form, which has added further pressure on the market, as realizations and LP expectations adjust at different speeds. The new market is one that drives more capital investment and has yet to broadly generate outsized returns that justify the adjustments.

The easiest place to highlight this change is the lack of IPOs during a strong period for public markets. There are now more than 950 unicorns in the US alone, yet fewer than 50 VC-backed companies have completed an IPO each year since 2022. Of that, only 41 have been unicorns. Instead, unicorns have fallen into two buckets: those with private market equity interests and those with few options due to stagnating growth or the inability to reach heightened benchmarks for investment. The former are staying private to raise capital in a startup-friendly market, while the latter struggle to raise, are forced into down rounds, or operate as future GP write-downs.

VC AUM nears \$1.5 trillion

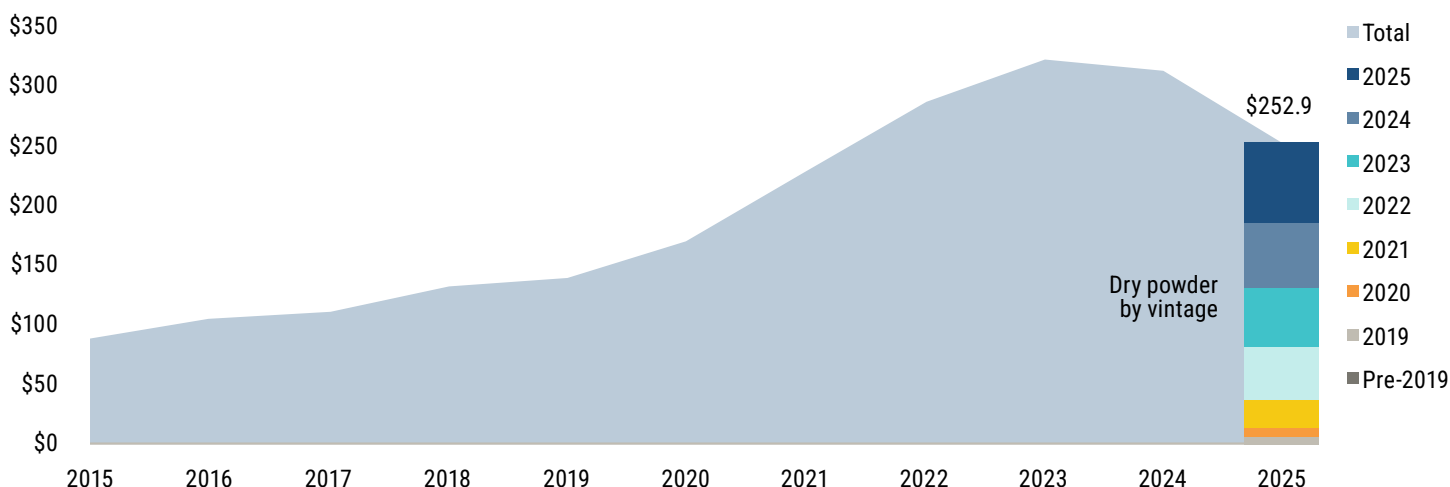
VC AUM (\$B)



Source: PitchBook • Geography: US • As of December 31, 2025

Dry powder slides as contributions climb

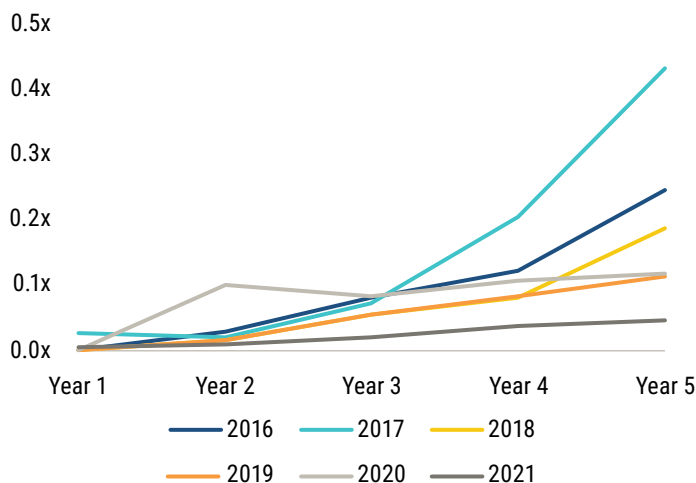
VC dry powder (\$B)



Source: PitchBook • Geography: US • As of December 31, 2025

2021 vintage DPI lowest five-year multiple this century

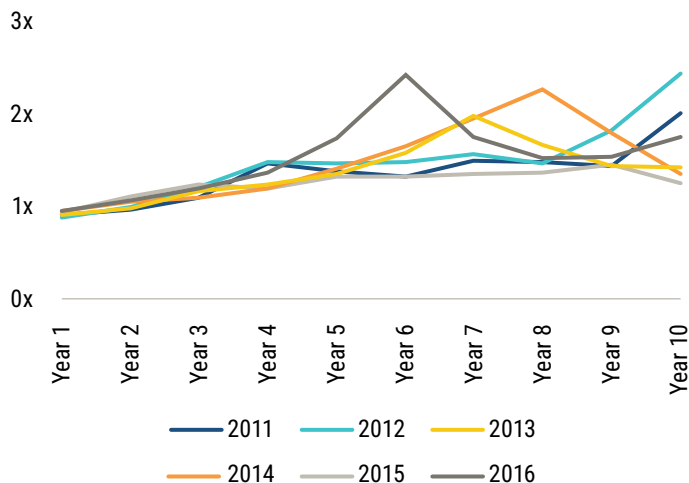
Average VC DPI by vintage and year since inception



Source: PitchBook • Geography: US • As of December 31, 2025

VC has drawn out significantly

Average VC RVPI by vintage and year since inception



Source: PitchBook • Geography: US • As of December 31, 2025

For the strongest companies, an IPO no longer offers a clearer incentive than continuing to raise private capital. Private credit provides ample debt capital for growth, while secondary markets can alleviate some liquidity pressure; in many cases, deal pricing is better in private.

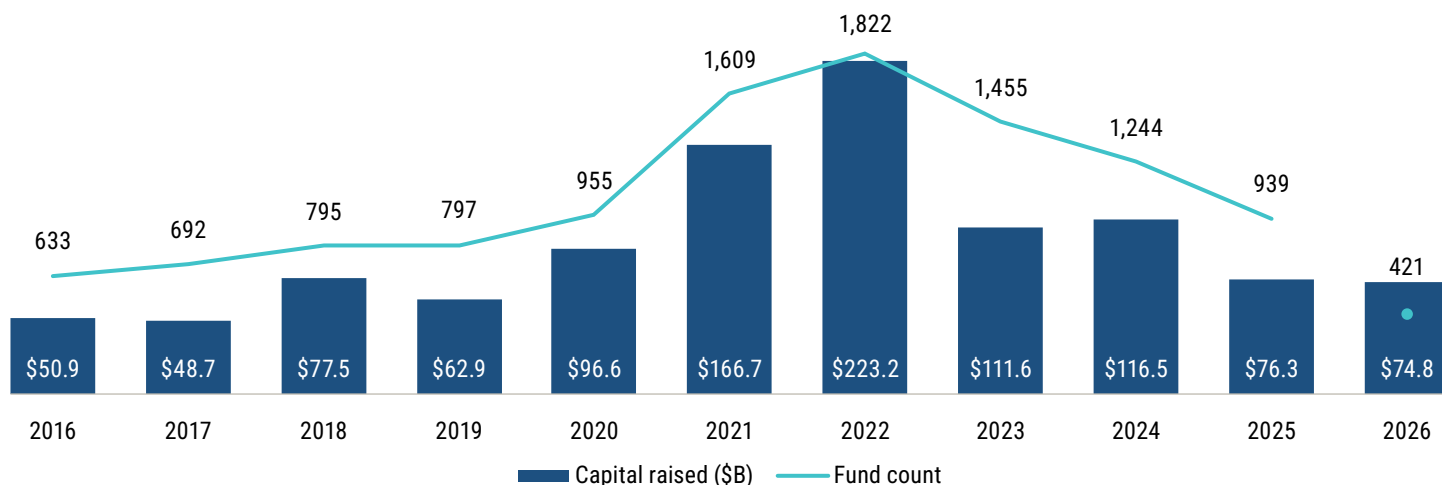
Moving forward, the regeneration of VC returns will rely on a broader exit market. That may not be solely through outsized IPOs or M&A. Secondaries continue to grow into a

significant part of the venture market, one that becomes even more necessary as companies remain private for more than 15 years. Median US seed valuations are approaching \$20 million, while Series A, B, and C rounds have median valuations that are more than double the 2021 froth. Continuing the historical performance bump for post-slowdown vintages will require even larger valuation growth over the next decade or a fundamental shift in how capital is allocated across a portfolio.

Supply of capital

H1 2026 capital raised near full-year 2025 total

VC fundraising activity



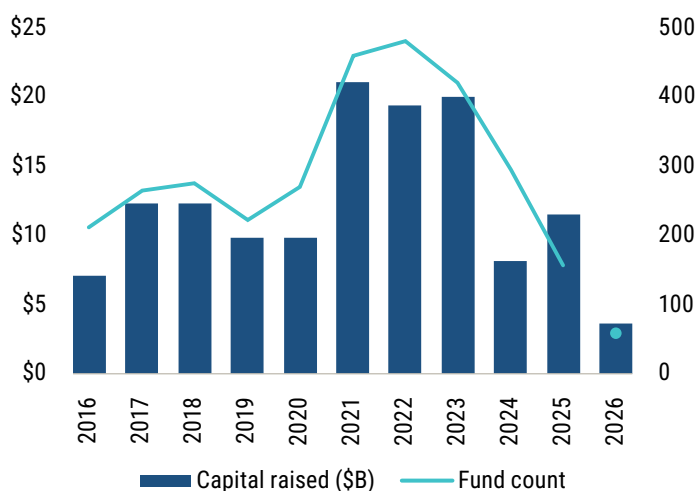
Source: PitchBook • Geography: US • As of June 30, 2026

In 2026 YTD (as of June 30), US VC funds raised \$74.8 billion across 421 vehicles. That total sits only slightly below 2025's full-year figure of \$76.3 billion, pointing to robust fundraising momentum. The strong aggregate commitment dollar figures mask a fundraising landscape that has become unprecedentedly concentrated. Funds above \$1 billion accounted for 68.3% of total capital raised in 2026 YTD—a decade high—up from 36.1% in 2025. Over the same period, billion-dollar-plus funds grew from 1.4% to 4% of all US VC funds with disclosed value. The concentration is even starker at the firm level. Just 12 firms that closed \$1 billion or more in aggregate 2026 commitments accounted for 74.6% of total capital raised. Large managers continue to hold more of the available dry powder, concentrating pricing power even further.

At the other end of the market, smaller funds face escalating competition for LP dollars, which shows up starkly in their shrinking share of the overall market. The sub-\$50 million fund count peaked at 779 in 2022 and has since fallen to 538 in 2025 and 285 in 2026 YTD. Yet because the overall market has contracted even faster, these funds' share of all US VC funds with disclosed value climbed from a stable 41% to 47% between 2016 and 2024, to 57.3% in 2025, and to 67.7% in 2026 YTD, a decade high. Their share of total capital raised moved in the opposite direction, falling to 4% in 2026 YTD from 7.5% in 2025. Part of the pressure on this segment may be structural.

First-time fund formation slows sharply, hitting a decade low in H1 2026

VC first-time fundraising activity

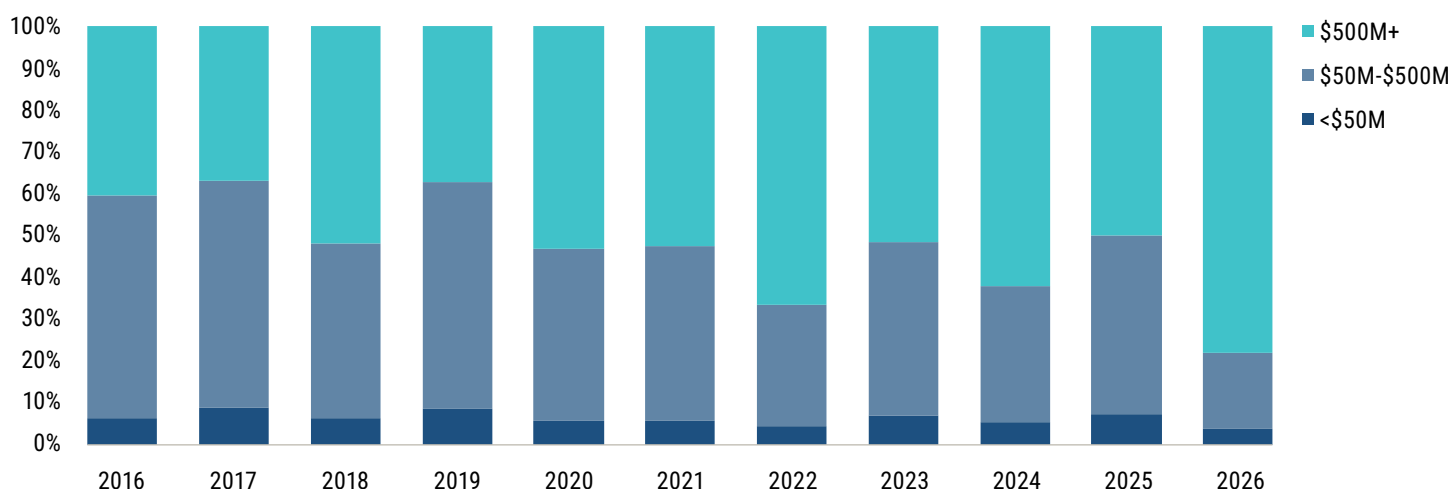


Source: PitchBook • Geography: US • As of June 30, 2026

Larger, multistage managers are increasingly writing seed and early-stage checks alongside their growth vehicles, giving LPs similar early-stage exposure through an established, diversified manager, which narrows the differentiated risk and return argument that has traditionally justified allocating to a dedicated early-stage fund.

Billion-dollar-plus funds capture a record 68.3% of capital raised in H1 2026

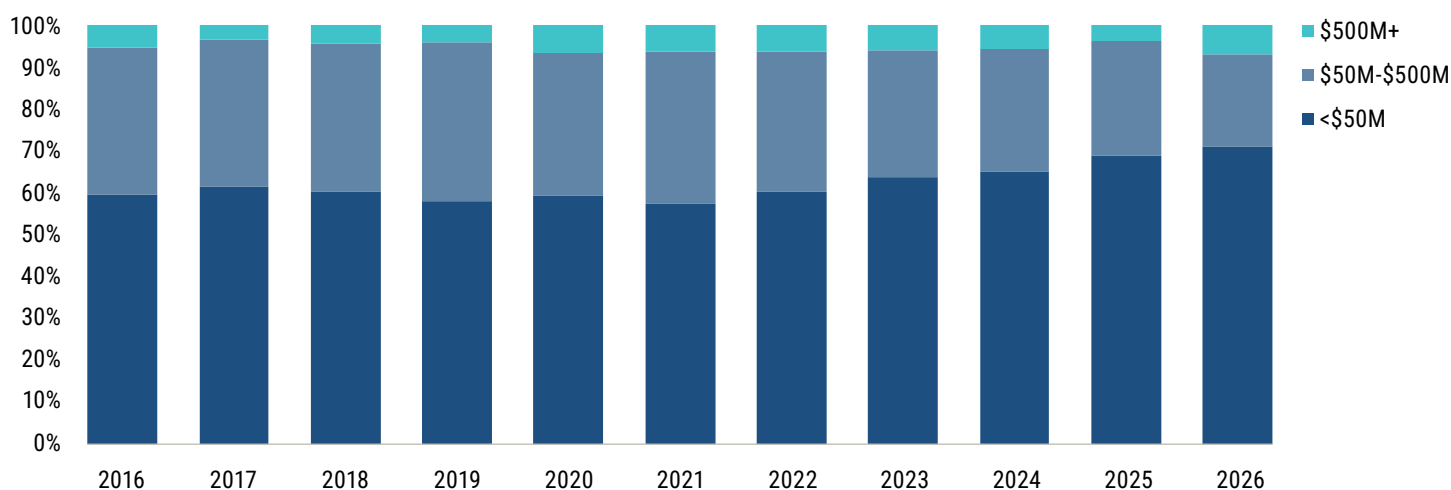
Share of venture capital raised by size bucket



Source: PitchBook • Geography: US • As of June 30, 2026

Sub-\$50 million funds now account for 67.7% of all funds closed—a decade high

Share of VC fund count by size bucket



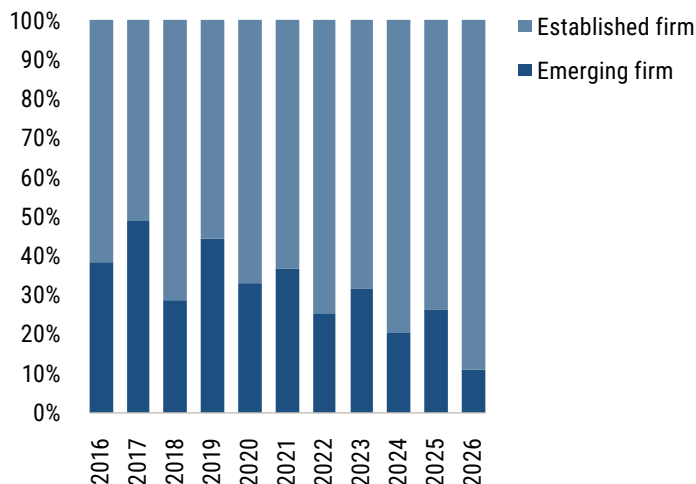
Source: PitchBook • Geography: US • As of June 30, 2026

Multiyear liquidity constraints in the US venture ecosystem underpin this selectivity. Some LPs with long-standing venture exposure have narrowed their list of managers, in some cases pausing new additions altogether. Where they are re-upping, LPs increasingly favor established managers with proven track records. When LPs re-evaluate their less-established manager roster, consistency and discipline in strategy are key considerations.

At the very top of the market, among the small number of managers raising billion-dollar-plus vehicles, closings frequently reflect genuine, oversubscribed demand. Billion-dollar-plus closes in 2026 YTD included some of venture's most established names, including Andreessen Horowitz, Sequoia Capital, Founders Fund, and Thrive Capital. Their brand recognition and track record give LPs the conviction to commit quickly. For the largest, most established managers,

Experienced firms capture 89% of capital raised in H1 2026, up from 74% in 2025

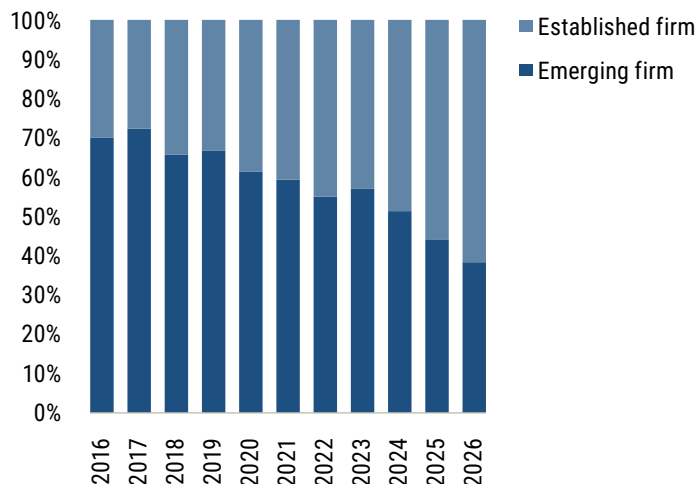
Share of venture capital raised by manager experience



Source: PitchBook • Geography: US • As of June 30, 2026

Experienced managers overtake emerging firms, now closing 62% of all funds

Share of VC fund count by manager experience



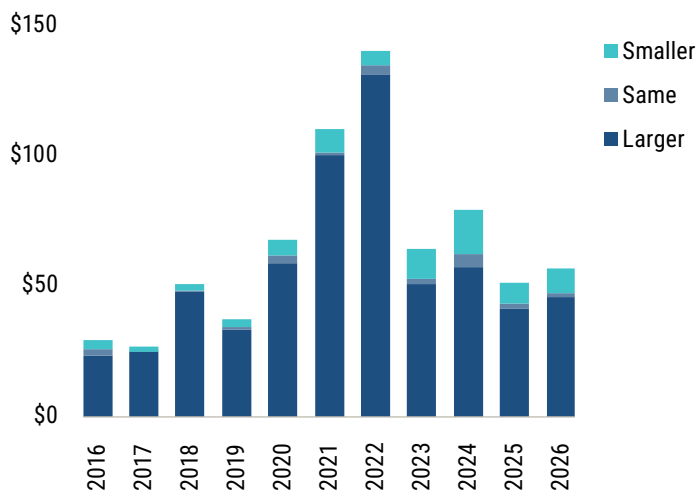
Source: PitchBook • Geography: US • As of June 30, 2026

fundraising success is partially reinforced by a flywheel effect: A manager whose past investments have succeeded attracts the best new founders, including repeat and second-time founders drawn by that reputation and network, which reinforces future returns and demand for the manager's next fund.

Small funds have traditionally required broad, diversified deployment, yet they compete directly with megafunds that can write larger checks across a larger portfolio, while also holding brand recognition that can provide first access to top companies. Without a clearly differentiated strategy, these small and mid-sized fund segments are squeezed. Either their funds are spread too widely to take meaningful stakes in top companies, or their funds become too concentrated and increase risk in the fund. Current market dynamics challenge long-held ideals of venture, which points toward a systemic shift rather than a temporary adaptation to liquidity stress.

Raising a larger fund than the last remains the norm among GPs in H1 2026

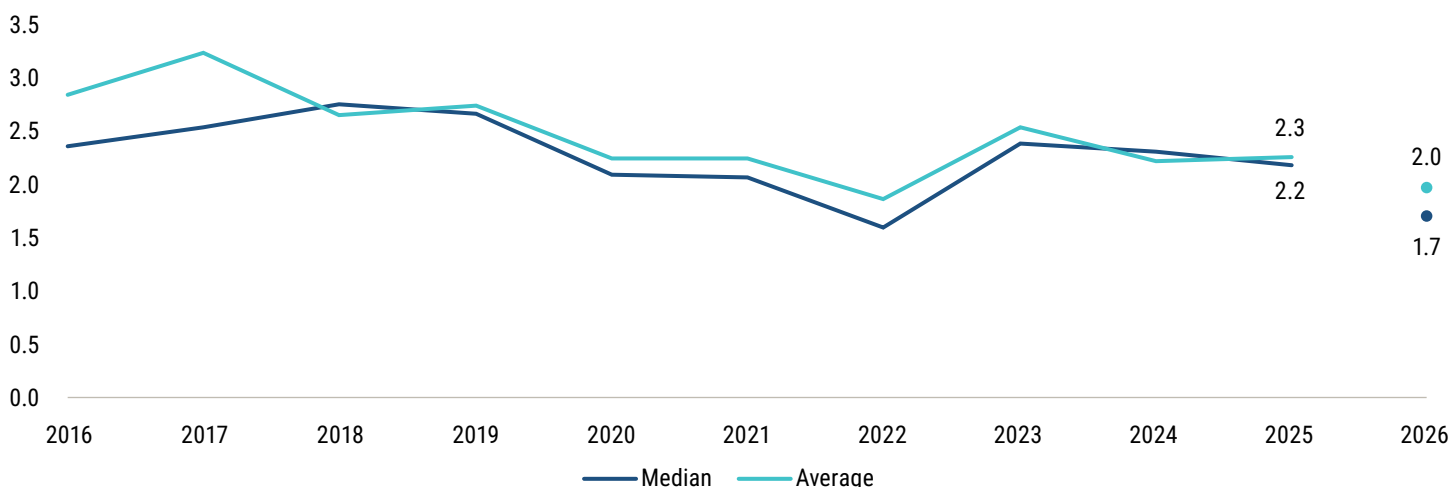
Venture capital raised (\$B) since prior fund by fund size change



Source: PitchBook • Geography: US • As of June 30, 2026

Median time between funds shortens to 1.7 years in H1 2026

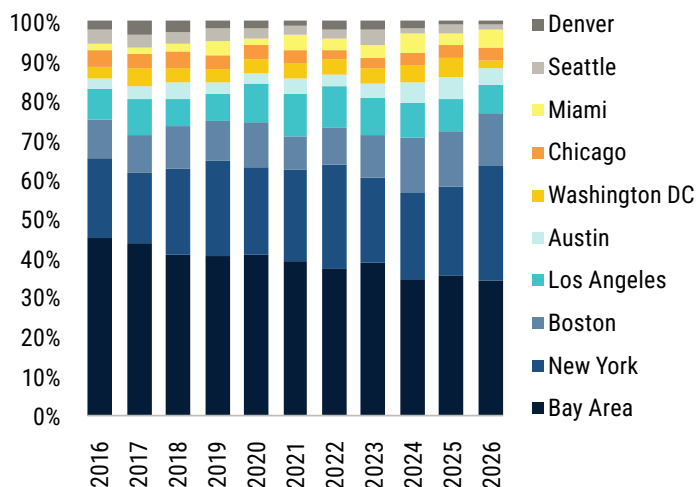
Median and average time (years) between VC fund rounds



Source: PitchBook • Geography: US • As of June 30, 2026

New York's share of fund count climbs, while the Bay Area holds steady

Share of VC fund count by fund combined statistical area (CSA)



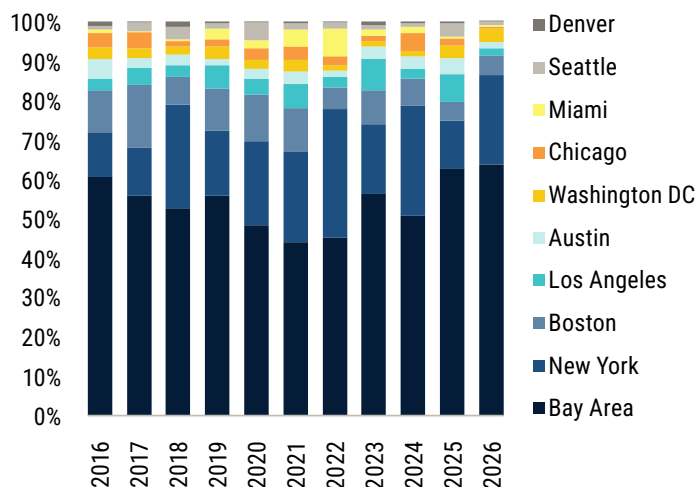
Source: PitchBook • Geography: US • As of June 30, 2026

Note: The Austin metropolitan statistical area (MSA) is included in the rankings alongside CSAs.
The San Diego MSA is excluded from the Los Angeles-Long Beach CSA.

The psychology of risk minimization can also play a role in the current allocation trends. Allocating to an established brand name bears less career risk than backing a smaller or emerging manager whose performance—given venture's long investment horizon—may not be evident for years, even when

The Bay Area's share of capital raised hits a decade high in H1 2026

Share of venture capital raised by fund CSA



Source: PitchBook • Geography: US • As of June 30, 2026

Note: The Austin MSA is included in the rankings alongside CSAs.
The San Diego MSA is excluded from the Los Angeles-Long Beach CSA.

that manager ultimately outperforms. This tendency is not new, but in a liquidity-constrained environment, it plays out more visibly, concentrating capital further at the top of the market and squeezing midsized managers regardless of their track record. If access to a top brand is available, LPs will jump at the chance.

Liquidity and distributions

Distribution yield keeps recovering but remains below its long-run historical average

VC 12-month distribution yield as a share of net asset value (NAV)



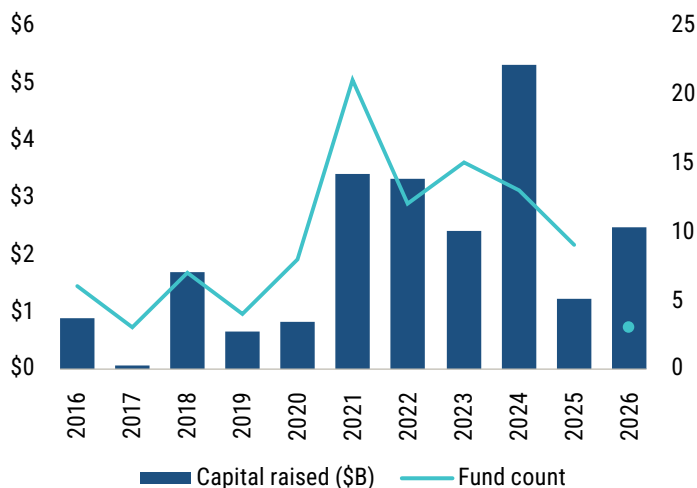
Source: PitchBook • Geography: US • As of March 31, 2026

Large exits are happening at a near-record pace. They are also worth less to the investors who waited years for them. Already, 63 companies have generated exits of \$500 million or more this year, a pace exceeded only by 2020 and 2021. But those exits now cost more to produce than they return. The median company exiting at that size has raised \$323.7 million in funding, more than double the \$157 million median a decade ago. The median exit size for this group has moved less than 15% over the same period. Large exits have long been the justification for venture risk. That justification is weakening.

The return degradation shows up directly in the data. The median multiple on invested capital for tech exits of \$500 million or more in 2026 sits below the same figure in 2019, 2020, and 2021. Exit step-ups have compressed just as sharply: The median valuation increase for large exits was 67.9% in 2020 and 62.8% in 2021; in 2026, that figure is 15.5%. Entry price discipline is the obvious remedy, but discipline is hard to enforce in a market where competition keeps pricing elevated and the gap between early-stage and late-stage fund sizes keeps widening.

Activity driving higher secondary-specific fundraising

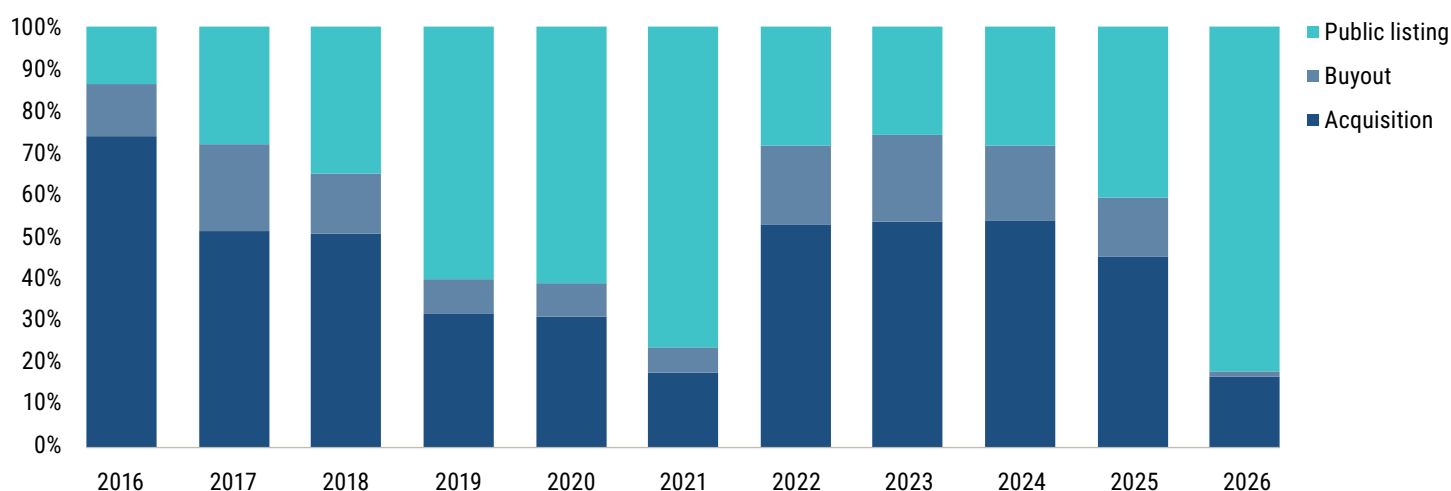
VC-specific secondaries fundraising activity



Source: PitchBook • Geography: US • As of June 30, 2026

SpaceX shows how important IPOs are for unlocking liquidity

Share of VC exit value by type



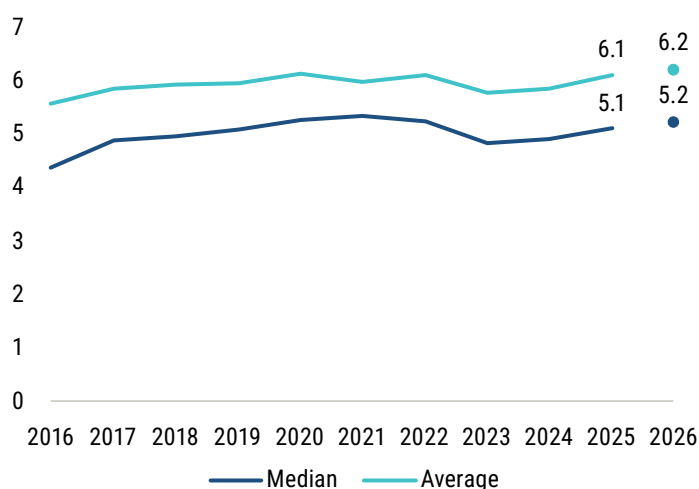
Source: PitchBook • Geography: US • As of June 30, 2026

Loss ratios tell the same story from a different angle. According to SPI Deal Benchmarking data from [StepStone](#), late-stage and expansion-stage deal loss ratios reached decade highs in 2020 and 2021, at 20.3% and 18.7%, respectively. This highlights the problems that can arise during periods of “fear of missing out” and lagging investment fundamentals. Top-quartile IRRs for those same-stage deals bottomed out in 2021 and 2022, at 6.6% and 5.4%, respectively. Until this year, those three years also held the highest median valuations for Series B+ rounds. 2026 has now surpassed all three, increasing risks and likely lowering total returns. Investors are paying record prices in a market with less exit certainty and more concentrated risk than at any point in recent memory.

A strong IPO market would absorb most of this pressure, but the current environment remains weak. The backlog in the private market also keeps growing. 113 new companies have reached a \$1 billion valuation this year alone. By our estimates, fewer than half of the companies expected to go through an IPO in each of the past four years actually completed an offering, and in 2022 and 2024, the completion rate fell below 40%. This year has produced a surge in new listings, but most have been for biotechs. Only 11 unicorns, including SpaceX, have gone public this year, which is on pace for the highest since 2021, but well below the growth of new private market unicorns.

Overall time to exit has extended, but much longer for unicorns

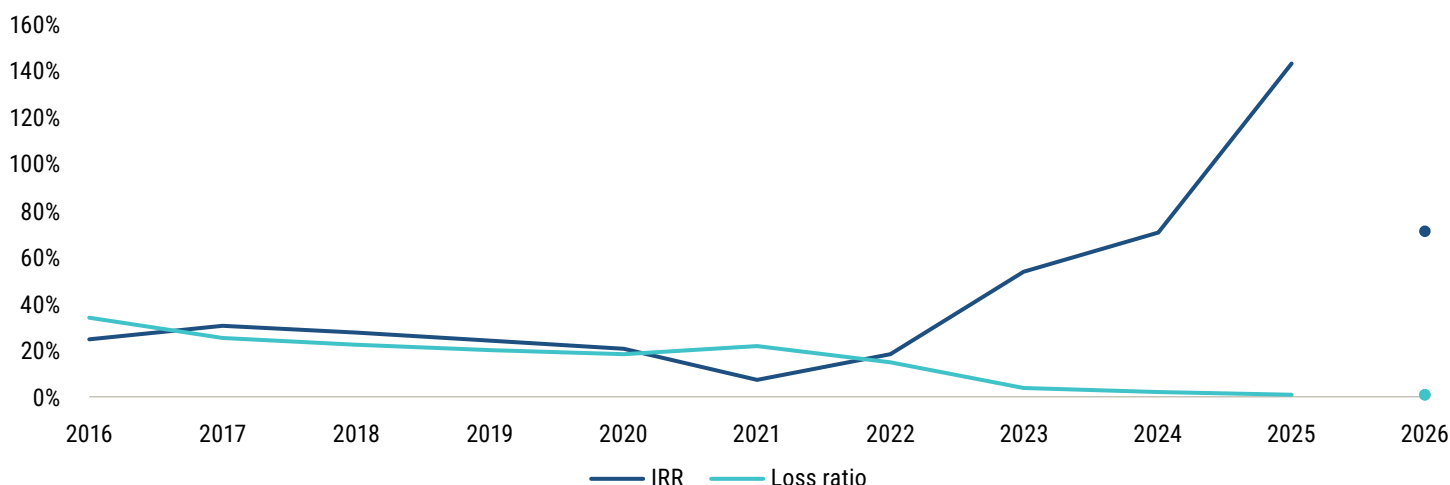
Median and average time (years) to exit for VC-backed companies



Source: PitchBook • Geography: US • As of June 30, 2026

Loss ratios outweighed IRRs in 2021

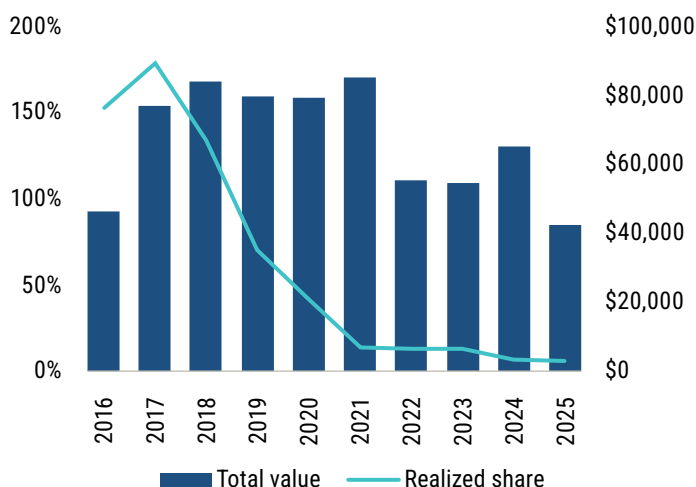
VC IRR versus loss ratios



Source: [SPI by StepStone](#) • Geography: US • As of June 30, 2026

2021 deals have yet to yield significant realizations

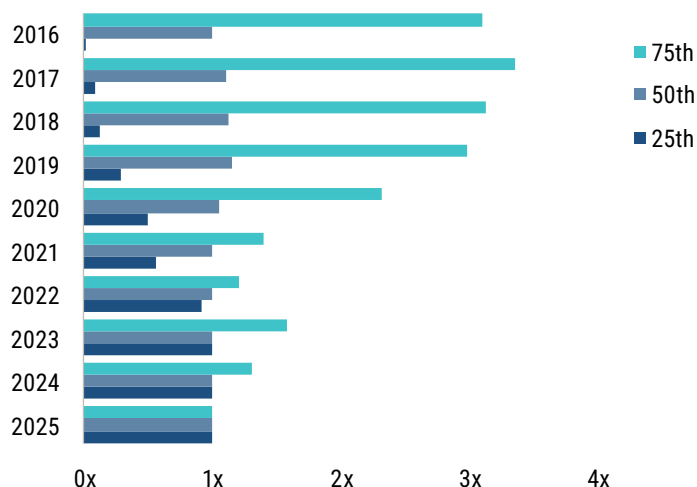
Realized share of invested capital by deal year



Source: [SPI by StepStone](#) • Geography: US • As of June 30, 2026

Top-quartile deals significantly outperform

VC time value of money percentiles



Source: [SPI by StepStone](#) • Geography: US • As of June 30, 2026

The secondary market is filling part of the gap, but not evenly. We estimate trailing 12-month VC direct secondaries at roughly \$100 billion, a figure that leans heavily on SpaceX, OpenAI, and Anthropic. That concentration is the real constraint. The secondary market can move stakes in the handful of companies large enough to matter, but it cannot generate broad returns

across the asset class. Many top unicorns still restrict share trading, and without a functioning IPO market to validate future exits, that restriction gets harder to defend. If liquidity does not broaden beyond a handful of megacaps, the next wave of secondary activity will be concentrated in the same few names, and the rest of the venture-backed backlog will keep waiting.

Fund performance

US VC matches the S&P 500 at both ends of the horizon curve, but lags sharply in the middle

VC horizon IRRs

Strategy	1-year	3-year	5-year	10-year	15-year	20-year
US VC	17.1%	5.7%	8.0%	12.6%	13.1%	10.9%
Private capital	6.2%	6.2%	9.8%	11.4%	11.6%	10.5%
North America VC	17.1%	5.7%	8.0%	12.6%	13.1%	10.8%
Europe VC	8.5%	1.3%	8.1%	8.2%	9.0%	7.7%
Rest of world VC	11.8%	2.8%	1.9%	7.1%	8.2%	0.0%
Early-stage VC	17.0%	4.7%	9.2%	12.6%	14.5%	12.2%
Multi- & later-stage VC	16.1%	5.6%	7.0%	11.9%	12.1%	10.1%
VC <\$250M	3.2%	0.4%	11.9%	11.8%	12.4%	10.5%
VC \$250M+	18.0%	5.9%	7.1%	12.2%	12.8%	10.7%
S&P 500	17.6%	24.9%	16.5%	15.3%	14.6%	11.0%
MSCI World Small-Cap Growth	15.0%	18.0%	8.5%	10.4%	10.5%	8.8%
Morningstar US Small-Cap Growth	14.4%	17.8%	6.3%	10.0%	11.0%	8.7%
MSCI Emerging Market Small-Cap Growth	10.1%	17.8%	11.4%	7.7%	4.4%	6.9%

Source: PitchBook • Geography: Global • As of December 31, 2025

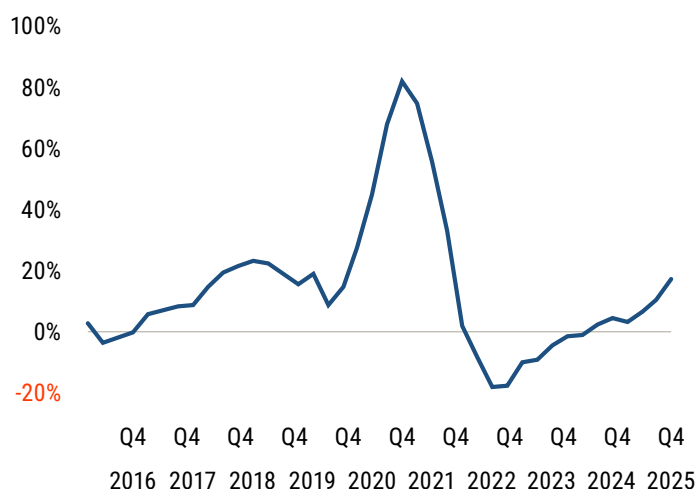
Note: For private fund strategies, these are preliminary quarterly returns and subject to revisions in subsequent updates. All public index values are total return CAGRs. All private capital returns are net of fees and accrued carry. Quarterly returns are provided where there are at least five constituent funds that qualify for inclusion.

US VC's one-year horizon IRR reached 17.1% in Q4 2025, nearly 3x the 6.2% posted by private capital broadly. This figure runs ahead of what the latest exit environment alone would suggest. As discussed in the [Q2 2026 PitchBook-NVCA Venture Monitor](#), aside from the \$1.7 trillion SpaceX IPO, Q2's exit value is relatively consistent with the constrained backdrop of recent years. Horizon IRR is a capital-weighted, pooled measure of cash flows and NAV over a trailing window, capturing both realized and unrealized value. Total US VC NAV grew from \$999.6 billion in 2024 to \$1.2 trillion in 2025, a 21.6% increase, while the 12-month distribution yield stood at 11.7% to 12.8% over the same period, well below its 18.7% long-run average. NAV growth outpacing distribution yield points to unrealized markups, rather than realized liquidity, as the primary driver of the elevated current one-year figure.

The length of the look-back window also changes the picture. US VC's three-year (5.7%) and five-year (8%) horizon IRRs sit well below the one-year figure—as well as the 10- and 15-year figures (12.6% and 13.1%)—because the three- and five-year windows still include the 2022-2023 market downturn, while the one-year window has since rolled past them. This spread suggests

Rolling one-year IRR climbed for eight straight quarters but remains below its pre-2021 norm

VC rolling one-year IRR



Source: PitchBook • Geography: US • As of December 31, 2025

the one-year figure shows recent improvement in valuations, particularly driven by AI, rather than a return to sustained strong

Vintage-level performance variance hits its highest point in at least two decades

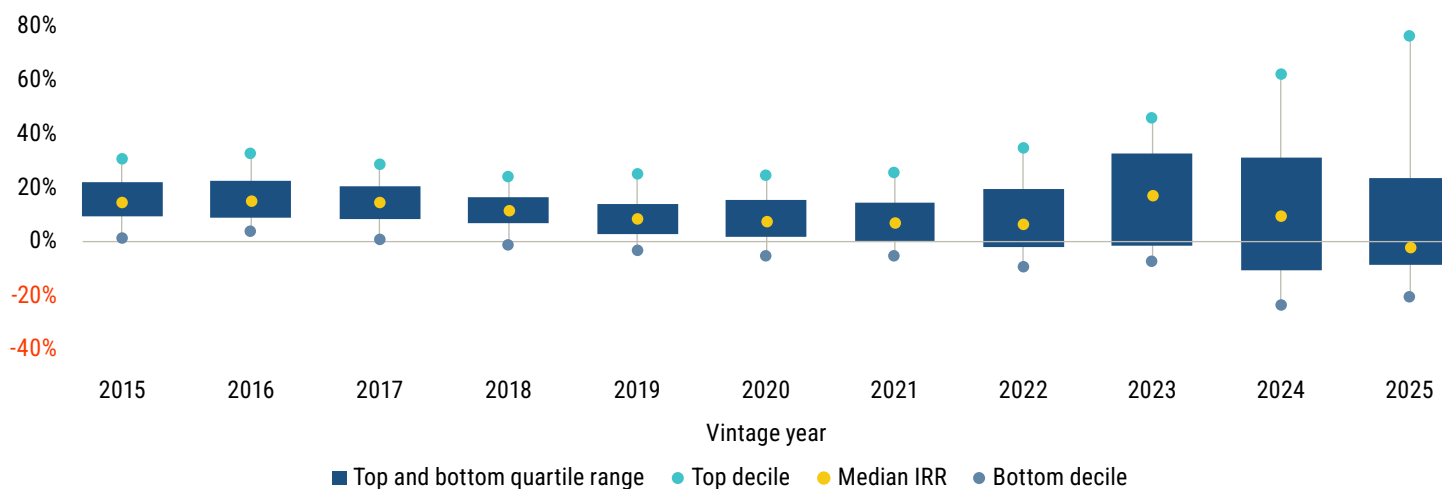
VC IRRs by vintage

Vintage year	Pooled IRRs			IRR quantiles						
	Pooled IRR	Equal-weighted pooled IRR	Fund count	Top decile	Top quartile	Median IRR	Bottom quartile	Bottom decile	Standard deviation	Fund count
2016	15.8%	16.9%	46	32.8%	22.5%	15.6%	8.9%	3.9%	12.3%	66
2017	18.3%	16.3%	31	28.7%	20.5%	14.6%	8.6%	0.7%	11.0%	48
2018	16.7%	13.2%	34	24.1%	16.4%	11.7%	7.1%	-1.0%	17.2%	39
2019	7.8%	10.1%	27	25.1%	14.1%	9.0%	3.0%	-3.3%	11.2%	35
2020	11.9%	13.9%	43	24.5%	15.5%	7.7%	2.0%	-4.9%	16.6%	49
2021	3.1%	7.9%	88	25.5%	14.6%	7.2%	0.6%	-5.2%	13.4%	85
2022	18.6%	11.5%	59	34.8%	19.7%	6.7%	-1.7%	-9.0%	18.2%	61
2023	28.4%	21.6%	59	46.2%	33.0%	17.4%	-1.3%	-7.1%	28.5%	61
2024	36.0%	20.2%	24	62.4%	31.2%	9.8%	-10.5%	-23.5%	36.8%	39
2025	23.7%	-15.7%	17	76.3%	23.5%	-2.0%	-8.7%	-20.3%	43.9%	20

Source: PitchBook • Geography: US • As of December 31, 2025
Note: All private capital returns are net of fees and accrued carry.

Median IRR by vintage has fallen for two straight years, while top-decile IRR keeps climbing, widening the gap

Dispersion of VC IRRs by vintage



Source: PitchBook • Geography: US • As of December 31, 2025
Note: All private capital returns are net of fees and accrued carry.

performance over the past several years, and that the three- and five-year figures should rise as the downturn quarters continue to roll out of those windows in the coming reporting periods.

Vintage-level dispersion shows where this recovery is concentrated. The standard deviation of IRRs across funds

reached 36.8% for the 2024 vintage and 43.9% for the 2025 vintage, the highest levels since the 2000 vintage. Median IRR by vintage fell for two consecutive years, from 17.4% in 2023 to 9.8% in 2024 and -2% in 2025, while top-decile IRR over the same period climbed YoY from 46.2% to 62.4% to 76.3%. This divergence indicates the capital-weighted, pooled figures

The 2012 vintage delivered the highest average DPI at year 10, returning roughly 2x paid-in capital

VC multiples by vintage

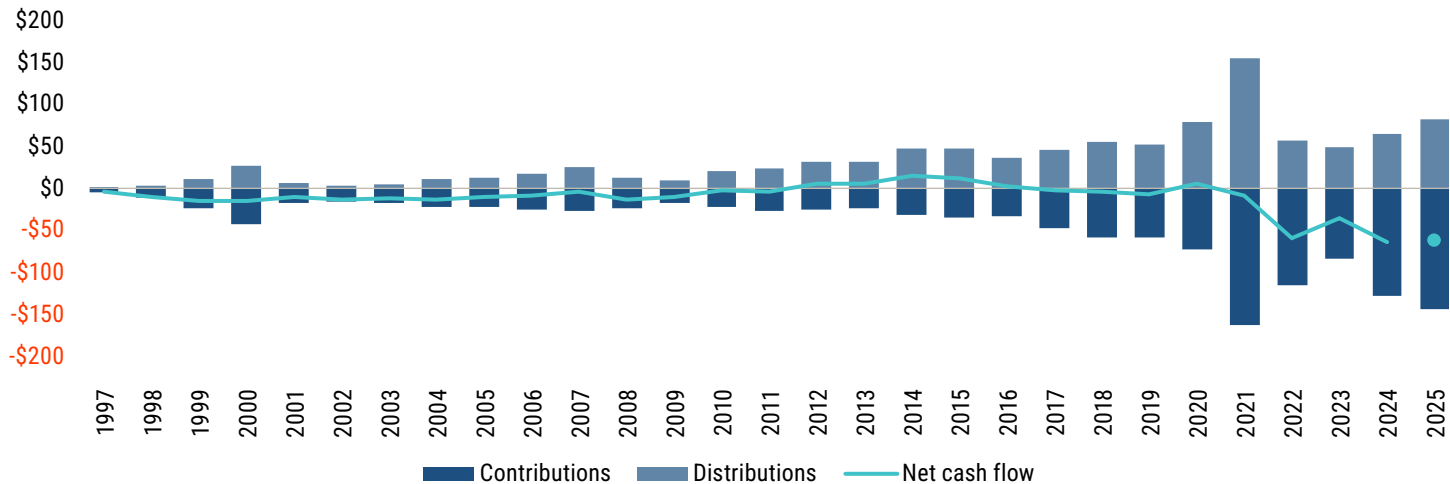
Vintage year	Pooled multiples			Equal-weighted pooled multiples			Fund count
	TVPI	DPI	RVPI	TVPI	DPI	RVPI	
2016	2.4x	1.0x	1.4x	2.5x	1.1x	1.5x	46
2017	2.3x	0.9x	1.4x	2.1x	0.8x	1.3x	31
2018	2.1x	0.5x	1.7x	1.8x	0.4x	1.3x	34
2019	1.4x	0.2x	1.2x	1.5x	0.2x	1.2x	27
2020	1.5x	0.2x	1.3x	1.6x	0.2x	1.4x	42
2021	1.1x	0.0x	1.1x	1.3x	0.1x	1.2x	88
2022	1.4x	0.1x	1.3x	1.2x	0.1x	1.2x	59
2023	1.4x	0.1x	1.3x	1.3x	0.1x	1.2x	59
2024	1.4x	0.1x	1.3x	1.3x	0.1x	1.2x	24
2025	1.1x	0.0x	1.1x	0.9x	0.0x	0.9x	17

Source: PitchBook • Geography: US • As of December 31, 2025

Note: All private capital returns are net of fees and accrued carry.

Net cash flow to LPs improved marginally in 2025 after deepening sharply in 2024, though it remains steeply negative

VC cash flows (\$B)



Source: PitchBook • Geography: US • As of December 31, 2025

are being driven by a small number of funds, especially the megafunds with concentrated exposure to AI companies that have seen outsized valuation step-ups, as opposed to reflecting performance broadly across each vintage. This is consistent with the broader premium that AI-focused companies have commanded in both valuation and deal size relative to non-AI peers over this period, which would channel gains to the specific

funds holding meaningful positions in those companies while leaving the median fund's performance largely unchanged.

DPI figures surface a similar pattern over a longer time horizon. The 2012 vintage has posted the highest average DPI of any vintage in the dataset, reaching 3.27x paid-in capital at year 14, which is more capital returned relative to LP contributions than

The 2024 vintage cleared both public benchmarks, though only marginally against the Nasdaq 100

VC public market equivalents (PMEs) by vintage

Vintage	PitchBook benchmark return	Nasdaq 100		S&P 500		Fund count
		Direct alpha	KS-PME	Direct alpha	KS-PME	
2016	15.8%	-3.3%	0.8	N/A	1.0	46
2017	18.3%	-1.1%	0.9	2.3%	1.1	31
2018	16.7%	-1.2%	0.9	1.2%	1.1	34
2019	7.8%	-8.1%	0.7	-6.8%	0.7	27
2020	11.9%	-1.5%	1.0	-2.8%	0.9	43
2021	3.1%	-12.3%	0.7	-10.6%	0.7	88
2022	18.6%	-4.2%	0.9	-0.9%	1.0	59
2023	28.4%	-2.4%	1.0	6.8%	1.1	59
2024	36.0%	1.9%	1.0	12.0%	1.1	24
2025	23.7%	N/A	0.8	-0.8%	1.0	17

Source: PitchBook • Geography: US • As of December 31, 2025

Note: All private capital returns are net of fees and accrued carry.

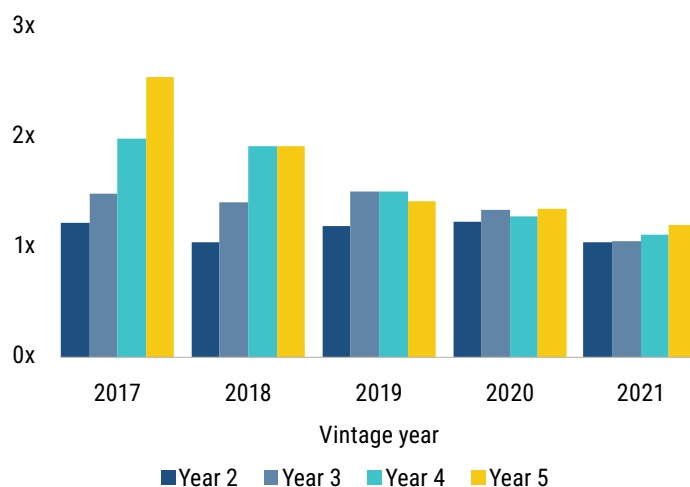
any other cohort tracked. The 2014 vintage, still only 12 years into its life, has reached 2.31x at that same age, compared with 2.89x for the 2012 vintage at year 12, suggesting 2012 remains the stronger performer all else equal. This lumpiness in capital return is not limited to older cohorts: The 2004 vintage built its DPI gradually through year nine, reaching 0.62x, before nearly doubling to 1.01x in year 10 alone; the 2017 vintage, only nine years old, saw DPI jump from 0.65x to 0.99x between years eight and nine, a comparable single-year gain. A handful of exits, not a steady stream of realizations, typically account for most of a vintage's eventual return.

PMEs tell a similar story by vintage. The 2021 vintage remains the clear laggard in the dataset, with a Kaplan-Schoar PME (KS-PME) of 0.69 against both the Nasdaq 100 and the S&P 500, in line with 2021's position as a peak-valuation vintage. The 2024 vintage, by contrast, is the first in nearly two decades to clear the Nasdaq 100 outright, with a KS-PME of 1.01, though the margin is thin enough to read as break-even rather than a decisive result; performance against the S&P 500 is more convincing, at 1.13.

Together, these figures point to three considerations for allocators assessing current fund performance. First, the one-year horizon IRR reflects valuation momentum more than realized liquidity. Second, capital-weighted figures at both the horizon and vintage level are being affected by a small

2021 vintage TVPI growth has been marginal, but positive

Average VC DPI by vintage



Source: PitchBook • Geography: US • As of December 31, 2025

number of large, concentrated positions, so median and equal-weighted metrics offer a more representative view of the typical fund's experience. Third, distribution yield and net cash flow—both still below historical norms and subject to timing lags between an exit and cash reaching LPs—remain the more direct measures of realized liquidity.

Methodology

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.

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.

Secondaries: Secondary sales, either the sale of shares of a company or of a VC fund stake, are not directly included in exit value or exit count charts. Though they do create liquidity for a small portion of investors or employees of the company, they do not result in a majority of the equity of a company, as do acquisitions, public listings, or buyouts. We have included them in the analysis and within their own charts and datasets to highlight their growing use and need within the venture market.

Returns

PitchBook's closed-end drawdown fund returns data is sourced primarily from individual LP reports, serving as the baseline for our estimates of activity across an entire fund. For any given fund, return profiles will vary for LPs due to a range of factors, including fee discounts, timing of commitments, and inclusion of co-investments. This granularity of LP-reported returns—all available on the PitchBook Platform—provides helpful insight to industry practitioners but results in discrepancies that must be addressed when calculating fund-level returns.

To be included in pooled calculations, a fund must have: (i) at least one LP report within two years of the fund's vintage, and (ii) LP reports in at least 50% of applicable reporting periods. To mitigate discrepancies among the reporting from multiple LPs, the PitchBook Benchmarks (iii) determine returns for each fund based on data from all LP reports in a given period. For periods that lack an LP report, (iv) a straight-line interpolation calculation is used to populate the missing data; interpolated data is used for approximately 10% of reporting periods, a figure that has been steadily declining.

Beginning with the Q4 2019 PitchBook dataset, we expanded our dataset to include funds with a reported IRR, even if the fund's cash flow data does not meet the pooled calculation criteria. In our Q2 2021 report, we made additional improvements to the inclusion criteria for reported IRRs, which led to some shifts in vintage-year data counts compared with prior iterations. In Q3 2025, we updated our fund filters to include funds with available multiples data, even if these funds do not have robust cash flow histories. This has allowed us to include significantly more multiples in our quantiles tables.

Due to lag in reporting for some funds and liquidation causing older funds to no longer report returns, we will pull forward cash multiples and IRR information from previous quarters under the following stipulations: (i) We extend cash multiples and IRR after five years since fund inception if reported NAV was less than 5% of commitments. (ii) If NAV is unknown or is greater than 5% after five years, we extend cash multiples and IRR if the fund is older than eight years as of the last known data. (iii) For funds that are less than five years or are less than eight years with NAV greater than 5%, we extend cash multiples and IRRs from the prior quarter if available.

Vintage year: Vintage year is the year in which a fund makes its first investment by delivering capital to a project or company. When we cannot confirm the year of first investment, the year of the fund's final close is used as the vintage year.

Internal rate of return (IRR): IRR represents the rate at which a historical series of cash flows are discounted so that the net present value of the cash flows equals zero. For pooled calculations, any remaining unrealized value in the fund is treated as a distribution in the most recent reporting period. This explains why some vintages show high IRRs but low DPI values.

Horizon IRR: Horizon IRR is a capital-weighted pooled calculation that shows the IRR for a certain range of time. For example, the one-year horizon IRR figures in the report may show the IRR performance for the one-year period beginning in Q2 20x0 through the end of Q1 20x1, while the three-year horizon IRR is for the period beginning in Q2 20x0 through the end of Q1 20x3.

Quarterly return: Quarterly return is calculated as the aggregate percentage change in aggregate NAV for each group of funds in a sample, considering contributions and distributions during the quarter. This makes the calculation tantamount to a quarterly compounded growth rate. Interpolated and extended data are not used in this calculation.

Distributions to paid-in (DPI) multiple: A measurement of the capital that has been distributed back to LPs as a proportion of the total paid-in, or contributed, capital. DPI is also known as the cash-on-cash multiple or the realization multiple.

Remaining value to paid-in (RVPI) multiple: A measurement of the unrealized return of a fund as a proportion of the total paid-in, or contributed, capital.

Total value to paid-in (TVPI) multiple: A measurement of both the realized and unrealized value of a fund as a proportion of the total paid-in, or contributed, capital. Also known as the investment multiple, TVPI can be found by adding together the DPI and RVPI of a fund.

Pooled calculations: Pooled calculations combine cash flow data from a group of funds to create a capital-weighted IRR value. All cash flows and NAVs for each fund in the sample group (such as all private capital funds or 2004 vintage VC funds) are aggregated in the calculation. For vintage-specific calculations, we begin the calculation in Q1 of the vintage year, regardless of which quarter a fund first called capital. In cases where the sample has unrealized value, the ending NAV is treated as a cash outflow in the last reporting period.

Equal-weighted pooled calculations: Using the same methodology as the pooled calculations, the equal-weighted version expresses each fund's cash flows and ending NAV as a ratio of fund size. The result is that each fund in these calculations has an equal impact on the output, regardless of the fund size.

Public market equivalent (PME) calculations: PME metrics benchmark the performance of a fund (or group of funds) against an index. All PME figures are calculated using the Kaplan-Schoar PME (KS-PME) method: When using a KS-PME, a value greater than 1.0 implies outperformance of the fund over the public index.



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