PitchBook
a Morningstar company

Institutional Research Group

Kaidi Gao
Senior Research Analyst,
Venture Capital
kaidi.gao@pitchbook.com

Caleb Wilkins
Data Analyst

pbinstitutionalresearch@pitchbook.com

Published on September 11, 2026

Contents

Multistage Funds in Early-Stage VC: Bigger Checks, Fewer Winners

How record fundraising by multistage funds and the AI boom are reshaping early-stage US VC, and what it means for founders, GPs, and LPs

Key takeaways

- Early-stage US VC dealmaking is on pace for one of its strongest years on record, with $86 billion deployed across 4,864 deals in 2026 YTD. Annualized deal value is nearly on par with 2021's record high, and annualized deal count is on track to surpass 2025's full-year total, even as emerging and first-time managers, historically the most active investors at this stage, continue to face fundraising headwinds.

- This momentum is driven by two forces: multistage funds' own capital base growing to record scale, and a narrow segment of AI-native companies, particularly frontier labs and AI infrastructure players, now requiring growth-stage levels of capital from inception.

- Multistage fund participation remains low at pre-seed (6.9% of deal value, 1.4% of deal count in 2026 YTD, both down YoY) but hit a record high at Series A (37.8% of deal value, 17.3% of deal count).

- Round sizes at the earliest stages have grown well beyond historical norms: Median Series A and Series B deal values have risen 3.9x and 3.4x, respectively, since 2016, to $17.5 million and $37 million, part of a broader shift in which funding levels once exclusive to later-stage companies are increasingly showing up at the earliest-priced rounds.

- Multistage funds are not moving earlier because they have developed a new skill at spotting talent; check-size economics determine who can write a check, and these investors have always operated at this scale. What's changed is that a narrow class of AI companies now needs that scale of capital much earlier.

- Serial entrepreneurs show the same pattern from the founder side: They account for a shrinking 26.8% of early-stage deal count but a growing 55.1% of deal value. Within multistage fund-backed deals specifically, the preference for serial founders has proven more durable than that of the broader market.

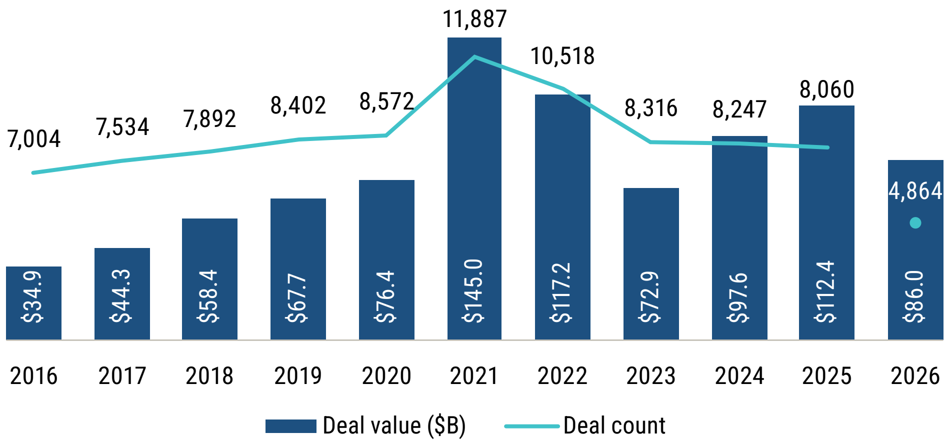
- AI now accounts for 68.1% of early-stage deal value, even as its share of deal count has ticked down slightly from a 2025 peak. AI's share of deal count is rising at Series A and B while declining at pre-seed and seed.

- Early-stage deal count is being sustained not by emerging managers but by a narrow group of non-traditional, high-frequency investors whose fund models do not depend on the same fundraising conditions currently squeezing smaller funds.

Data scope:
The early-stage dataset in this note includes pre-seed, seed, Series A, and Series B rounds identified by round type, where tagged, plus early-stage VC deals that do not have a series tag. This differs from PitchBook's standard early-stage VC classification used elsewhere, which groups deals by time since a company's founding and by series.

A barbell-shaped early-stage US VC landscape

US early-stage VC deal activity



Source: PitchBook • As of August 10, 2026

List of multistage funds: Andreessen Horowitz, Sequoia Capital, Tiger Global Management, Accel, New Enterprise Associates, Lightspeed Venture Partners, General Catalyst, Kleiner Perkins, Founders Fund, Insight Partners, Bessemer Venture Partners, Lux Capital, Norwest, Index Ventures, Thrive Capital, Khosla Ventures, Deerfield Management, Industry Ventures, Venrock, Spark Capital, Polaris Partners, Ribbit Capital, B Capital Group, Green Sands Equity.

Multistage funds, firms that invest across the venture lifecycle from budding startups to venture growth-stage companies, are driving a structural shift in the US early-stage VC market, characterized by unprecedented concentration. In 2026 YTD,[1] $86 billion has been deployed across 4,864 early-stage deals. If this pace continues, annualized deal value is on track to be nearly on par with the 2021 record high, and annualized deal count is projected to surpass the 2025 full-year total.[2] This momentum is particularly notable given the ongoing fundraising challenges faced by emerging and first-time managers, who have historically been most active at this stage.

This trend is driven by two forces: multistage funds' own capital base growing to record scale and a narrow segment of AI-native companies, in particular frontier labs and AI infrastructure players, now requiring growth-stage levels of capital from inception.

Top investors in US early-stage VC by participation value (2016-2026 YTD)

Investor	2016-2026 YTD deal value total ($B)	Investor HQ city	Investor HQ state	Investor type
Andreessen Horowitz	$44.8	Menlo Park	CA	Venture capital
ARCH Venture Partners	$31.8	Chicago	IL	Venture capital
Lightspeed Venture Partners	$28.2	Menlo Park	CA	Venture capital
Sequoia Capital	$27.7	Menlo Park	CA	Venture capital
Khosla Ventures	$25.4	Menlo Park	CA	Venture capital
GV	$24.3	San Francisco	CA	Corporate venture capital
Alumni Ventures	$23.7	Manchester	NH	Venture capital
Tribe Capital	$23.2	Menlo Park	CA	Venture capital
Tiger Global Management	$23.1	New York	NY	Venture capital
NVIDIA	$22.8	Santa Clara	CA	Corporation
Plug and Play Tech Center	$22.3	Sunnyvale	CA	Accelerator/incubator
General Catalyst	$22.1	San Francisco	CA	Venture capital
Mana Ventures	$22.0	San Francisco	CA	Venture capital
Gaingels	$21.0	New York	NY	Venture capital
S32	$19.8	Palo Alto	CA	Venture capital

Source: PitchBook • As of August 10, 2026

Top investors in US early-stage VC by participation count (2016-2026 YTD)

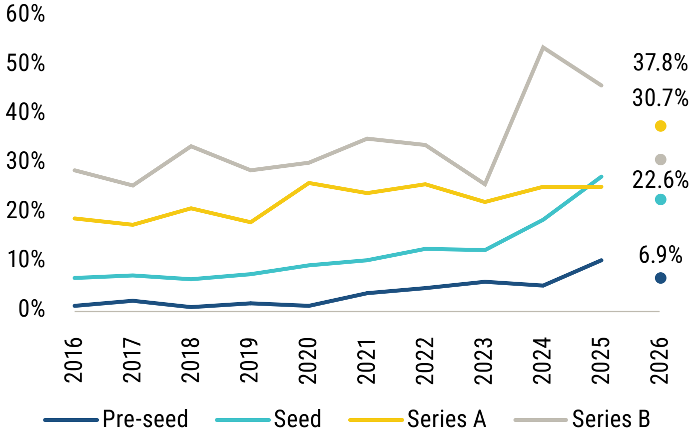
Investor	2016-2026 YTD deal count	Investor HQ city	Investor HQ state	Investor type
Alumni Ventures	1,629	Manchester	NH	Venture capital
Gaingels	1,561	New York	NY	Venture capital
Y Combinator	1,523	Mountain View	CA	Accelerator/incubator
Plug and Play Tech Center	1,433	Sunnyvale	CA	Accelerator/incubator
Andreessen Horowitz	1,162	Menlo Park	CA	Venture capital
Sequoia Capital	769	Menlo Park	CA	Venture capital
Right Side Capital Management	747	San Francisco	CA	Venture capital
General Catalyst	738	San Francisco	CA	Venture capital
Pioneer Fund	647	San Francisco	CA	Venture capital
Khosla Ventures	646	Menlo Park	CA	Venture capital
FJ Labs	638	New York	NY	Venture capital
500 Global	606	Palo Alto	CA	Accelerator/incubator
Soma Capital	605	San Francisco	CA	Venture capital
Lightspeed Venture Partners	599	Menlo Park	CA	Venture capital
SOSV	581	Princeton	NJ	Venture capital

Source: PitchBook • As of August 10, 2026

From a deal value perspective, momentum at the early stage is sustained by a small set of large-check writers, concentrated in outsized rounds. Multistage funds are central to maintaining total deal value at the early stage, particularly through their involvement in the largest, often AI-native rounds. Five of the 10 most active investors in US early-stage deal activity by value are multistage funds, led by Andreessen Horowitz, as well as well-capitalized non-traditional investors, such as corporate investors.[3]

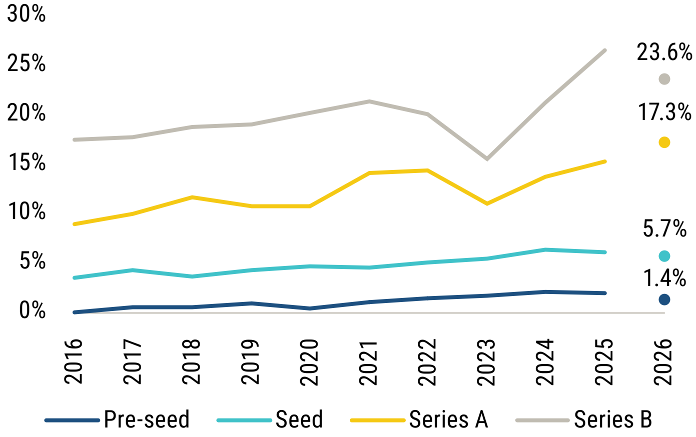
Deal count momentum originates from two distinct sources, each active in different market segments. The first source comprises multistage funds themselves, particularly at the seed and Series A stages; several of the most active investors are the same large multistage firms, including Andreessen Horowitz, Sequoia, and General Catalyst. The second source is a group of high-frequency investors that sustains early-stage deal volume. This group includes the largest and most established accelerators, such as Y Combinator, Plug and Play, and 500 Global, which have expanded beyond traditional accelerator programs. Additional high-volume investors with unique fund models and strategies include Alumni Ventures, Gaingels, and Right Side Capital Management.[4]

Multistage fund participation share of total deal value by stage



Source: PitchBook • Geography: US • As of August 10, 2026

Multistage fund participation share of total deal count by stage



Source: PitchBook • Geography: US • As of August 10, 2026

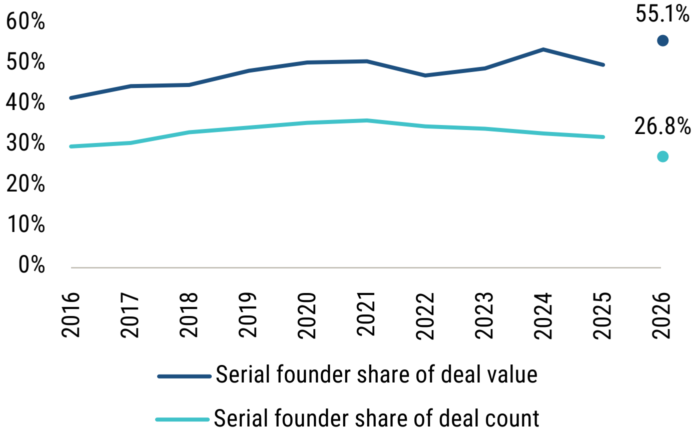
Multistage fund involvement remains limited at the pre-seed stage, accounting for 6.9% of deal value and 1.4% of deal count in 2026 YTD, both representing YoY declines. However, participation reached a record high at Series A, comprising 37.8% of deal value and 17.3% of deal count. This trend indicates both a concentration in larger rounds and an increase in Series A deal volume attributable to these firms.

Series A rounds meet investment criteria that pre-seed and seed deals typically do not. One factor is portfolio construction: Even large, capital-intensive pre-seed or seed rounds are limited by the total capital a company at that stage can absorb, whereas Series A rounds have increased in size sufficiently to justify the involvement of multistage funds. Fund economics reinforce this. For a multibillion-dollar vehicle, a check needs the potential to meaningfully move the needle at the fund level. Signal availability is also significant: Series A companies typically have more product development and traction to provide clearer indicators of potential success than most companies at the pre-seed or seed stage. Additionally, capital needs are often more clearly defined at Series A than at an idea stage.

In 2026 YTD, early-stage VC startups founded or co-founded by serial entrepreneurs accounted for 26.8% of the deal count and 55.1% of the total deal value at this stage. The share of deal count declined by five percentage points YoY, while the share of deal value increased by 5.2 percentage points, reinforcing the broader trend of a barbell-shaped early-stage market.

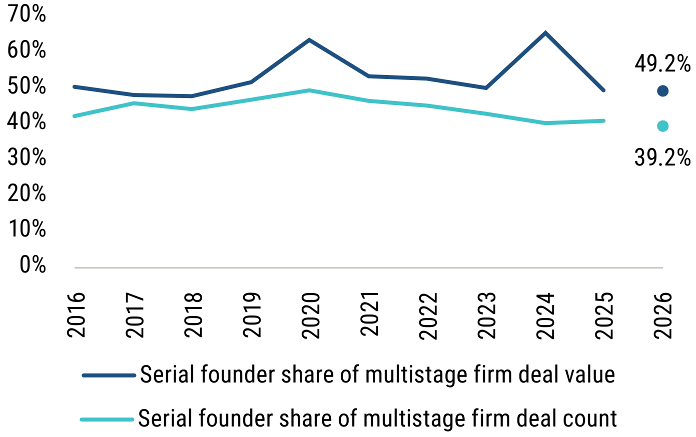
Deals involving serial entrepreneurs constitute a significantly larger proportion of multistage funds' early-stage investments compared with the overall early-stage market. In early-stage deals with multistage fund participation, the share involving at least one serial co-founder was 39.2% in 2026 YTD, marking a slight YoY decline and the lowest level in a decade, yet the gap versus the broader market widened from 8.9 percentage points in 2025 to 12.4 percentage points in 2026, the largest difference since 2020. Multistage funds' own serial founder share has declined more slowly than the overall market. Several factors likely explain this trend.

Share of US early-stage VC deals where at least one founder was a serial founder at the time of the deal[5]



Source: PitchBook • As of August 10, 2026

Share of US early-stage VC deals with multistage firm investment where at least one founder was a serial founder at the time of the deal



Source: PitchBook • As of August 10, 2026

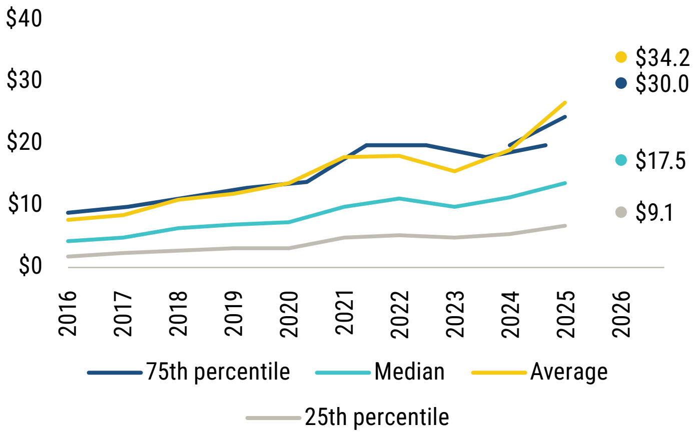
Multistage funds' extensive networks provide a sourcing advantage over smaller or newer funds, and serial founders with strong track records often run competitive processes, selecting investors capable of leading and following on in future rounds, so the pattern may partly reflect the highest-quality founders choosing multistage capital rather than the reverse. Serial founders, particularly those with prior exits, are also more likely to demonstrate the traits multistage funds prioritize when operating history is limited: proven execution, an established network, and credibility that offsets some of the uncertainty inherent to early-stage investing.

What's driving the barbell

The capital base of multistage funds is not a static pool remaining from the 2020 to 2022 vintages; rather, their AUM is being replenished at record levels. For example, Andreessen Horowitz raised $15 billion across multiple funds in Q1 2026,[6] marking its largest fundraising to date, and $1.1 billion for its new Machine Age Fund in August 2026.[7] Other prominent, established firms, such as Thrive Capital and Lightspeed Venture Partners, have also recently closed substantial funds. The barbell observed in early-stage dealmaking reflects a structural shift in the US VC fundraising market, characterized by unprecedented concentration, rather than a temporary outcome of a single fundraising cycle.

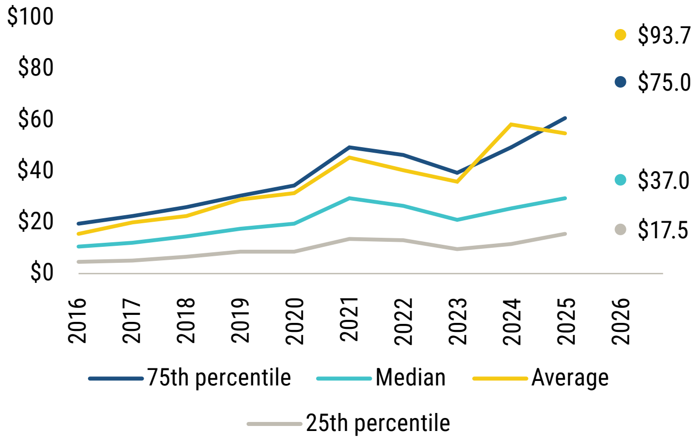
The barbell-shaped early-stage market is also driven by a narrow but highly visible subset of AI-native startups, particularly frontier labs and AI infrastructure companies, which require unusually large amounts of capital from inception. Three primary factors contribute to this phenomenon. First, these companies tend to be capital-intensive regardless of revenue, as training frontier models and running inference at scale require significant compute expenditures. Second, frontier AI expertise is both scarce and costly. Demand for AI talent exceeds supply, and compensation for researchers and engineers in frontier labs is elevated, making team building a substantial, front-loaded expense. Third, the rapid pace and competitiveness of AI development intensify these pressures, with multiple well-funded labs pursuing similar capability milestones simultaneously. This dynamic incentivizes raising capital in advance, as falling behind in compute or talent, even briefly, can be decisive. These factors apply specifically to frontier labs and infrastructure companies, not to AI startups more broadly. In contrast, application-layer AI companies building on existing model application programming interfaces often do not face the same immediate, outsized capital requirements.

Range of Series A deal values ($M)



Source: PitchBook • Geography: US • As of August 10, 2026

Range of Series B deal values ($M)



Source: PitchBook • Geography: US • As of August 10, 2026

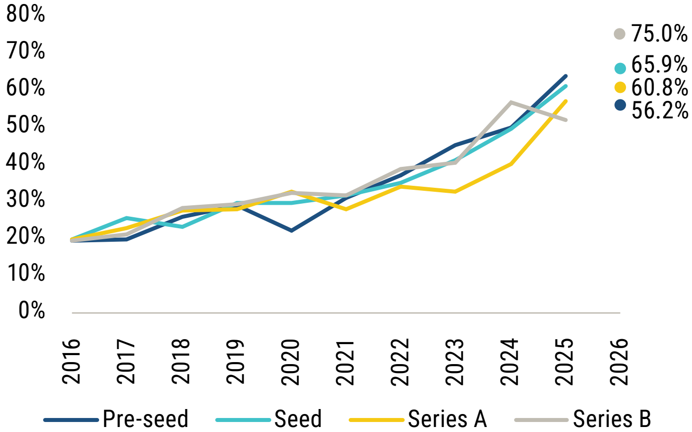
Historically, funding rounds in the tens or hundreds of millions of dollars were typical of later-stage companies with established revenue, proven unit economics, and extensive operating history. That threshold is now regularly surpassed at Series A and B. The median Series A and B deal value increased by 3.9x and 3.4x, respectively, from 2016 to 2026 YTD, settling at $17.5 million for Series A and $37 million for Series B. In effect, capital requirements once reserved for a company's growth phase are now showing up at earlier phases of venture, years before most companies reach the scale that historically justified checks this size.

Multistage funds are not moving toward early-stage because they have developed an enhanced ability to spot talent early, but because check-size economics determine which investors can participate in a round, and multistage, growth, and crossover investors have always operated at this scale. The company has changed, not the investor: A narrow segment of AI companies now requires growth-stage-scale capital from an early phase of development, even though they are still classified as early-stage by convention.

Capital allocation timing has also shifted earlier. Mechanically, as round sizes have increased, investors who wait for confirming evidence risk being excluded from rounds entirely. We learned from conversations with investors that in highly sought-after rounds, deal structures such as tranched rounds have evolved to reward early commitment, sometimes resulting in a paper markup by securing a lower entry price before the final valuation is set, and a high headline valuation itself signals momentum and influences market perception.

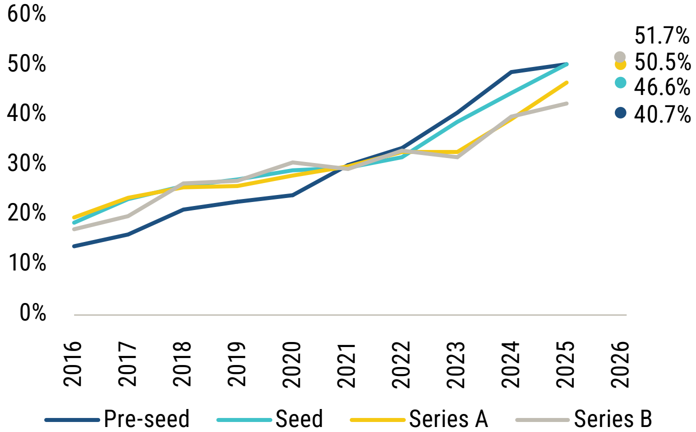
The volume aspect of the barbell is driven by a different mechanism: The baseline deal count is maintained not by emerging managers, who continue to face significant fundraising challenges, but by a narrow group of non-traditional, high-frequency investors. These investors can sustain deal volume because their fund models are often not subject to the same fundraising constraints that currently affect emerging managers.

AI share of total deal value by stage



Source: PitchBook • Geography: US • As of August 10, 2026

AI share of total deal count by stage



Source: PitchBook • Geography: US • As of August 10, 2026

The concentration of AI in the largest funding rounds is the most prominent illustration of the barbell effect: In 2026 YTD, AI has accounted for 68.1% of early-stage deal value, even as its share of deal count has declined slightly from the 2025 peak (from 48.7% to 46.8%). This pattern of fewer but larger deals is evident at the sector level. The plateau in deal count conceals a stage-specific divergence: AI's share of deal count increased at Series A and B, corresponding with the growing presence of multistage funds at Series A, while declining at pre-seed and seed as some investors shift toward more valuation-conscious, diversified strategies.

Implications for founders, GPs, and LPs

Founders: Access to the largest funding rounds is concentrated among a well-defined group of multistage firms and a select set of non-traditional investors. For those unable to access these capital sources, the traditional path, characterized by support from smaller funds and iterative fundraising, remains viable, although the potential ceiling differs from previous years. Companies backed early by multistage funds have a clear pathway to larger follow-on investments from existing relationships. Their cap tables at this stage are also more likely to include strategic investors, such as corporates or large financial institutions. The relationship dimension is also significant: Early financing relationships often extend over a decade, making factors such as fit, reputation, and investor behavior during challenging periods as important as the financial terms. Companies without multistage backing can still achieve similar outcomes through the traditional route, although this approach is slower, less front-loaded, and more common among non-AI-native companies that do not require capital at this scale.

GPs, especially emerging managers: The competitive landscape varies significantly by stage and series, which has important strategic implications. At the pre-seed and seed stages, multistage fund participation by deal count across the entire deal population has remained low and relatively stable over the past decade, peaking at 2.1% at pre-seed and 6.4% at seed. As noted earlier, this exposure is concentrated when a company starts to demonstrate abreakout signal rather than across the broader pipeline.

The competitive environment for a Series A-focused investor is notably different: Multistage fund participation by deal count has increased from 9% of all deals in 2016 to 15.3% in 2025, and 17.3% YTD in 2026. The growing presence of multistage funds suggests that Series A investors face broader and more frequent competition from these large, established players, who possess greater negotiating leverage on pricing.

The earlier finding regarding differential entry pricing in the most competitive rounds has direct implications for early backers. The ability to lead a portfolio company's next significant round, once it demonstrates strong potential, is likely to shift to a multistage fund regardless of the initial investor's conviction or capital, thereby increasing the importance of ownership preservation. More broadly, AI's concentration in early-stage deal value has pushed valuations up across the board, not just for eventual winners, leaving regular-sized, non-multistage GPs to constantly weigh growth conviction against the risk of overpaying.

Despite LPs' preference for a proven track record and established, name-brand funds, there is room for small, early-stage funds. In Establishing a Case for Emerging Managers, we discussed how outperformance typically comes from emerging managers, although success is confined to a small group.

LPs: The expanding presence of multistage funds is concentrated at Series A and B and the largest pre-seed and seed checks rather than across the full spectrum of pre-seed and seed activity, which has remained low and stable. This distinction is important for manager evaluation. A Series A- and B-focused emerging manager today faces significantly more multistage competition for the same deals than in previous years, while a pre-seed or seed-focused manager's exposure is narrower and concentrated at the point a portfolio company demonstrates breakout potential. A manager's differentiation and access should be assessed in the context of these two distinct competitive environments; the term "early-stage manager" does not represent a single risk profile. Additionally, as multistage funds are writing more of the largest pre-seed, seed, and Series A and B checks themselves, LPs already committed to those funds are gaining early-stage-style exposure that may extend beyond the original underwriting thesis for that commitment, a factor that should be considered when modeling a portfolio's overall stage exposure. On the manager side, the finding on differential entry pricing in the largest, most competitive rounds also affects how a GP's reported marks should be interpreted: A strong unrealized gain on a marquee deal can reflect a favorable structural entry, such as an early or anchor position secured before the headline valuation was set, as much as it reflects investment judgment. This distinction is important when comparing one manager's track record to another's.

We expect the scale and market presence of multistage funds to persist. LPs will likely continue to favor these large, established, name-brand firms due to their track record and extensive networks. This dynamic is self-reinforcing. Multistage funds are among the few entities capable of providing large investments to capital-intensive, AI-native companies experiencing rapid value growth. When leading AI companies, such as Anthropic and OpenAI, eventually pursue public listings, these events could have significant implications for the private market amid the ongoing surge in AI-related funding. In such a scenario, the success of prominent AI companies may further strengthen the position of the multistage funds that support them, thereby enhancing their capacity to back the next generation of winners.

Periods of limited liquidity and prolonged liquidity droughts may present opportunities to establish relationships with the next generation of megafunds, which are currently emerging managers.

As discussed in How Much Alpha Is There in Private Markets?, manager selection is critical to success in VC. For both institutional and non-institutional limited partners, historical data indicates two primary routes to success: Those with the resources and skills to select emerging managers with the highest likelihood of generating alpha can do so, while those who are resource- or expertise-constrained may allocate capital to large, established managers with a proven track record.

References

1: 2026 YTD refers to August 10, 2026, when the data was pulled.

2: Deal count projection accounts for a natural lag in private market data collection.

3: See Fewer Deals, Bigger Bets for more on CVC concentration in AI.

4: Alumni Ventures operates with a significantly larger investor and LP network than most early-stage funds. Gaingels similarly draws on a large retail investor network focused on diversity and inclusion. Right Side Capital Management is a high-volume firm writing checks to very early-stage, capital-efficient startups using a quantitative approach.

5: A “Serial founder” is one who has founded two or more companies globally.

6: Why Are We Here? Why Did We Raise $15B? Andreessen Horowitz, Ben Horowitz, January 9, 2026.

7: “The Machine Age Fund,” Andreessen Horowitz, Ben Horowitz, et al., August 28, 2026.

PitchBook provides actionable insights across the global capital markets.

Additional research:

Q2 2026 Venture Monitor

Download the report here

Building, Backing, and Buying AI

Download the report here

PitchBook Insights is an online compendium of in-depth data, news, analysis, and perspectives that shape the private capital markets.

PitchBook subscribers enjoy exclusive access to a comprehensive suite of private market insights, including proprietary research, news, data, tools, and more on the PitchBook Platform.

Nizar Tarhuni
Executive Vice President of Research and Market Intelligence

Paul Condra
Senior Director, Global Head of Private Markets Research

Kyle Stanford, CAIA
Director, VC Research

Report created by:

Kaidi Gao
Senior Research Analyst, Venture Capital

Caleb Wilkins
Data Analyst

Chloe Ladwig
Graphic Designer

Learn more about PitchBook's Institutional Research team.

Click here for PitchBook's report methodologies.