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State of the **Venture Capital** Industry

Back to Basics in 2023

1011 South Hamilton Road Suite 400
Chapel Hill, North Carolina 27517

919.442.5201

truebridgecapital.com

Table of contents

FUNDRAISING	The flight to quality	08
INVESTING	Early-stage is the last domino to fall	11
TREND	AI: In the limelight	20
VALUATIONS	The sky isn't falling	32
EXITS	The brief glimmer of hope disappeared	36
PERFORMANCE	Sobering in the short term	42
CONCLUSIONS	Missing title	45

Venture capital investors attempted to settle into a new normal in 2023, following the shifting tides in 2022 and the deflation of the pandemic-fueled bubble.

Yet uncertainty persisted throughout the year, making the adjustment for investors choppy. This uncertainty that hung over the industry stemmed from many realities beyond and adjacent to the venture industry. The ongoing war in Ukraine, a new military conflict in Israel, and the strains between China and Taiwan kept geopolitical tensions high.

A looming recession (that never came to be), rising interest rates that reached 15-year highs, and sustained inflation over 6% somehow resulted in a soft landing for the U.S. economy. A major banking disruption from the failure of Silicon Valley Bank resulted in new best practices for the venture industry instead of a broader banking contagion. The IPO window peeked open but closed quickly, disappointing investors and the long line of IPO-ready companies. The public markets rallied at times and ended the year with meaningful gains thanks to tech titans like Meta, Amazon, Apple, Microsoft, and Google, but the markets were quite volatile in the interim periods.

Amidst this choppiness, venture capital deal-making, fundraising, and exit activity were all down. Venture investors struggled with how to underwrite and value private companies. Investors raised the bar for new investments and kept their purse strings tight. We saw a flight to quality across the ecosystem, where only the best founders, ideas, companies, and funds raised capital.

Amidst a broad decline in funding for venture-backed companies, the fintech sector took it the hardest and fell further out of favor, with banking in particular seeing an annual funding drop of 72% in 2023. Founders faced with slowing demand set lower growth targets for 2023. And the private markets suffered high profile and widespread write-downs, as well as some epic failures and shutdowns.

AI, on the other hand, took center stage as investors funded companies in the hot sector with abandon.

AI, on the other hand, took center stage as investors funded companies in the hot sector with abandon.

“The pace of innovation [in 2023] was both exhilarating and exhausting, with new models and frameworks emerging weekly.”

Ashu Garg, Foundation Capital

We go deeper into the AI phenomenon and opportunity in this year’s report.

2023 also marked ten years since Aileen Lee at Cowboy Ventures coined the word “unicorn” to describe private tech companies reaching $1 billion in enterprise value. Over that time, the number of unicorns grew from 39 to 532 in the U.S. and over 1,200 globally. The unicorn factory of the last decade, as Sam Lessin at Slow Ventures described in his widely viewed slide deck, was one that knew how to efficiently package up seed-stage ideas into Series A companies,Series A into Series B companies, and so on until they eventually got packaged up into IPOs.This factory has halted “manufacturing” and we are left trying to pick up the pieces.

"The overall conversation seems to have shifted from building momentum and pure storytelling to creating measurable value for customers...we're gradually moving from pitches and promises to products and potential profits...the tech ecosystem that is emerging from the wreckage of the crash is going to be slightly smaller and much wiser than it was before."

Ashu Garg, Foundation Capital

As we closed out 2023, the market remained more rational than prior years, but stopped short of feeling healthy given slow deal activity, a tough fundraising environment, and, again, uncertainty – which may be our new normal in the short term. Investors began 2024 feeling as though the year could be messy and painful as many companies will likely struggle to raise capital and investors will have to face portfolio attrition.

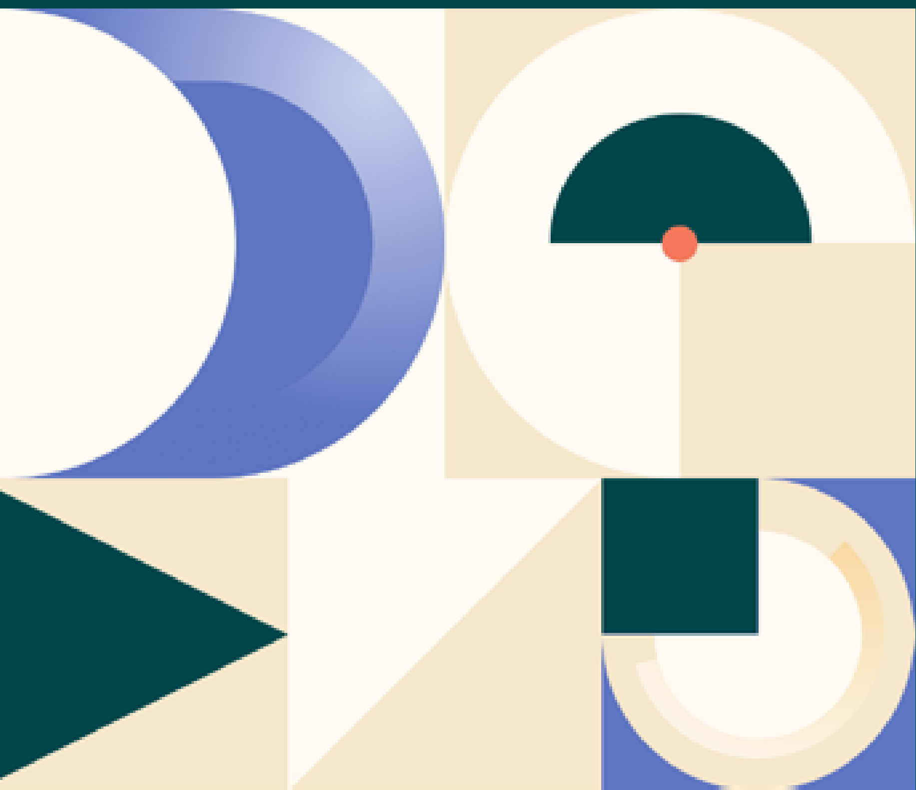
Yet a return to focusing on profitability and efficient growth has positioned many companies well for sustainable growth in 2024, and perhaps even exits. Innovation is ongoing and can thrive in tumultuous periods. The number of talented founders with bold, exciting ideas is indeed encouraging.

> **"2023 was that lingering feeling, after the venture industry spent 2022 choking on its pandemic-era excess. The panic is subsiding, and the new normal looks a lot more like the old normal. For example, that $170.6 billion in 2023 U.S. venture volume was only 1.4% lower than the 2019 total (and well above 2018)."**
>
> Dan Primack, Axios

FUNDRAISING

The flight to quality

As fundraising activity continued to slow, LPs put an emphasis on performance and valuations.

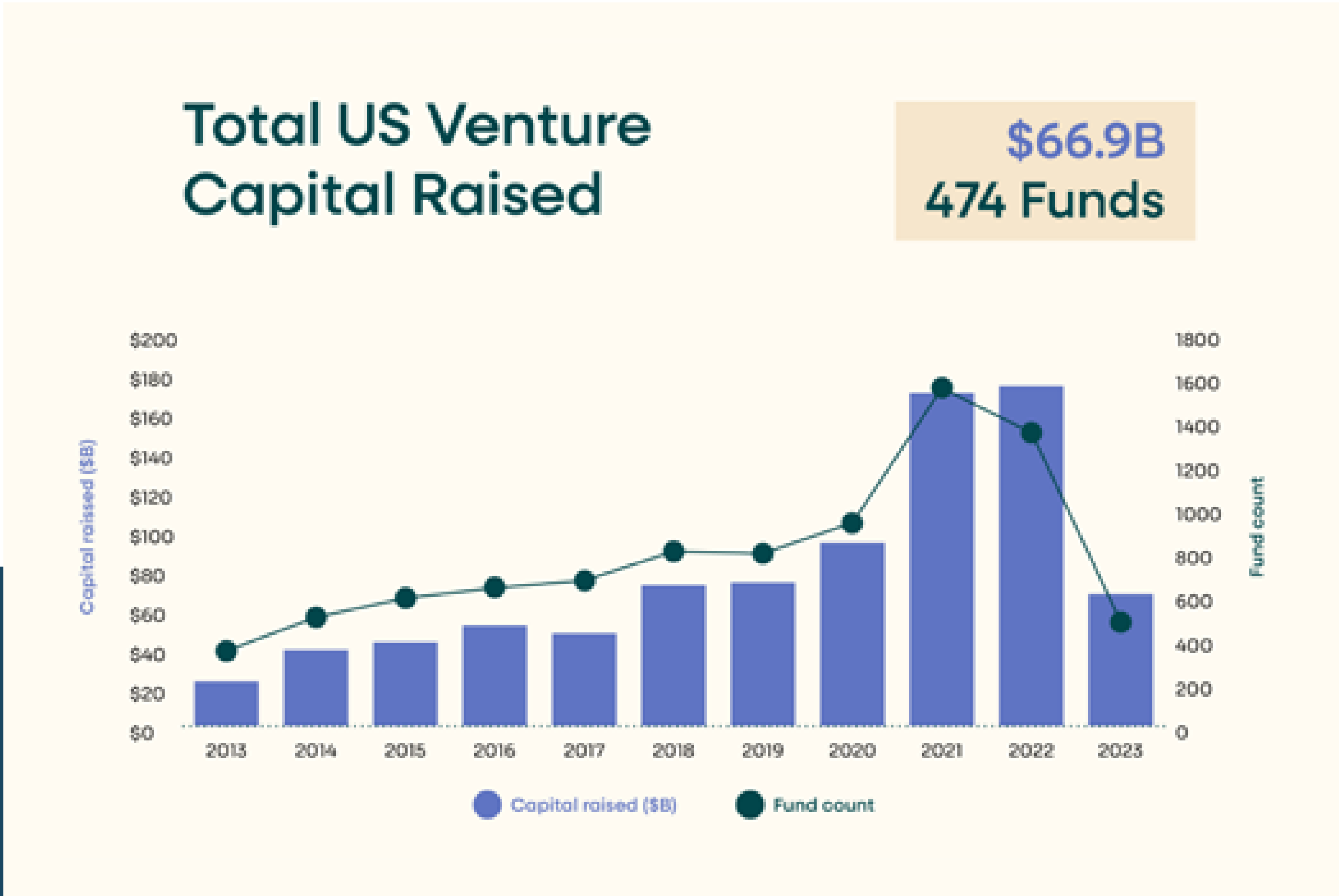


Fundraising activity across the venture ecosystem started to slow meaningfully in the second half of 2022, setting the stage for 2023 to be one of the slowest fundraising years of the past decade by the number of funds raised.

Nearly $70 billion was raised by venture funds, a decline of 61% compared to 2022 and the lowest amount raised since 2017. Several factors contributed to the sobering fundraising environment, …the most notable of which were…allocation constraints for limited partners following record fundraising years in 2021 and 2022 and limited liquidity in 2022 and 2023.

This tough fundraising climate for venture firms resulted in the time to close increasing from an average of 12 months in 2022 to nearly 16 months in 2023. At the same time, the dealmaking side of the business slowed such that managers deployed their funds more deliberately and didn't come back to market with new funds as quickly.

According to Pitchbook, the average time between funds rose from 1.8 years in 2022 to 2.5 years in 2023. Limited partners today have the benefit of more time for pipeline planning, relationship development and due diligence, but are also being more deliberate with their venture allocations. There is, generally speaking, a flight to quality as limited partners place more emphasis on the performance and valuations of underlying portfolio companies, the competitive advantages of venture firms, the size of funds relative to strategies, and firms that exercised some degree of discipline during the frenzied market of 2021.



Early-stage is the last domino to fall

Deal count and capital invested – two important metrics for the state of the funding environment – continued their downward trend in 2023.

↓10%

Decrease in deals

↓30%

Decrease in capital invested

Compared to 2022, last year saw approximately 10% fewer deals, with capital invested decreasing by about 30% to $171 billion. The decline in activity was even more notable compared to 2021, as the number of deals and capital invested was down 17% and 51%, respectively.

As a whole, 2023 was a slow year for investment. That said, overall numbers were largely in line with 2019 and 2020 before the frenzied environment that began in 2021. The capital raising story in 2022 was bifurcated among the stage categories, as later-stage activity came back to earth from an abnormally active 2021, while pre-seed and seed activity continued its upward trajectory, driven by larger round sizes as new entrants to the seed market continued to drive up valuations.

The story in 2023 was quite different. Last year saw much more uniformity across the industry, as pre-seed and seed activity slowed across all metrics and early- and late-stage activity continued to decline. In addition, a growing number of companies at all stages that had been able to postpone fundraising for a time have had to join the already competitive fundraising market, competing for scarce dollars.

2023 vs 2022

DEAL VALUE

-40%	-44%	-14%
Pre-seed / Seed Stage	Early Stage	Late Stage

-20%	-2%	-8%
Pre-seed / Seed Stage	Early Stage	Late Stage

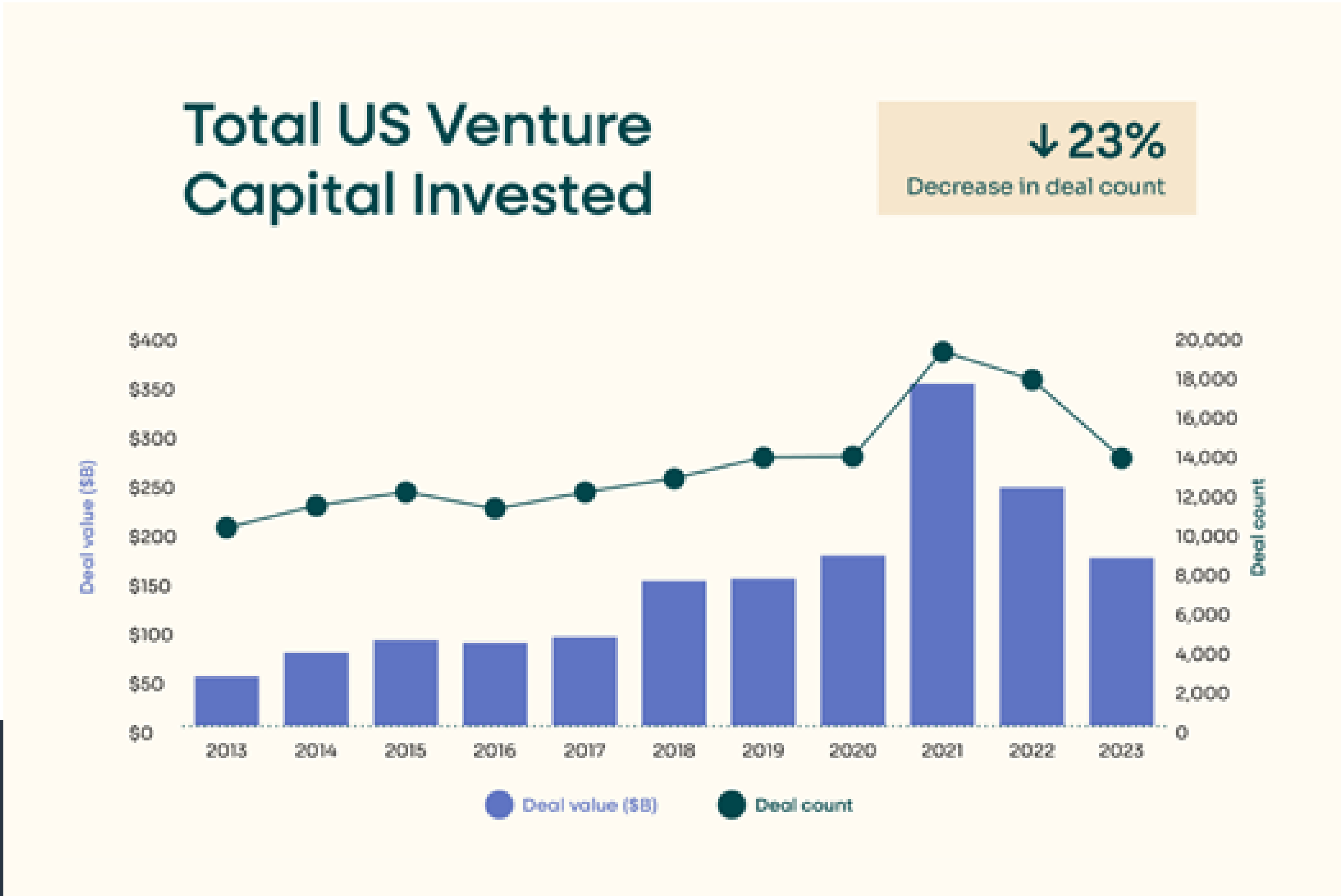
2023 vs 2021

DEAL VALUE

-22%	-55%	-48%
Pre-seed / Seed Stage	Early Stage	Late Stage

-26%	-10%	-14%
Pre-seed / Seed Stage	Early Stage	Late Stage

Outside of the exuberance of 2021, venture investment is trending towards a steady increase from pre-pandemic years through 2023.



Venture investment activity continues to be lower across the board in comparison to 2021's outsized advances, but the longer-term trend exhibits consistent and steady increases in activity. Although the number of mega rounds (those sized $100 million and above) in 2023 was about half the number from 2022, the roughly 600 mega rounds is about double the figure from 2017, proving that capital is still plentiful for high-performing companies.

The lower velocity of deals and capital invested in 2022 and 2023 was in many ways a stark reversal of the underlying drivers for 2021's fast pace of activity. In 2023, we saw:

- less virtual deal making as investors and operators continued a shift back to in-person work,
- longer due diligence processes as investors took their time deploying capital, and
- longer time between financings as many companies raised more than enough capital in 2021 to fund short-term operations.

Long-term trends

Several longer-term trends at play continue to drive investment activity, particularly at the later stages. These include:

- companies staying private longer, inviting more private capital to fuel their growth,
- large amounts of dry powder from traditional VCs, driving up competition and valuations, and
- increased participation (though lower lately) from non-traditional investors like cross-over funds, private equity funds, corporate VCs, family offices, and sovereign wealth funds.

TREND

Seed continues to be critical capital

Seed continues to be critical capital: The strong performance of investors focused on companies at their earliest stages of formation is garnering more notice.

Seed-stage investing has evolved dramatically over the last decade and continues to mature post-pandemic, with many new players joining a professionalized set of seed-focused investors. This broad group of early investors is funding innovation at its earliest stages, enabling the creation of market-making companies.

Over the last two years as the venture industry watched valuations drop and financings become much more challenging for startups, the seed space was less affected than companies at later stages. Seed-stage investing is naturally less sensitive to the macroeconomic environment than those later stages, and this was reflected in more modest drops in deal value and volume in 2022 and 2023. The market finally caught up for seed in the fourth quarter of 2023, when both the number of deals and the median value of deals hit their lowest points for the year. But even at that annual low, the stage still showed resiliency, as deal values remained above pre-pandemic levels.

This echoes sentiments found in the 2024 Seed Crush Survey conducted by TrueBridge, that queried the top seed managers in the U.S. Despite 39% of elite seed managers indicating that the biggest difference between current deals and those a year ago is that valuations have come down dramatically, about 10% responded that high valuations are one of the greatest risks to the market, indicating that values could have further to fall before the seed stage feels truly balanced.

Another reason values may still be overpriced? Competition in the space is increasing. Seventy-four percent of managers are seeing increased competition from new seed firms and solo capitalists, angel investors, traditional Series A firms, and multi-stage funds. In a low-exit environment, many investors have the patience to invest in companies that are young and far enough away from an exit to have time to see how the markets play out.

74%

Seed managers see increased competition

Indications are that investors are indeed showing extreme patience. They are deploying capital more slowly and looking for stronger teams, more traction, and founders with more grit who are determined to succeed in a tough fundraising and sales environment. And they are finding them – 57% of the top seed managers shared that the quality of their deal flow has increased compared to the boom years of 2020/2021.

Founders are leaner and more efficient and know the bar is higher. More independent thinking and creating is coming back.

Seed Crush Survey respondent

Are any other issues top of mind for seed investors? Preparing companies to raise Series A rounds is the resounding answer. Successfully raising post-seed capital in today's environment requires significantly more traction and time than at any point in the last decade. One Seed Crush Survey respondent shared that, "The need for startups to scale before their Series A in a tough environment means that the path to that A round is murky, at best."

Increased competition, leveling valuations, and a risky Series A environment aside, what will the seed space look like in a few years? It's likely that the flight to quality will continue – venture investors will look to back the most resourceful and truly disruptive founders, limited partners will look to fund the top tier of elite managers, and the best founders will have their pick of venture investors. The space will remain dynamic and exciting, where supporting nascent companies today can result in tomorrow's iconic and household names. And where high-risk investments can generate handsome returns for patient investors.

TREND

AI: In the limelight

Although the hottest current investment trend, the history of artificial intelligence is a journey that spans several decades, from its inception as a concept rooted in mathematical theory and philosophical inquiry, to a force driving progress across diverse domains. Born out of the aspirations of pioneers like Alan Turing and John McCarthy in the mid-20th century, AI has evolved through periods of hype and disillusionment, experiencing breakthroughs and setbacks, alike.

Stepping through the 70 years of history since the field of study was began, we arrive at the form of AI that has garnered considerable attention today: Generative AI. This term refers to models capable of creating content such as text, images, and audio. Generative AI became more prominent with the development of advanced models like Generative Adversarial Networks (GANs), which revolutionized the ability to generate realistic content.

The emergence of transformer models, introduced through Google's "Attention Is All You Need" in 2017, represented a pivotal moment in the advancement of natural language processing. Today, transformers have become the focal point of discussions in AI. Although OpenAI was among the first to see value in transformers, well-capitalized teams have started training massive transformers using vast datasets and computing to create what we now call LLMs (large language models). The effectiveness of this architecture became evident with OpenAI's launch of ChatGPT in late 2022, which quickly emerged as the fastest-growing consumer internet app of all time.

Golden Age of AI R&D

2023 saw huge leaps in the advancement of AI – dive into a few key highlights below

2023 MODELS

MICROSOFT

Phi-2

Crucial to develop models that can operate efficiently on consumer hardware.

MISTRAL AI

Mixtral

Sparse mixture-of-experts model (SMoE) licensed under Apache 2.0.

GOOGLE

Gemini

Multi-modal model capable of producing and comprehending content across media.

HUGGINGFACE

Zephyr

One of the models to be trained on distilled Direct Preference Optimization (dDPO).

META AI

LlaMa 2

Family of state-of-the-art open-access LLMs, going from 7 to 70 billion parameters.

ANTHROPIC

Claude 2

Anthropic's most powerful model with a context window of 100,000 tokens.

OPENAI

GPT-4

Most recent LLM from Open AI and remains one of the highest performing models

GOOGLE

PaLM-E

Integrates sensory information and robotic control to provide guidance through tasks.

MeTA AI

LLaMA

For download by approved researchers, rather than restricting access to the data.

2023 PAPER

MICROSOFT

Toolformer

Language Models Can Teach Themselves to Use Tools

MISTRAL AI

QLoRa

Efficient Finetuning of Quantized LLMs

GOOGLE

Voyager

An Open-Ended Embodied Agent with Large Language Models

HUGGINGFACE

Mamba

Linear-Time Sequence Modeling with Selective State Spaces

Significant progress in AI has been made in both closed development and among the open-source community.

Proponents of each side share lively debate and ethical concerns regarding the development process. In May 2023, a leaked internal Google document titled, "We Have No Moat, And Neither Does OpenAI" went viral for suggesting that Google and OpenAI were at a disadvantage in the AI industry compared to open-source AI models, which were described as "faster, more customizable, more private, and pound-for-pound more capable." Open-source models enable rapid problem-solving and distribution of solutions, as seen in the modern internet's reliance on open-source technologies. Closed-source models, on the other hand, offer proprietary advantages that include stability, focused product development, and accessible customer support. These models often feature advanced functionalities and built-in security measures, catering to organizations that require enterprise-level features and support.

The battle between big tech companies and the open-source community is not just about technology; it's also about the philosophy of knowledge sharing versus exclusivity. While closed-source models can provide competitive advantages and revenue through licensing, open-source models thrive on community collaboration and the free exchange of ideas. This dynamic creates a balance between accessibility and exclusivity, challenging both development channels to continually innovate and adapt.

The battle between every startup and incumbent comes down to whether the startup gets distribution before the incumbent gets innovation.

Alex Rampell, Andreessen Horowitz (Nov 5, 2015)

In the current dynamic landscape, incumbents recognize the strategic imperative of integrating AI into their operations, products, and services.

The ability to take advantage of this new technology via API empowers incumbents with the agility to swiftly adopt cutting-edge technologies without the constraints of traditional development cycles. This phenomenon not only enhances the incumbents' ability to adapt but also allows incumbents to take advantage of their extensive market reach and private data to augment lower quality public data.

Generative AI startups raised nearly $50 billion in 2023 according to Crunchbase. And its clear value will continue to be captured by startups in the age of AI. It can be hard for incumbents to overhaul from a traditional enterprise SaaS tech stack to an AI-first tech stack. Consequently, incumbents are increasingly reliant on startups for the infrastructure to build AI apps. Some examples include:

- Model development companies such as OpenAI, Hugging Face, Together.ai, Anthropic and Mistral
- Frameworks such as LangChain and LlamaIndex
- Vector databases such as Weaviate, Pinecone and Chroma
- Evaluation companies such as BrainTrust Data

AI Enables Broad Innovation

The advancements in AI infrastructure are setting the stage for innovative applications that redefine industries and user experiences. We are starting to materialize visions for how AI will reshape various industries and aspects of our daily lives from how we create, build, and take in information. A broad variety of exciting young companies are tackling issues through the use of AI.

AI is democratizing creativity, as new applications enable individuals and businesses to harness powerful tools for content creation, design, and multimedia production. Pika Labs and RunwayML enable text-to-video generation and Midjourney is an AI art generator that creates images from text prompts in seconds. Descript boosts podcast and video production with AI-driven editing tools and Synthesia enables businesses to create professional-looking videos using AI avatars, democratizing video production for enterprise applications. The ability to create extends beyond traditional boundaries and into the future of software development.

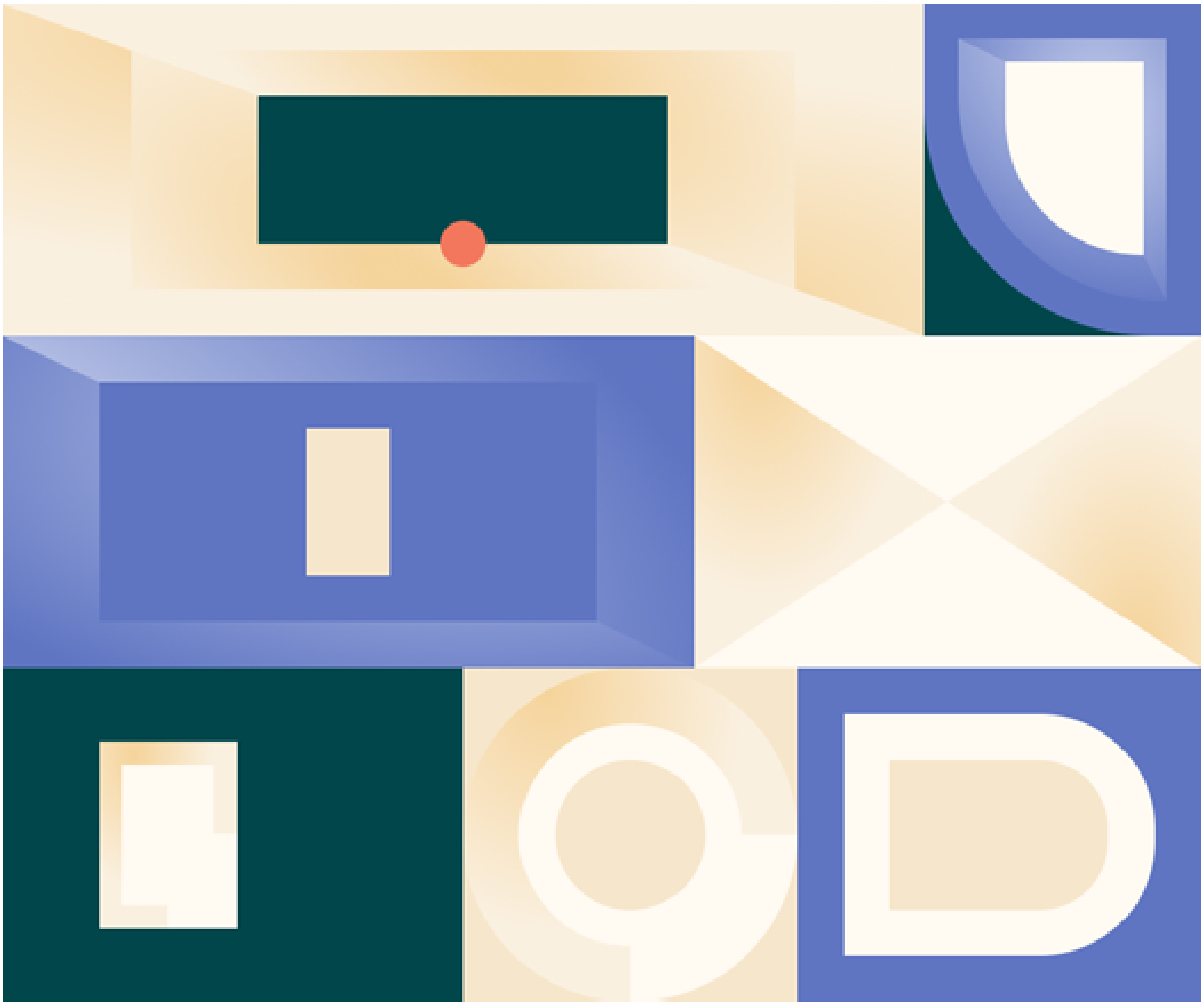
AI-powered coding assistants and next-generation development environments are reshaping the approach programmers take in conceptualizing and implementing solutions, while also broadening the scope of who can be a "developer." Cody, an AI-powered code editing assistant developed by Sourcegraph, is designed to help developers build better and more efficient software by providing context-aware code explanations and assist in writing, reviewing, and refactoring code. Cursor.so is an AI-based Integrated Development Environment (IDE) that offers natural AI-based workflows within the IDE, such as ChatGPT-style code chat, inline difference of AI edits, and auto-debugging by hovering over errors.

And Replit is democratizing programming by enabling individuals with varying levels of technical expertise to leverage AI for coding, allowing them to build end-to-end products and prototypes.

Online search, which has been largely unchanged for decades, is also being transformed by AI. Users would typically enter keywords into a search engine and sift through pages of results. AI streamlines this process by providing synthesized, conversational responses that aggregate information from various sources. In enterprise search, a particularly difficult problem, Glean is building an AI platform for knowledge discovery. In consumer search, this shift is evident in Microsoft's integration of ChatGPT into Bing and Google's development of Bard, both of which aim to offer more nuanced and complex answers to user queries. Another startup, Perplexity AI, generates accurate and context-rich content via chat interphase, challenging the current monopoly Google has on consumer search. The centralization of information through AI-powered search engines raises valid concerns about the concentration of power and the potential for users to bypass original content sources. In the consumer space this consolidation could also have significant implications for businesses that rely on traffic and ad revenue.

As we embrace innovative approaches to seeking information, legal considerations become increasingly apparent. The New York Times (NYT) lawsuit against OpenAI and Microsoft, filed in Federal District Court in Manhattan, alleges copyright infringement related to the use of millions of NYT articles to train AI technologies, including ChatGPT. This case has wider implications for the AI industry and content creators, raising questions about the use of copyrighted material in training AI models and the potential impact on traditional media outlets.

It also highlights the need for clear guidelines and agreements regarding the use of copyrighted material in AI training data. The lawsuit is not an isolated case and it reflects a broader tension between traditional content creators and AI companies. Similar disputes have arisen between content creators and AI companies, signaling a growing legal and ethical challenge for the AI industry.



The rapid advancement of this field has been remarkable, evidenced by the growth and improvement of foundational models as well as the flourishing of new startups.

Applications of AI are unlocking new creative frontiers and augmenting software development in groundbreaking ways. In 2024, we can expect the dynamic interplay between open and closed ecosystems, the emergence of novel architectures that will shape the next generation of applications, and net new use cases and features. It will be exciting to see how these scientific advancements can translate into tangible benefits for humanity.

Further Reading:

- "We Have No Moat, And Neither Does OpenAI"
- Distribution vs. Innovation
- Software 2.0

The sky isn't falling

Deal count and capital invested – two important metrics for the state of the funding environment – continued their downward trend in 2023.

Results were mixed for pre-seed through Series A companies.

Despite a rebound for large cap public tech stocks in 2023, valuations remain below long-term averages in terms of enterprise value to revenue basis for tech indices, which continues to impact private late-stage valuations.

2023 VS. 2022 AVERAGE VALUATIONS

+18%	-10%	-26%	-6%
Pre-seed	Seed	Early	Later

2023 VS. 2022 MEDIAN VALUATIONS

-5%	+9%	-17%	-18%
Pre-seed	Seed	Early	Later

In the absence of an active exit market, many venture-backed companies will need to raise capital in 2024. A challenging financing environment means they are more likely to accept less favorable terms. In fact, in the third quarter of 2023, 17% of all venture financings were "down rounds," the highest figure in a decade according to Pitchbook.

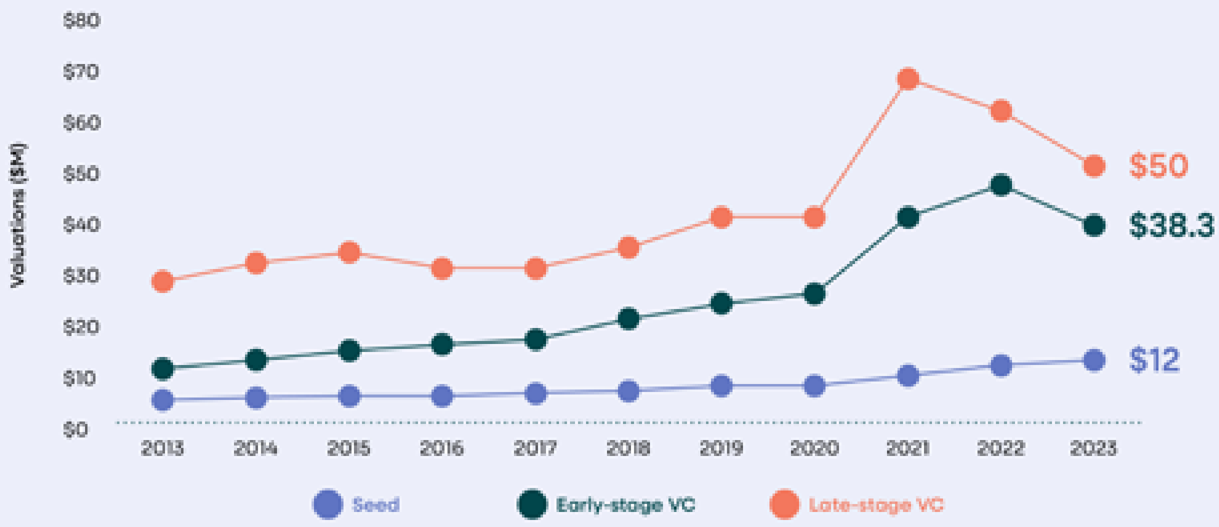
In 2024, we expect to see additional bridge rounds, tranched financings, and down rounds, further affecting valuations. We also expect to see more portfolio triage as venture managers examine their existing positions against the backdrop of these additional incremental investments.

Overall, 2023 was a continuation of what we saw in 2022 and while, for many companies, "down is the new flat," the highest quality companies – albeit a lower number of them – are finding traction and even seeing upticks in their valuations.

> The thing that I know will remain true is that incredible founders will continue to build at the edge of what's possible, regardless of what the market says at any given point.

Seed Crush Survey respondent

Median US VC Pre-money Valuations by Stage



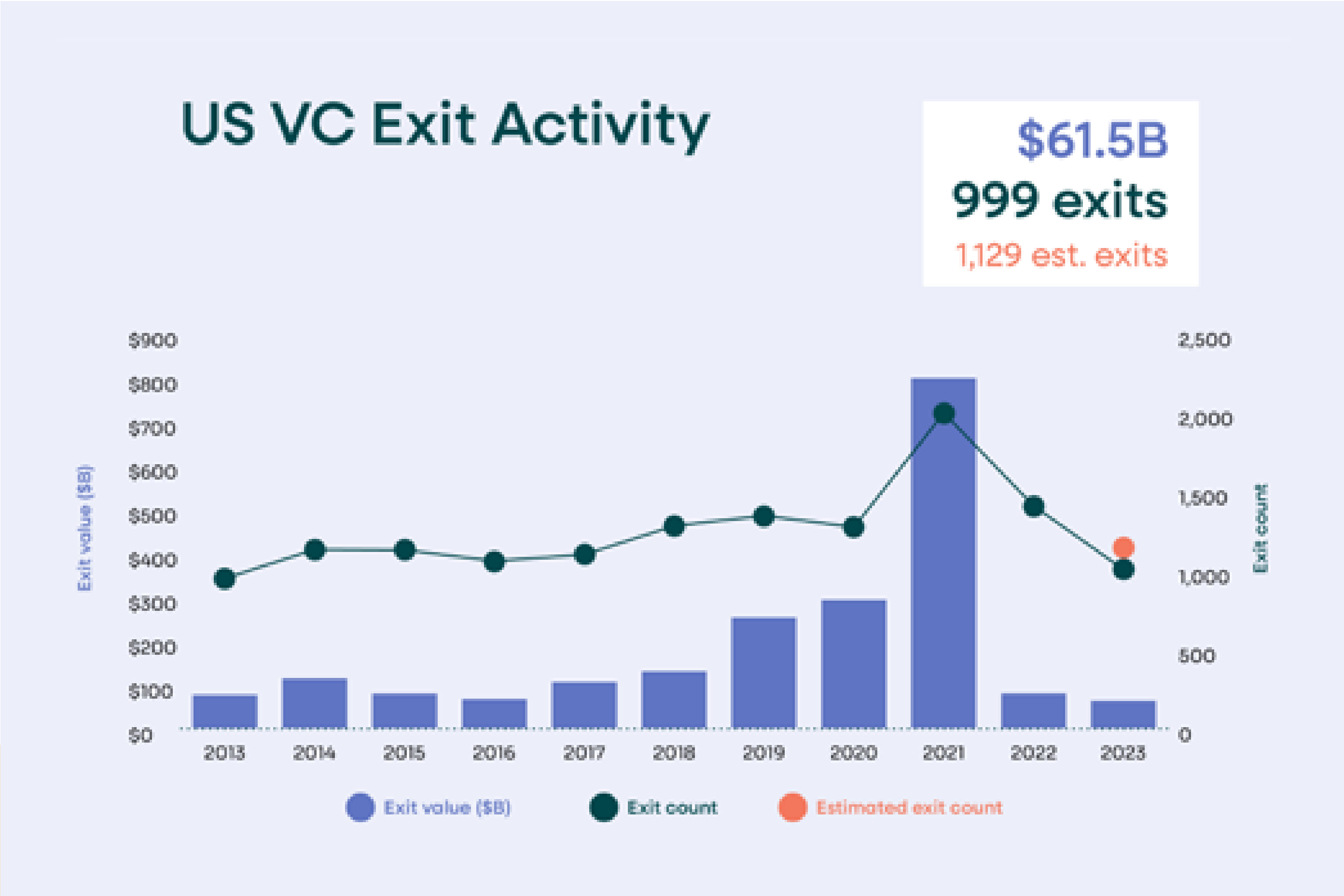
The brief glimmer of hope disappeared

Many investors were hopeful that stronger performance for tech stocks and a few high-profile venture-backed IPOs would lead to a broader opening of the exit market, but that hope did not turn into a reality in 2023.

Exit activity in 2023 was just as subdued as in 2022.

Total exit value, inclusive of public listings, buyouts, and mergers and acquisitions, was down 22% year-over-year, and down a dramatic 92% compared to 2021. The $61 billion of total value realized in 2023 was the lowest figure in the last decade.

The number of exits in 2023 was 50% less than 2021 and nearly 20% below the 10-year average.


US VC Exit Activity
$61.5B
999 exits
1,129 est. exits
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
Exit value ($B)
2,500
2,000
1,500
1,000
500
0
Exit count
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
Exit value ($B)
Exit count
Estimated exit count

A few tech companies tested the waters and completed their IPOs in September. Arm, a semiconductor design firm, went out first with a hefty valuation of approximately $55 billion. Instacart, the on-demand grocery delivery service, and Klaviyo, an enterprise B2C communication tool, followed soon thereafter touting profitable financials but public valuations well below their private valuations. The challenging post-IPO share performance of these and other newly-minted public companies raised concerns about the market's strength and disappointed investors who had hoped for an IPO thaw.

In addition to macroeconomic challenges, the anemic exit activity in 2023 was exacerbated by several factors:

- the poor showing by the 2019, 2020, and 2021 IPO cohorts, which have continued to underperform the broader market,
- a growing backlog of announced, but not yet closed, mergers and acquisitions, and
- high-performing private companies like Stripe and SpaceX choosing to stay private for even longer.

The total number of M&A exits fell below 700, a new decade low.

A lackluster and uncertain M&A environment was the overall driver for fewer exits in 2023, with acquisitions falling over 31% year-over-year. Adobe's highly anticipated $20 billion acquisition of venture-backed Figma that was announced in 2022 was called off in 2023 after drawn-out regulatory issues. There continued to be a steady beat of larger transactions taking a long time to work their way through closing processes, due to regulatory hurdles or otherwise, including Databricks' acquisition of MosaicML for $1.3 billion.

Late-stage companies put in the work for profitability.

Many investors are hopeful that exits, particularly IPOs, will rebound in 2024, especially with equity markets ending 2023 on a high note and some positive economic signals. Many late-stage companies have already done the work to shift their focus to profitability in lieu of growth at-all-costs, which public markets should view favorably with: "…a high note and with some positive economic…". Industry watchers are looking at companies like Reddit, Databricks, Rubrik, Cerebras, and others as potentially good candidates for public listings when the market is receptive, though for some companies, the market may command lower valuations than companies previously enjoyed.

Sobering in the short term

The performance of venture capital indices struggled through 2023.

According to Cambridge Associates, the industry generated negative returns for seven consecutive quarters through Q3 2023, resulting in negative pooled returns over the last one- and two-year periods.

There are several contributing factors to venture's performance decline, many of which carried over into 2023 from 2022. A lackluster exit environment and valuation resets (particularly at the later stages, driven by public comps) persisted. Cara data shows that, across all stages, the number of down rounds increased meaningfully in 2023 as a percentage of total financing rounds, supporting the idea that investors have become more scrutinous. 2023 also saw a 174% increase in U.S. bankruptcy filings by private equity- and venture-backed companies, with storied WeWork's filing being one of the largest. Carta reported that among its customer base, the number of startups that shut down in 2023 increased nearly 60% year-over-year.

Despite the pullback over the last two years, venture capital performance over the last decade and beyond remains strong. Upper quartile since inception IRRs for vintages 2008 through 2019 are consistently above 20%, with most upper quartile multiples of capital (TVPI) in those same vintages coming in above, and in some cases well above, 2.5x net multiple.

Many limited partners view the current opportunity to invest in venture capital as an attractive one. With exciting innovation, fast-moving technological advances, more rational valuations, and attractive long-term returns from the top venture funds supporting the case to invest, limited partners are simultaneously facing less attractive short-term returns and two years of negative cash flows (where contributions have outpaced distributions). It’s an intriguing juxtaposition between the sobriety and the magic of the moment.

Missing Headline

Missing Subtitle

We think it's likely that 2024 will mirror 2023 in many respects – we are living in highly uncertain and volatile times, and the choppiness in the venture market will reflect that.

Investors and founders will continue to settle into a post-peak, new version of normal.

What we're watching in 2024...

- To what extent startups will fail to raise capital and/or cease operations.
- Whether private valuations across stages have stabilized or whether there will be more broad-based corrections.
- Whether average fund sizes will decrease (and opportunity funds become less common) given the lower valuation and slower financing environment.
- Whether sectors like blockchain and fintech will emerge from being out of favor.
- How AI will continue to present opportunities for companies, sectors, and investors.
- Whether the IPO window will open on the heels of Reddit's anticipated IPO this spring.
- Whether the anti-trust climate will persist, making M&A exits for highly valued private companies challenging.
- The impact a rise in interest rates could have during the second half of 2024.
- The impact of the U.S. presidential election in Q4.

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