

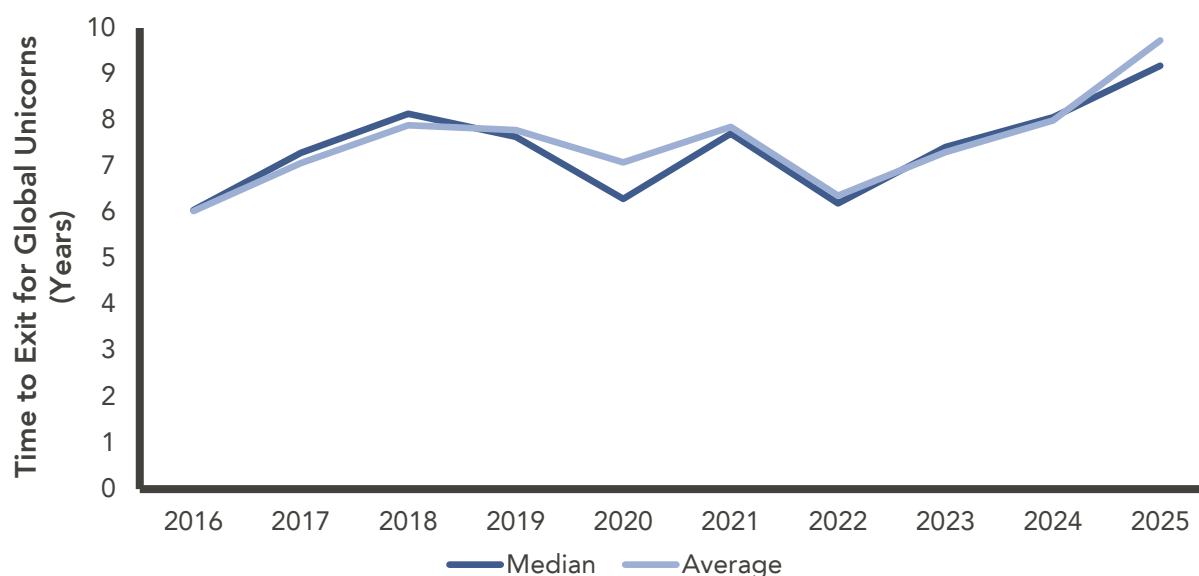
Chart of the Week

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The VC Convergence Era

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▾ As companies remain private for longer, venture firms are expanding to maintain ownership and support portfolio companies throughout full lifecycles



Source: PitchBook as of December 31, 2025

When Benchmark, one of Silicon Valley's most renowned early-stage venture capital firms, closed \$2 billion across two new funds this month (including its first-ever dedicated growth vehicle at roughly \$1.3 billion), headlines were made. For nearly two decades, Benchmark was one of the industry's most disciplined organizations, with funds capped at around \$500 million and a conviction that backing the right companies at the right prices was preferable to deploying capital at scale. That thesis ultimately produced one of the strongest track records in venture capital.

Benchmark's more recent moves are indicative of broader market dynamics. Indeed, VC-backed businesses are staying private for longer, an increasing share of enterprise value is being created after the traditional venture stage, and the capital required to participate in the initial phases of a company's growth is now greater than what early-stage funds were built to provide. According to PitchBook, the median time to exit for unicorn companies was 9.2 years as of the end of last year. For an early-stage investor, that figure represents nearly a decade during which ownership stakes are tested via various financing rounds. For instance, a \$400 million fund with pro-rata rights can participate in early rounds, but maintaining meaningful ownership across 10 years of financing requires capital that traditional venture funds were not designed to deploy. This means that

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the investor who backed the right company at the seed stage but lacked the capital to hold the position through subsequent financing rounds effectively did the difficult work of selection for someone else's benefit.

In recent time, leading firms including Founders Fund, a16z, Thrive Capital, and Sequoia have launched dedicated growth vehicles, aiming to build out the capacity required to support portfolio companies across full lifecycles and avoid handing them off at the growth stage. It is important to point out, however, that growth investing is not simply venture investing with larger check sizes. Specifically, entry valuations are higher at this stage, requiring investors to underwrite not just a company's potential but the return achievable at a given price. To that point, outcomes depend more heavily on public market conditions and exit timing, which are factors that no investor can fully control. In conclusion, venture capital is entering an era of convergence in which the most competitive firms are defined not by the stage at which they invest, but by their ability to support exceptional companies across a full lifecycle, meaning growth capabilities are increasingly becoming table stakes for venture firms seeking to build enduring franchises. ■

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