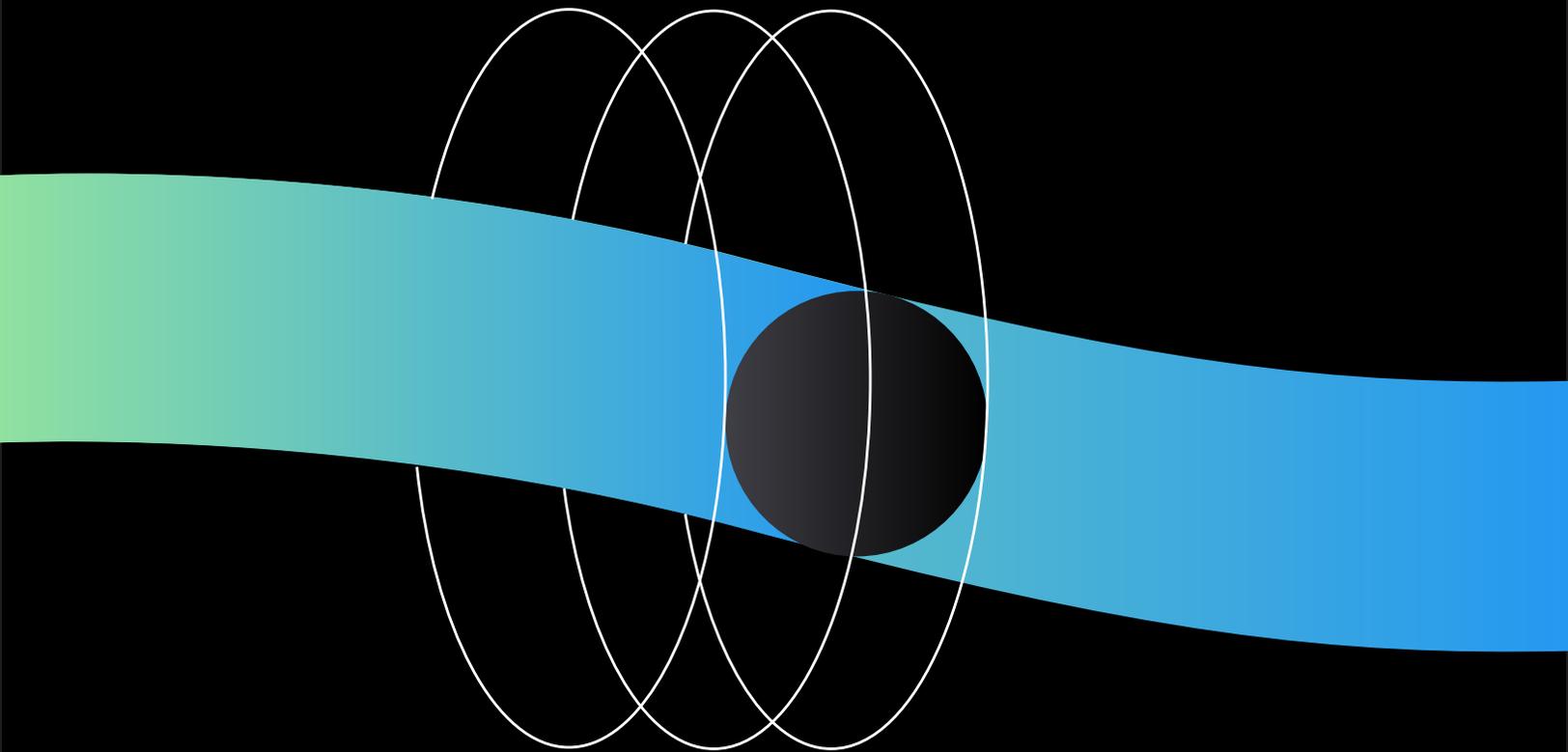




Q1 2024

VC Sentiment Index

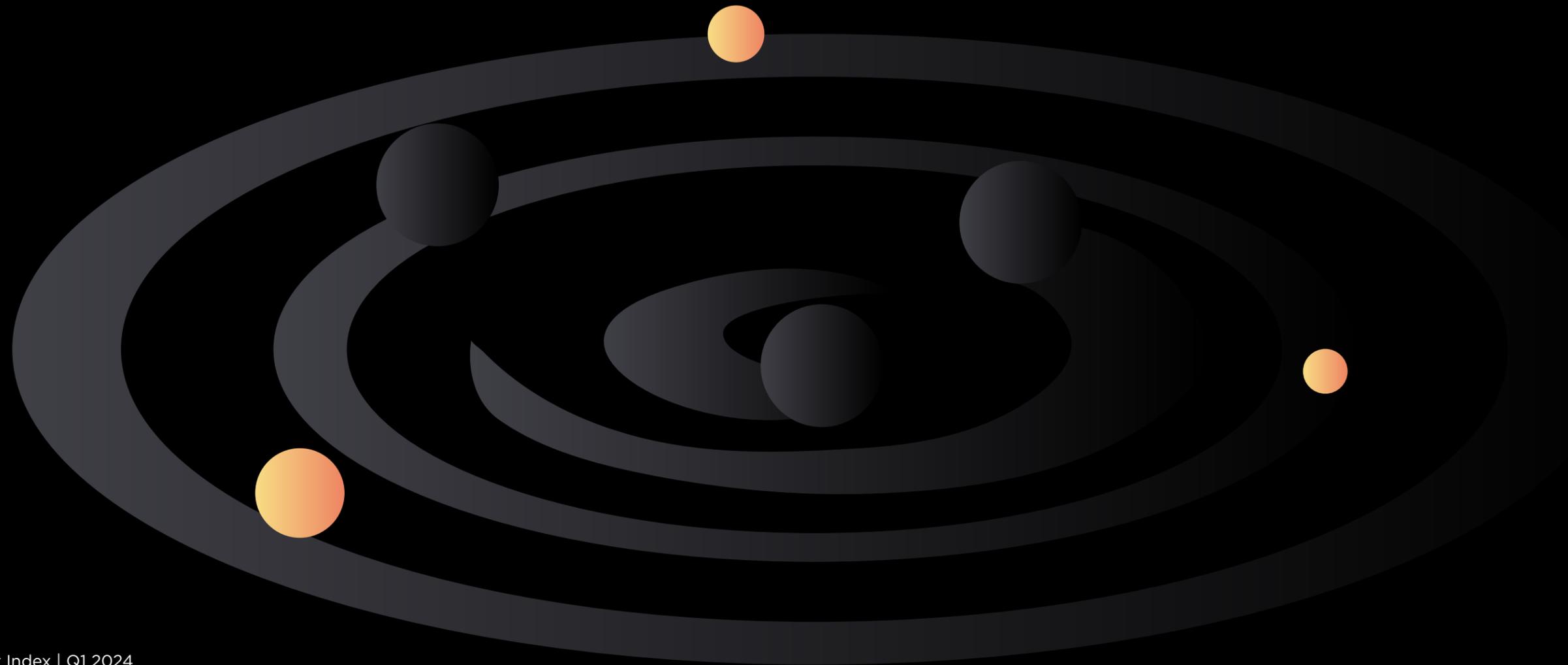
VCs are split on their feelings of the current market, they are aligned on one thing — optimism for the next 12 months



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Thanks to our VC Sentiment Index Partners!

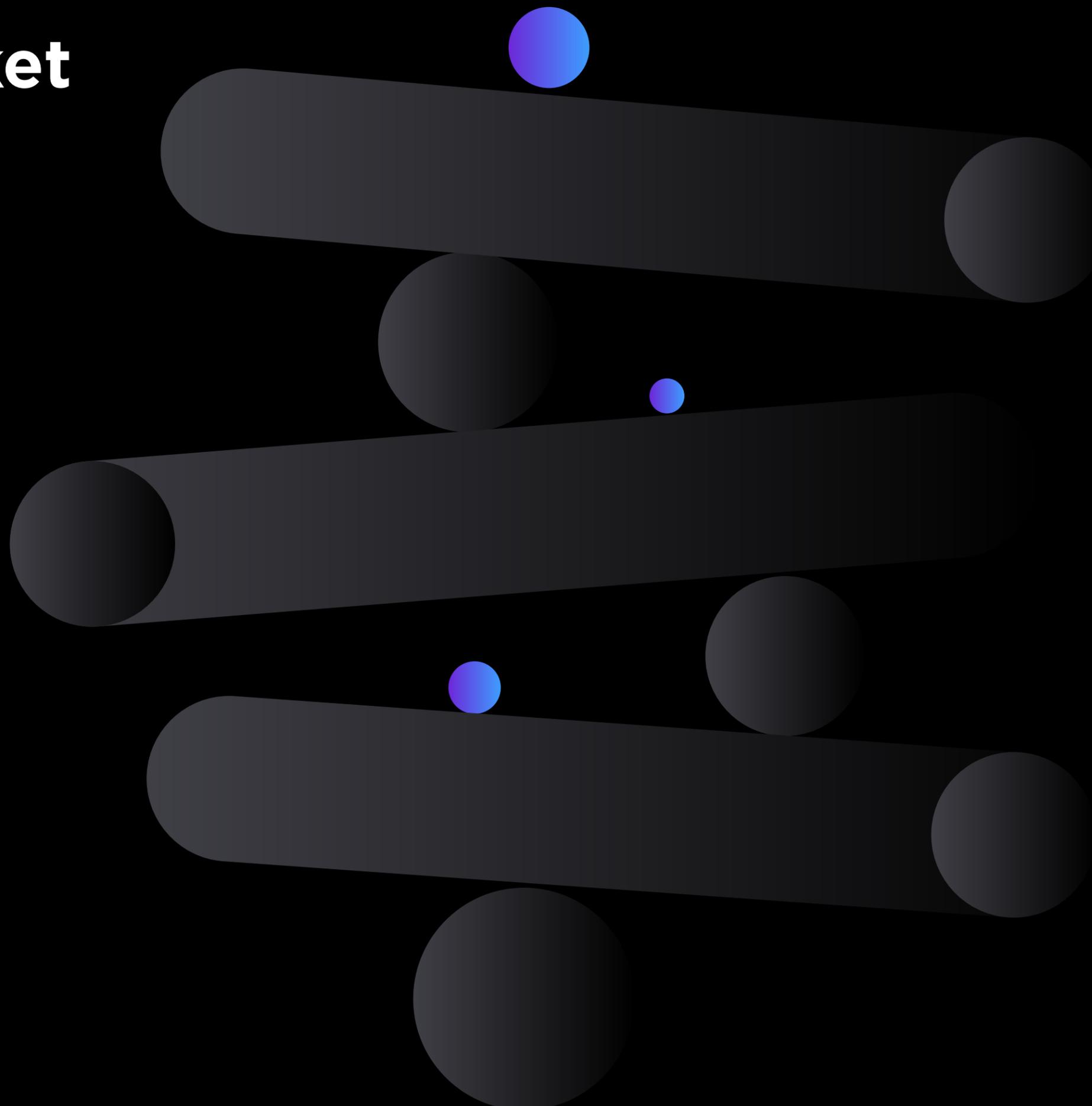


INTRO

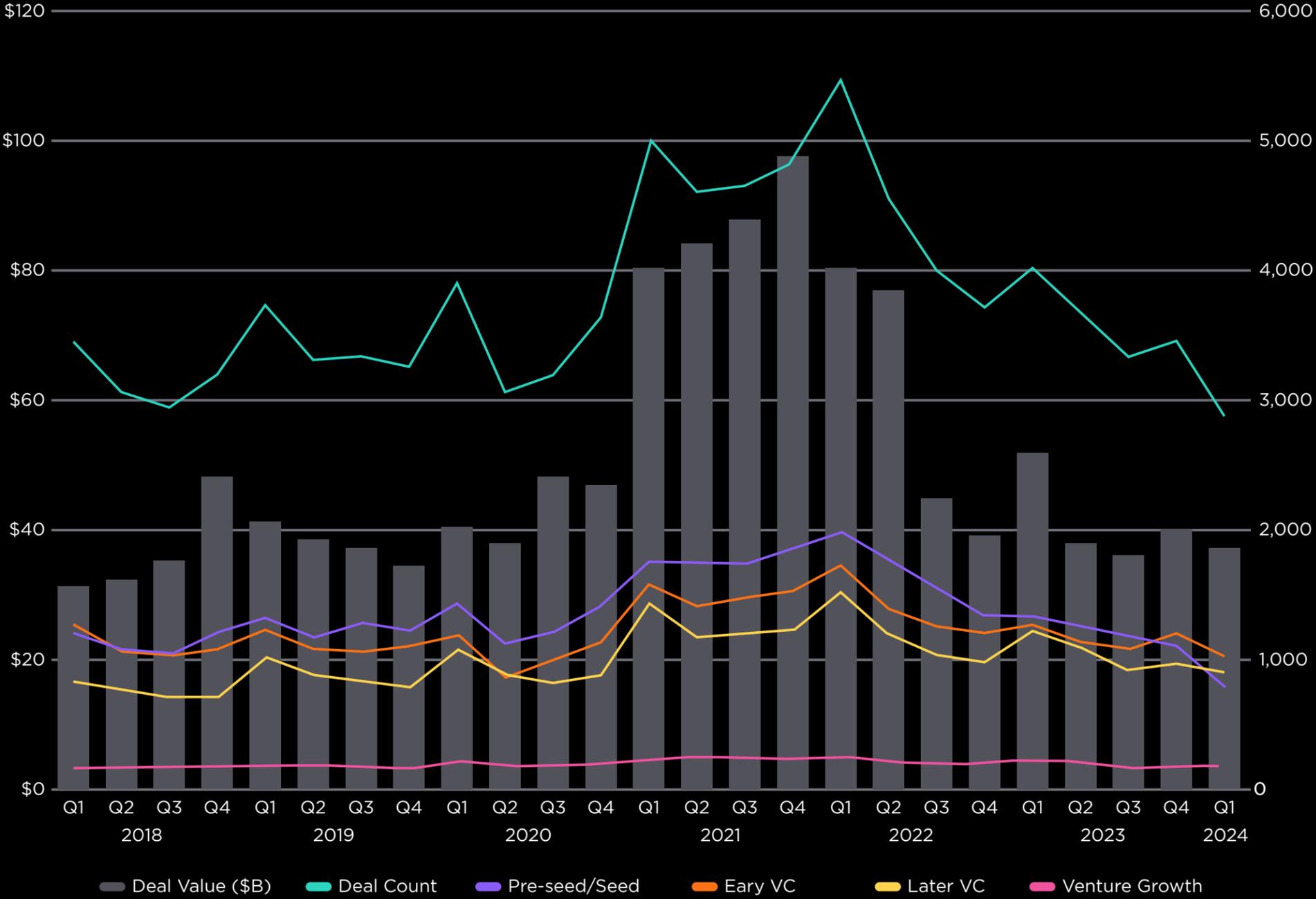
The Current Market

The last few years have been turbulent in the macro venture markets. The combination of instability, slowed exit activities, little to no IPO activity, global conflicts, and a looming US election has led LPs to keep a close eye on their pocketbooks.

As VC funding returns to pre-2020 levels, we want to help investors understand how their contemporaries feel about the past, present, and future of the macro venture capital markets with the Visible VC Sentiment Index.



VENTURE FINANCING IN THE U.S. 2018-Q1 2024



Source: Venture Pulse, Q1 '24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by Pitchbook, April 17, 2024.

According to Pitchbook, Q1 2024 saw \$36.6B in venture capital deal value — similar to what we’ve seen in the last few quarters. While VCs are split on their feelings of the current market they are aligned on one thing — optimism for the next 12 months.

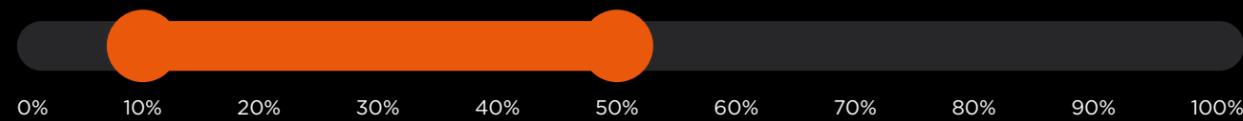
Over the month of April 2024, we surveyed venture capital investors to understand how they felt about the past quarter and the future of the venture markets. Check out the results next:

The Past Quarter

Valuations

The 2021 venture funding boom led to companies raising at inflated valuations — resulting in companies trying to grow into out-of-reach valuations in uncertain markets. As growth stalled and valuations were secured, companies resorted to down rounds and bridge rounds.

In Q1 2024, 75% of investors surveyed had to write down companies in their portfolio. On average, investors wrote down 10% of their portfolio companies — with the maximum being 50%.



10% of portfolio companies were written down by their investors on average

HAVE YOU SEEN COMPANY VALUATIONS INCREASE, DECREASE, OR STAY THE SAME IN Q1 2024

Compared to 2023: ■ Increase ■ Decrease ■ Stay the same



“Longer fundraising timelines and lots of founders calling for meetings to ask existing investors to step up and bridge rounds.”

“Seems to be a disconnect between investors and founders re valuation, lots of rounds only getting partially completed, a lot more bridge rounds being raised, harder for startups to find lead investors.”

“A lot of startups are speaking to strategic investors from the perspective of getting invested or getting acquired at the same time. It is more complex. A lot of companies will be acquired along the way while fundraising in 2024, I believe..”



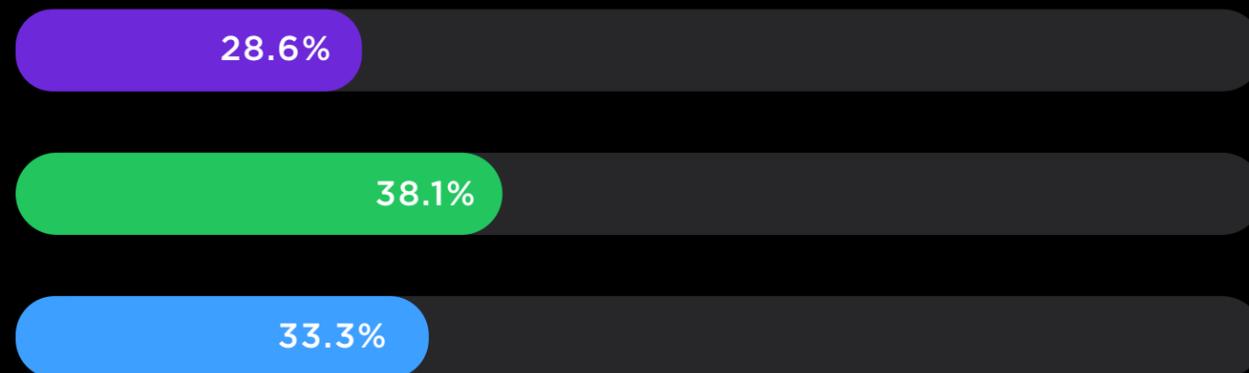
The Past Quarter

Investment Velocity

As one investor pointed out, “there is uncertain market feedback - some positive signals and others negative.” This can be seen in the data as we received a mixed bag regarding how different firm’s investment velocity compared from Q1 2024 to Q1 2023:

DURING Q1 2024, WOULD YOU SAY THAT YOUR FIRM IS INVESTING MORE, LESS, OR ABOUT THE SAME, AS Q1 2023?

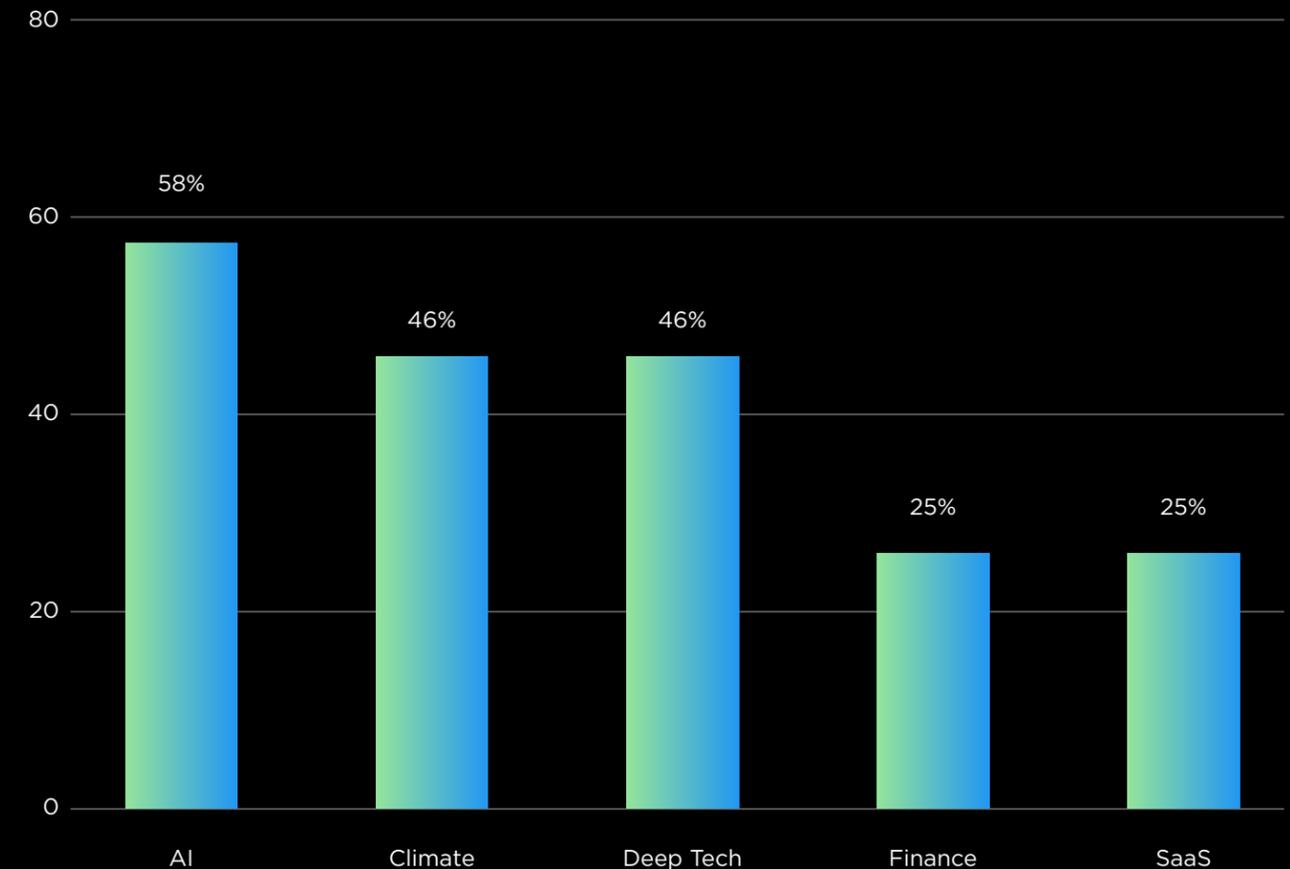
Compared to 2023: ■ Increase ■ Decrease ■ Stay the same



Opportunities

It is not surprising that AI has rocketed to the top of investment focus for VC firms across the globe. Over 58% of survey recipients mentioned AI being in the top three areas of focus for them over the past quarter.

MOST POPULAR VERTICALS/MARKETS IN Q1



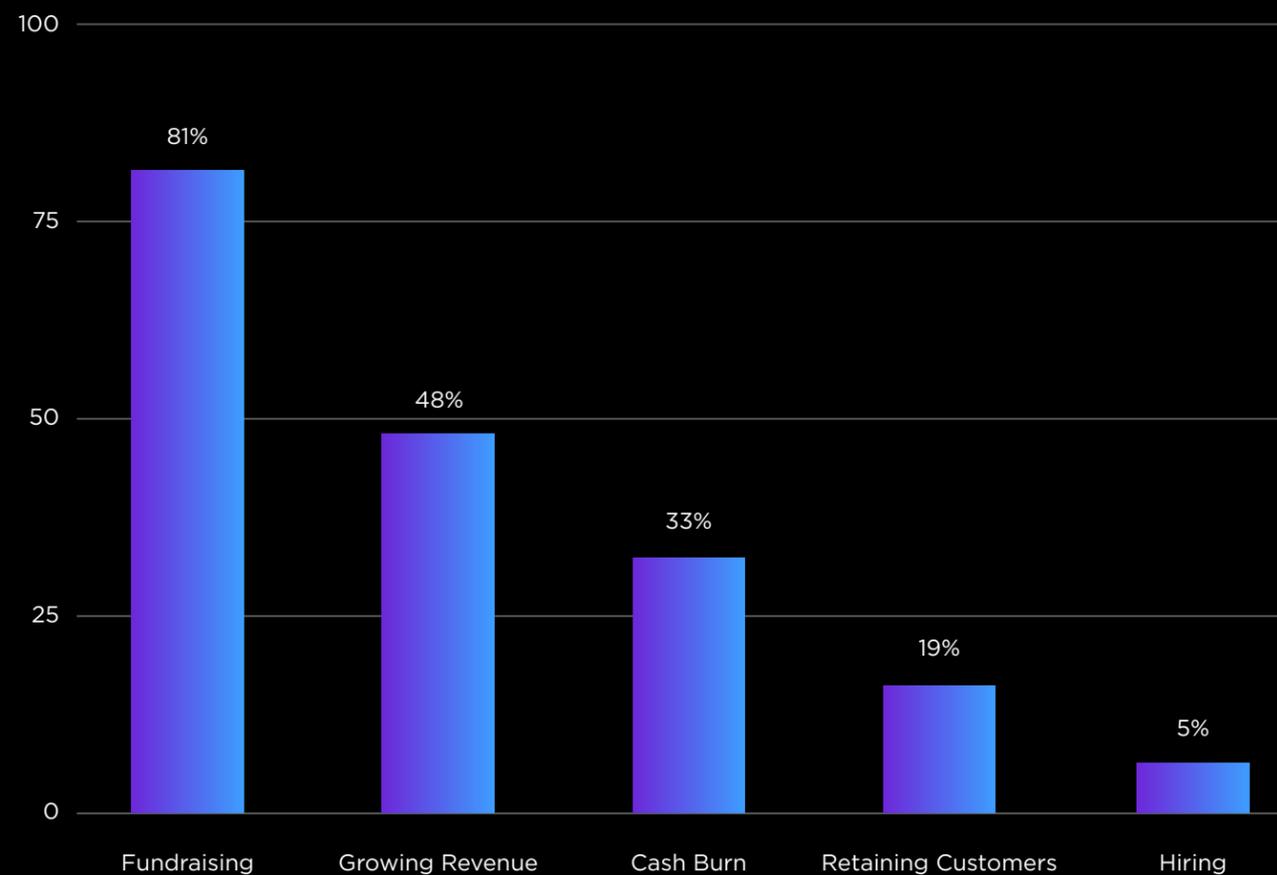
The data lines up with what we are seeing from our own product as well. 12% of founders using Visible to fundraise in Q1 selected “AI” as their industry — compared to just 6% for Q1 of 2023.



How is Portfolio Support Changing?

It is no secret that fundraising has been a challenge for founders. 81% of investors reported that their portfolio founders are struggling with fundraising, followed by growth and cash burn.

MOST POPULAR VERTICALS/MARKETS IN Q1

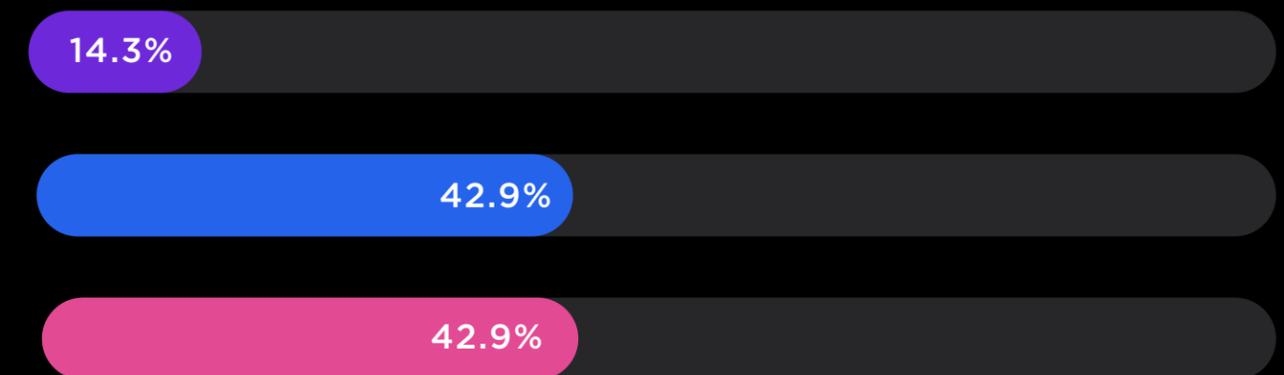


The State of Fundraising

Investors seemed to be split down the middle when determining if they believe it is a good time or a bad time for founders to raise capital.

DO YOU THINK NOW IS A GOOD OR BAD TIME FOR FOUNDERS TO RAISE VENTURE CAPITAL

Compared to 2023: ■ Good ■ Bad ■ Unsure



The difficulty of fundraising combined with the differing views on whether it is a good time to raise capital has shown a split in how investors are supporting their portfolio companies:



How is Portfolio Support Changing?

Some investors are focusing on helping their companies **build a sustainable business** to wait out the current environment...

“We have been more focused on cash management. Achieving revenue objectives before next raise.”

“We shifted our focus from fundraising to getting the business model and pricing right so that the startups can survive the market completion and increase their revenue.”

While others are focused on **helping founders overcome the difficult** fundraising environment...

“More collaborative convos with other funds in rounds that we are leading to get the deal closed. Also just more 1:1 partner support with founders rather than events/networking/programming.”

“We are offering more support making intros to potential investors, more assistance with pitch development, more assistance with cashflow management.”



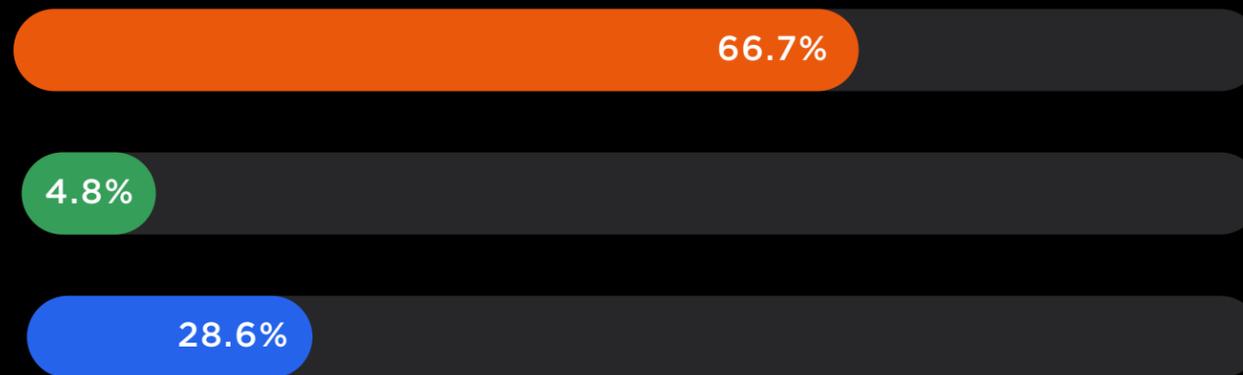
What's Next? The Next Quarter and Year

Investors were fairly split on the last quarter regarding investment pace, valuations, portfolio support, etc. However, they all aligned regarding optimism for the next 12 months.

67% of investors believe their firm will be investing more in Q1 2025 compared to Q1 2024:

DO YOU THINK THAT YOUR FIRM WILL BE INVESTING MORE, LESS OR ABOUT THE SAME, IN Q1 2025

Compared to 2024: ■ Increase ■ Decrease ■ Stay the same



When turning to the macro level, this number went up to 71.4% — a sign of optimism for the next year. When asked to make predictions or highlight trends investors expect to see over the next year, the optimism wasn't as crystal clear...

- 1 “We’ll see continued delays in liquidity (trickle of IPOs, DC antitrust chilling M&A environment)”
- 2 “I expect the number of down rounds to increase, number of bridge rounds to decrease.”
- 3 “Increased M&A and investment activity relative to 2022–23, but still depressed”
- 4 “More focus on using AI to manage impactful investment areas.”



Conclusion

Want to share your thoughts on where things are headed in the macro space? We'll be sharing another survey in the coming months. Until then, up and to the right.

Founder-Friendly Portfolio Monitoring & Management

Learn more about how you can leverage Visible to streamline your data collection, analysis, and LP reporting.

[Learn More >](#)

