Proskauer's Under the Microscope Report Examines US Venture Capital Fundraising Terms and Trends

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Analysis of broad sampling of venture capital funds indicates the market's view on fundraising and economic terms alongside frameworks for term length, recycling, and ongoing support of portfolio companies

NEW YORK – Proskauer today released its 2026 Under the Microscope: Fundraising Terms and Trends in US Venture Capital Funds report, analyzing 28 data points across 61 venture capital funds with recent vintages.

The report sheds light on how venture fund managers are responding to longer holding periods and the need to support portfolio companies through later funding rounds. Each fund examined was either focused on the US or included the US as a key investment geography. Target fund sizes ranged from $40 million to $6.5 billion, with a median of $1.1 billion.

"Looking ahead, the question for venture managers is how much flexibility they will need to support portfolio companies through later funding rounds and longer holding periods," said Proskauer partner Brian Schwartz. "Our data suggests that managers are planning for those possibilities upfront, particularly through extension, recycling and follow-on investment provisions."

Key findings include:

- **Established fundraising and investment periods:** A 12-month fundraising period is used by 72% of funds, but we're seeing added flexibility from more recent vintages. Five years remains the most common investment period at 56%, followed by six years at 35%.
- **Capacity to reinvest:** Recycling provisions are widely used, with caps of 120%–130% of commitments particularly common. Nearly all sampled funds place no time limit on follow-on investments after the investment period.

- **Economics:** 80% use a European-style distribution waterfall, and 90% have no preferred return. Approximately 62% provide for performance-based carried interest increases to 25% or 30%.
- **Governance:** 94% provide for GP removal for cause, most commonly requiring a two-thirds investor vote. Removal without cause is not present in the governance framework in 87% of sampled funds.

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Proskauer offers a full suite of services for the investment management industry, with a market-leading global team dedicated solely to advising investment funds, including private equity, venture, credit, hedge, real assets, and secondaries funds, as well as other asset managers, financial institutions, and institutional investors. The cross-border team of over 250 lawyers is based in the U.S., UK, France, and Latin America and includes specialists in fund formation, secondaries transactions and liquidity solutions, tax, ERISA, regulation, financial services, capital markets, M&A, employment, insurance, fund finance, litigation, and risk management who understand the unique technical and commercial issues relevant to investment managers.

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