

Macro Roundup Article

Headline: [Silicon Valley Investors Build \\$300bn Cash Pile In Start-Up Funding Crunch](#)

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Author(s)	George Hammond and Tabby Kinder
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Tweet: US VC firms have invested just half of the \$435B they raised between 2020-2022 according to PitchBook data. VC firms currently have \$311B of “dry powder” and are coming under pressure from LPs to cut their fund sizes and forgive commitments.

Summary: US venture capitalists are sitting on \$311bn in unspent cash, as they shy away from risky bets on Silicon Valley start-ups and concentrate on finding ways to return capital to their own backers. American VC groups have deployed just half of a record \$435bn they raised from investors during the pandemic-era boom between 2020 and 2022, according to private markets data company PitchBook. VCs are coming under increasing pressure to return capital to their own backers — institutional investors, foundations, and pension funds, known as “limited partners”. “LPs don’t usually like to put pressure on VCs to spend money, but if you’re entering your third year of not doing anything, they’re starting to ask what are my fees for,” said a Silicon Valley venture capital investor. “In the first tech bubble crash [in 2000] there were a number of funds who downsized their funds significantly,” he said. “I would hope that we do see that, venture firms cutting their fund size and forgiving commitments to their investors and resizing. That would be a really good outcome.” Related: It's Mostly a Paper Moon: Alternative Investments Review and High Interest Rates Crushed Startup Investment. Here Is What Could Revive It and Data Update 4 for 2024: Risk enters the Equation

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, News article

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