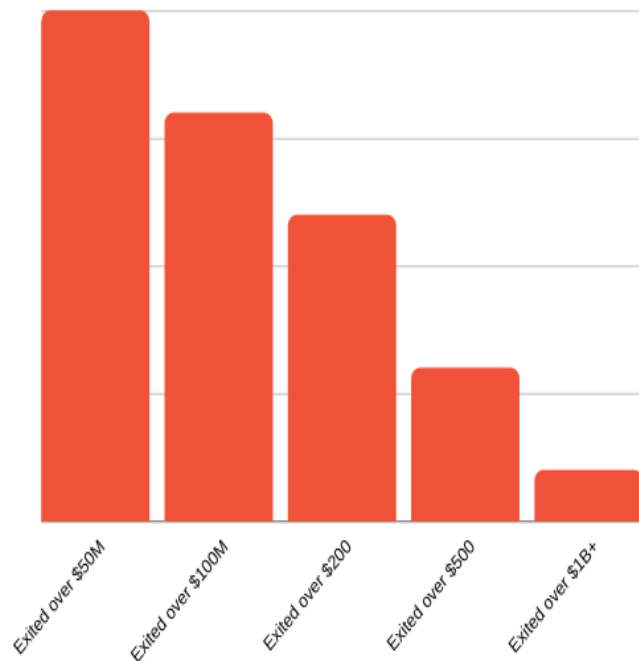


## LACK OF VC INNOVATION

On average, most VC funds break even or lose money. VCs position themselves as supporters, financiers, and even breeding ground of innovation, yet the industry itself has been devoid of innovation for the past twenty years.

Venture capital has seen plenty of changes over time - more capital input, bigger funds, and declining returns. But funds are structured, capital is raised, and partners are paid just as they were two decades ago.



^ Figure 2: CB Insights analysis of 1,098 tech companies

Research by the Kauffman Foundation investment team dives deeper into the pain points of the Venture Capitalists globally. Their study analysed a twenty-year history of venture investing experience in nearly 100 VC funds with some of the most notable and exclusive partnership "brands". They concluded from the detailed study that the limited partner investment model is broken.

Limited Partners, including foundations, endowments, and state pension funds invest too much capital in underperforming venture capital funds on frequently misaligned terms.