Year End

2025

The Dawn Of The Specialists

Decile Group

Overview

Emerging Managers Transforming Venture Capital in 2025

The year 2025 marked a continued evolution in the venture capital landscape, with emerging managers playing an increasingly prominent role. Building on patterns identified in 2024, this year saw further shifts in who is launching funds, how those funds are structured, and what strategies are proving most effective in early-stage investing.

With one of the largest and most representative samples of emerging VCs globally, this report analyzes over 850 funds launched through Decile Group's VC Lab accelerator, offering a unique window into the emerging manager segment. Findings highlight new trends across demographics, fund models, and fundraising execution, many of which signal deeper structural changes in how venture capital is accessed, organized, and grown.

Five key questions guide the report's exploration of the industry's transformation:

1. Who were the managers launching funds in 2025?
2. What fund strategies and structures were most common?
3. What trends stood out across emerging GPs?
4. What patterns emerged across LPs?
5. What will be the trends in 2026?

Overall, 2025 saw a decisive shift toward specialization and efficiency. Emerging managers are moving away from generalist strategies, launching smaller, leaner funds, and entering VC from adjacent fields with shorter investment track records and less prior VC experience. These managers are choosing targeted sectors, building faster, and gaining traction with next-gen LPs who value speed, access, and domain expertise over tenure. As the market becomes more and more competitive, the most successful funds are those that are sharply positioned and operationally agile. **These trends define 2026 as the dawn of the specialist.**

"One of the reasons we push managers so hard to articulate a thesis that's unique to them is because **LPs don't want generalists** who have decades of experience investing from the safety of a board room anymore. **LPs want to back managers with highly specific, highly in-demand domain expertise** and those who are connected to the people building the hottest companies now. They don't care if these managers have a lot of prior VC experience, as long as they can set up and deploy fast, have domain expertise, and breakout founders want them on their cap table. **This is the age of the small funds and the dawn of the specialists**."
Adeo Ressi, CEO of Decile Group

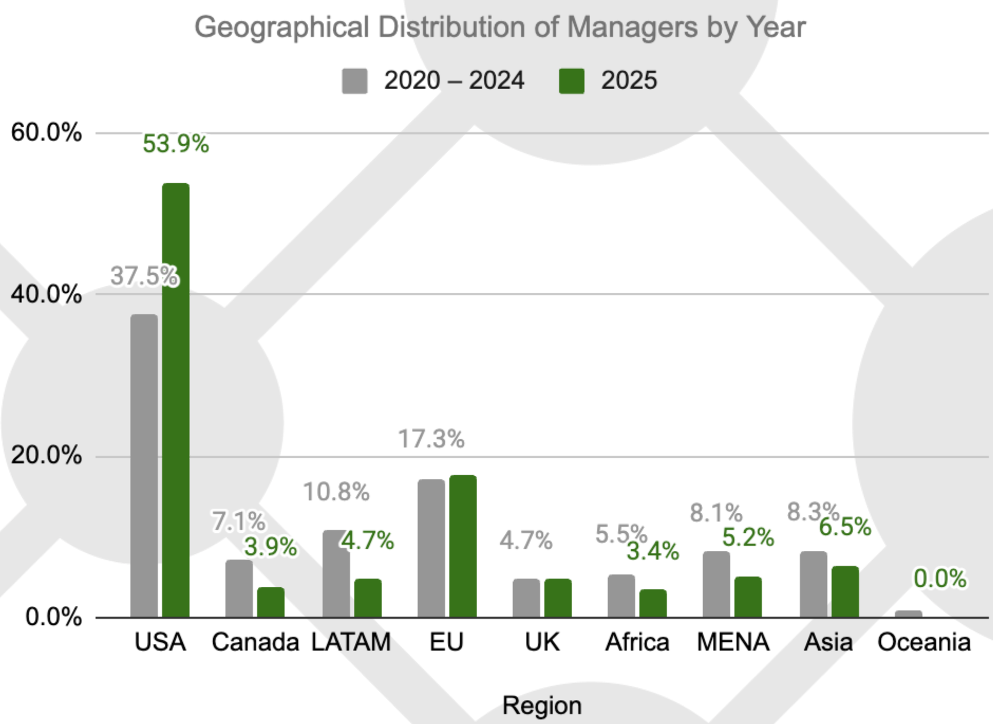
The Managers

Geography

Fund Formation Shifts Toward U.S.

In 2025, the **proportion of emerging managers that launched funds in the U.S. increased 1.4x to 53.9%**, compared to 37.5% across 2020 to 2024. The proportions of managers that launched in Europe and the UK remained almost unchanged (17.7% and 4.7%, respectively). Meanwhile, representation across Canada, LATAM, Africa, MENA, and Asia was 1.6-2.3x smaller in 2025 compared to previous years.

This shift may reflect both increased participation from U.S.-based managers and a relative slowdown in new fund formation across other regions. Stronger local networks, legal infrastructure, and access to early LPs may make the U.S. an easier launchpad for emerging managers. Conversely, the decline in international representation may point to the need for more region-specific fund infrastructure and ecosystem programs that lower the barriers to launching outside the United States.

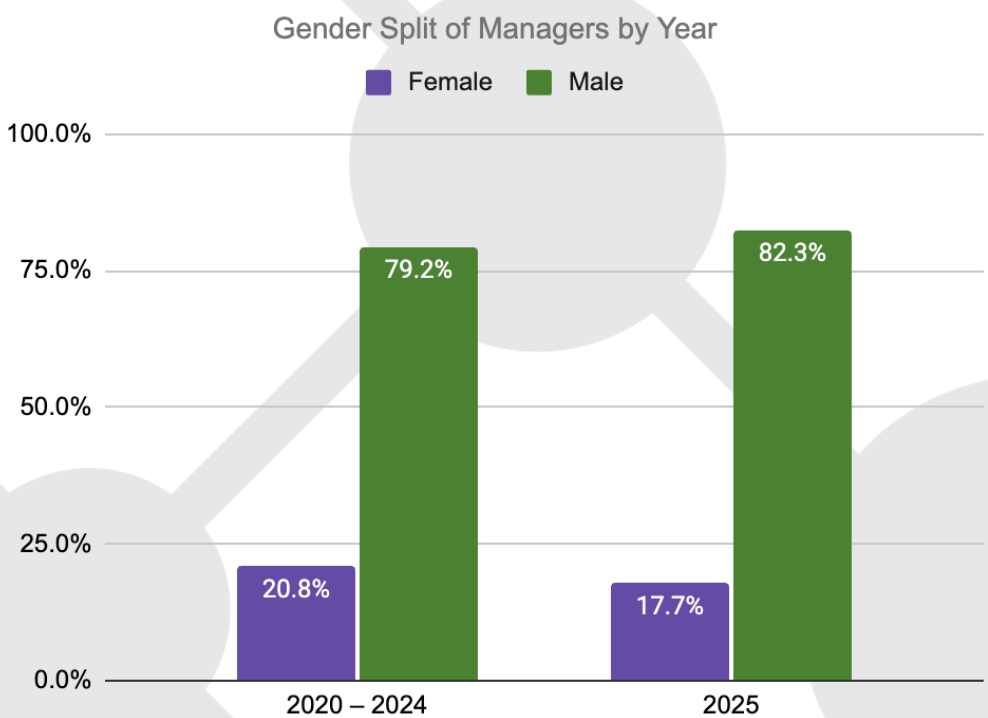


Gender

Female Participation Slightly Drops

In 2025, the **share of female emerging fund managers declined 1.2x to 17.7%**, compared to 20.8% across 2020 to 2024. This slight yet notable drop **follows several years of gradual progress** and raises concerns about whether gender representation in early-stage fund formation is plateauing.

Although this 17–18% figure remains in line with estimates reported by PitchBook in 2023, a lot more progress is needed to achieve greater gender balance. Strategies promoting visibility of women in VC, stronger community-building platforms and targeted events, more inclusive ecosystem programs, specialized mentorship and LP access could help attract and retain more female GPs.

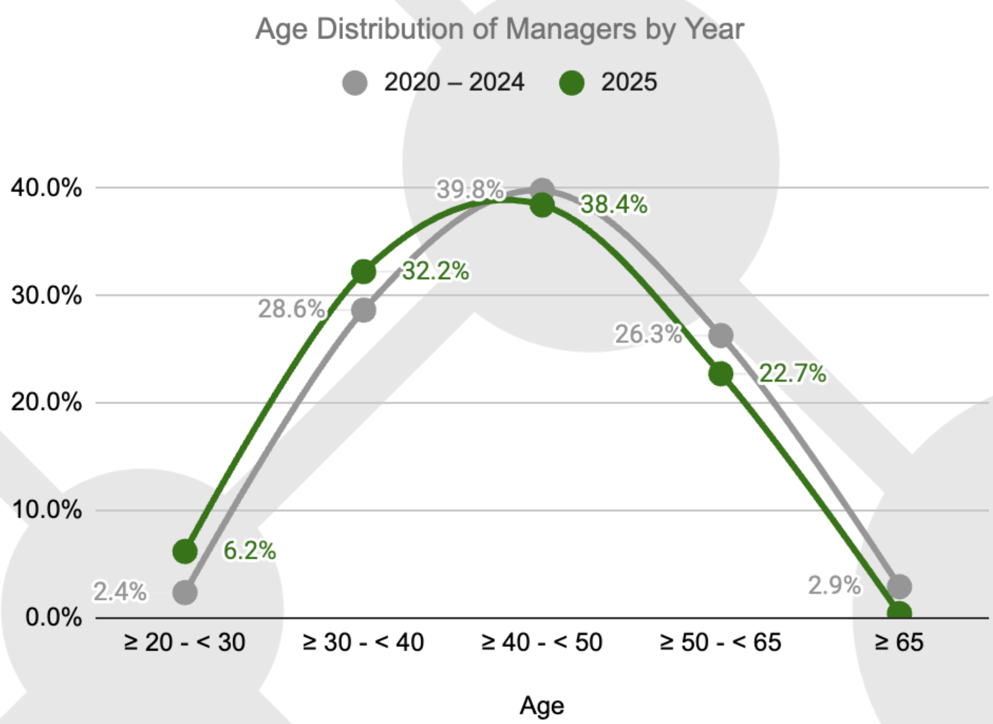


Age

Next-Gen Managers Enter Earlier

The average age of emerging managers in 2025 was 43.4, down from 44.8 across 2020 to 2024. The **share of GPs aged 20 to 30 grew 2.6x to 6.2%**, while the **share of those over 65 fell 7x to just 0.4%**. The 40 to 50 age group remained the most common across the past five years, holding steady around 38 to 40%.

The generational shift at both ends of the spectrum continued a trend already seen in 2024. It likely reflects greater early-career exposure to startups, stronger digital networks, and lower operational barriers to launching funds. As venture capital becomes more accessible, younger professionals may be feeling more empowered to step into leadership roles earlier than in the past years.

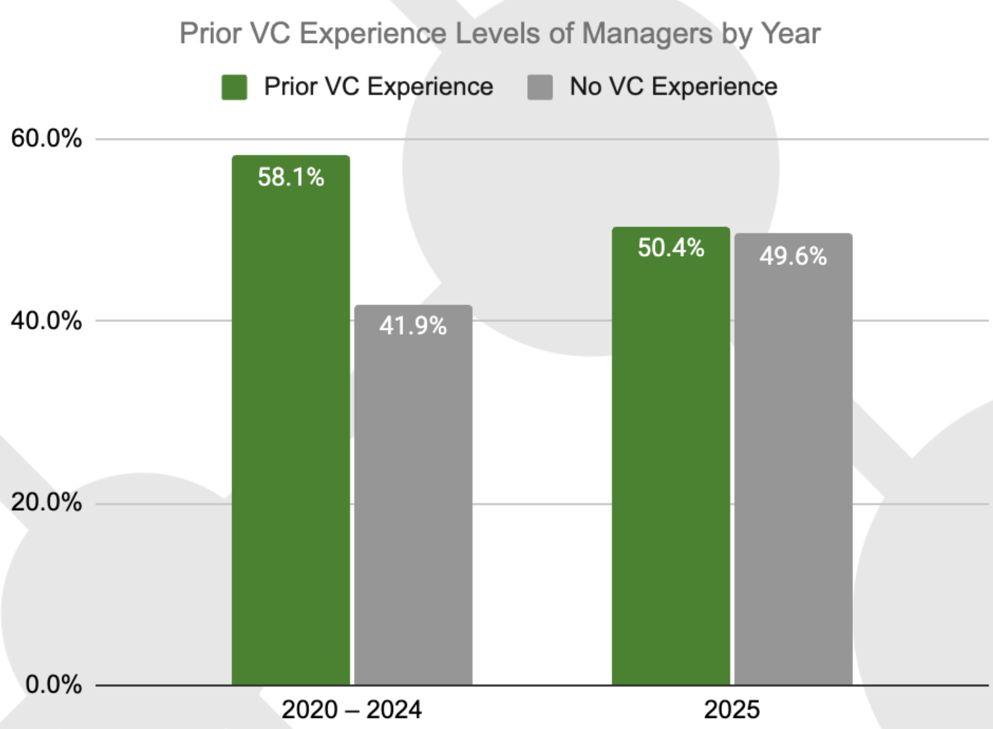


VC Experience

Prior Experience Split Reaches Parity

In 2025, the **proportion of emerging managers with prior VC experience declined 1.2x** from 58.1% across 2020 to 2024 to 50.4% in 2025, while the share of GPs without experience in VC rose to 49.6% in 2025. This marks the first time that the split between emerging managers with and without prior VC experience was nearly even.

This trend, which was noted in 2024, indicates that more professionals continue to enter VC from other related fields. Former founders, angels, and startup operators now make up a larger share of fund managers. This shift reflects how programs like VC Lab and evolving LP expectations are making it easier for capable individuals to launch funds without prior experience in traditional venture roles.

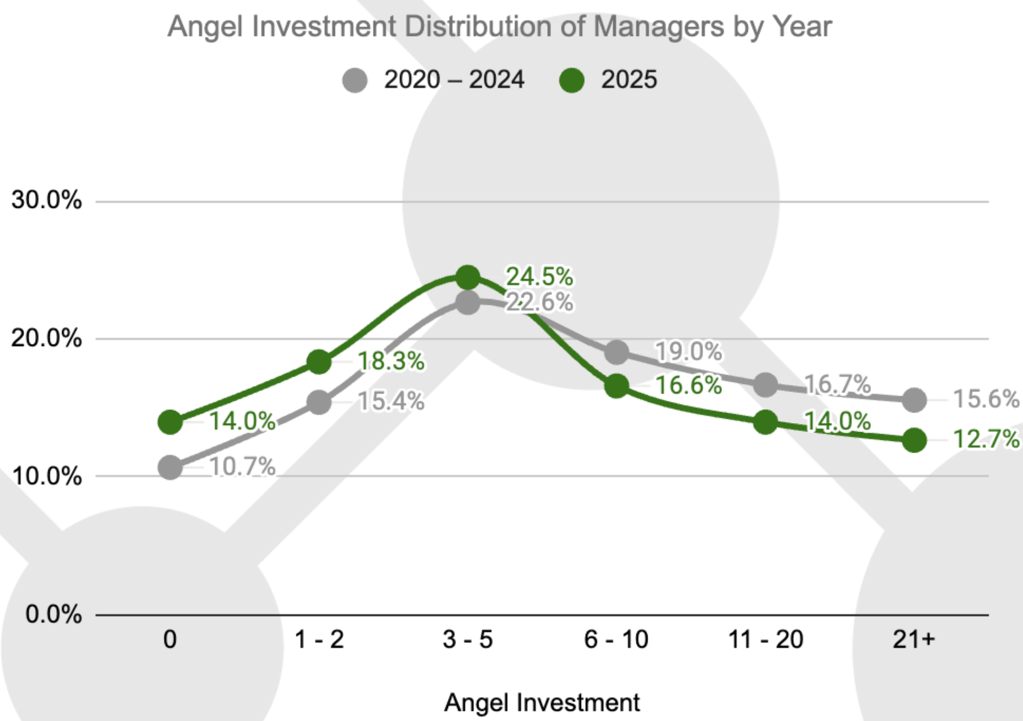


Angel Experience

Angel Track Records Become Shorter

In 2025, the **share of emerging managers with fewer than three prior angel investments increased 1.2x to 32.3%** from 26.1% across 2020 to 2024. Meanwhile, the proportion of GPs with more than five angel investments declined up to 1.2x in 2025, suggesting a broader move toward shorter investment track records.

This shift aligns with the growing number of GPs entering VC from adjacent fields. As highlighted above, half of emerging managers in 2025 had no prior experience in VC. These patterns suggest that while angel investing remains common, it is no longer a prerequisite to launch a fund.



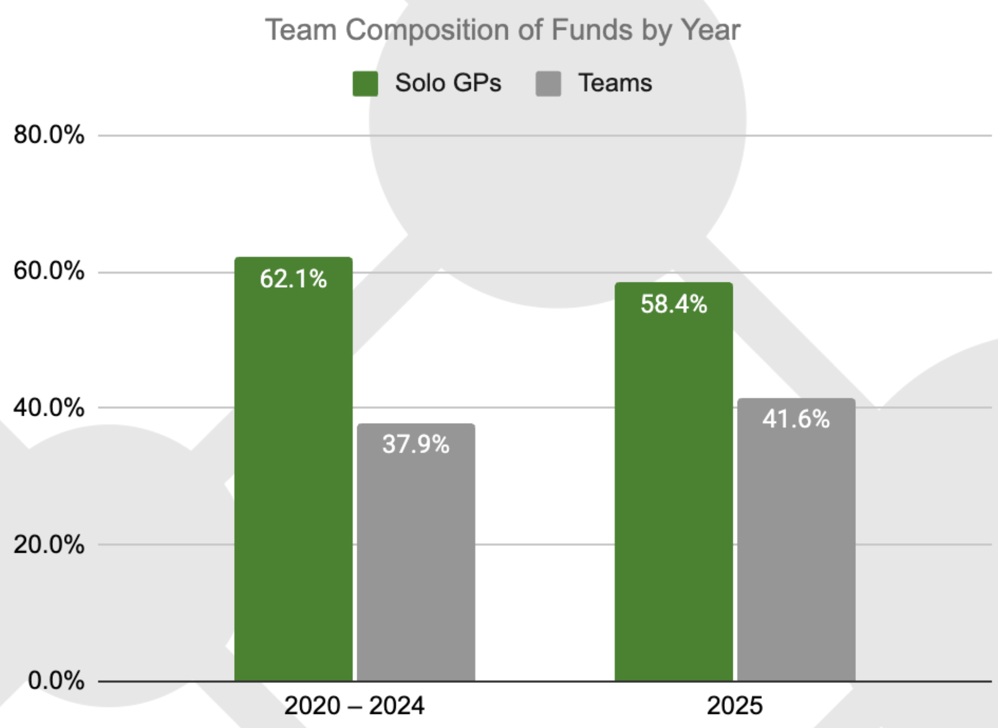
The Funds

Fund Composition

Solo Launches Remain the Norm

In 2025, **58.4% of funds were launched by solo GPs**. This is nearly unchanged from the 62.1% recorded across 2020 to 2024. Team-led funds accounted for 41.6% in 2025, continuing a relatively stable trend in fund composition across the past five years.

Solo launches continue to dominate because they tend to be easier to organize, quicker to execute, and offer more control over fundraising and investment strategy. Particularly for emerging managers, launching solo can be a streamlined way to enter the market and validate a thesis without needing to align with multiple partners.

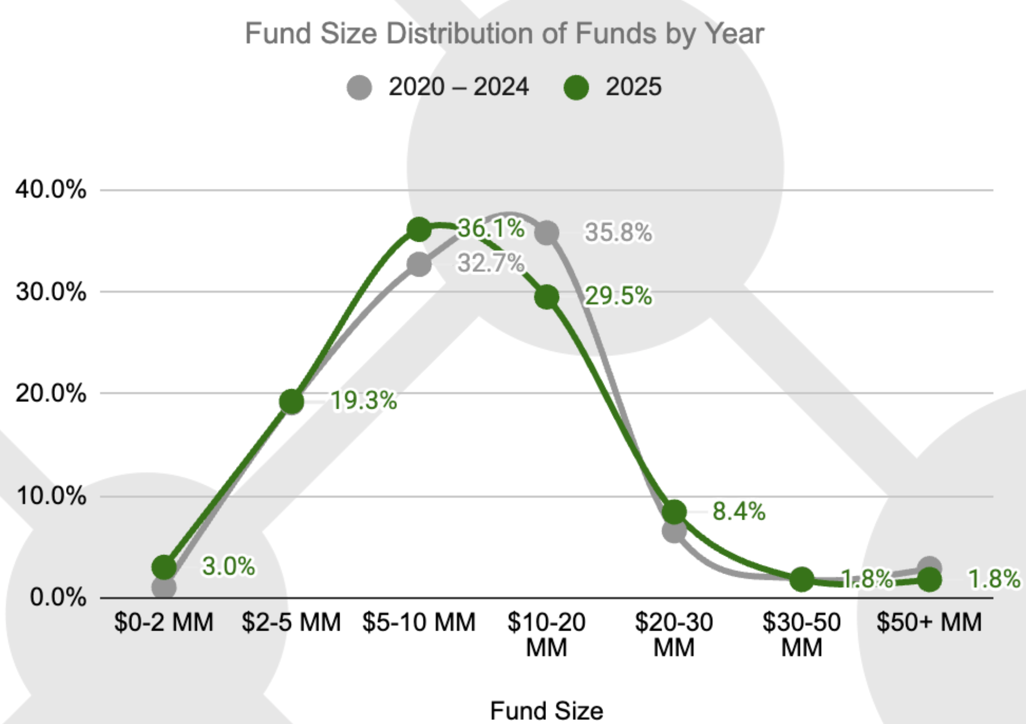


Fund Size

Lean Fund Targets Become More Common

In 2025, the **proportion of emerging funds targeting below $2MM increased 3x** to 3%, compared to just 1% across 2020 to 2024. Meanwhile, the **share of funds targeting more than $50MM declined 1.6x** to 1.8% in 2025. Overall, the share of funds targeting $5 to $10MM rose to 36.1%, becoming the most common bracket in 2025, and the average fund size slightly decreased from $10.1MM to $9.4MM.

Emerging managers appear to be calibrating their targets to improve credibility and match LP expectations. Smaller, focused targets may help build trust faster, especially for first-time GPs. This trend may have also been supported by the introduction of [Start Fund]() in 2025, which enables more managers to launch a lot quicker with sub-$2MM targets.

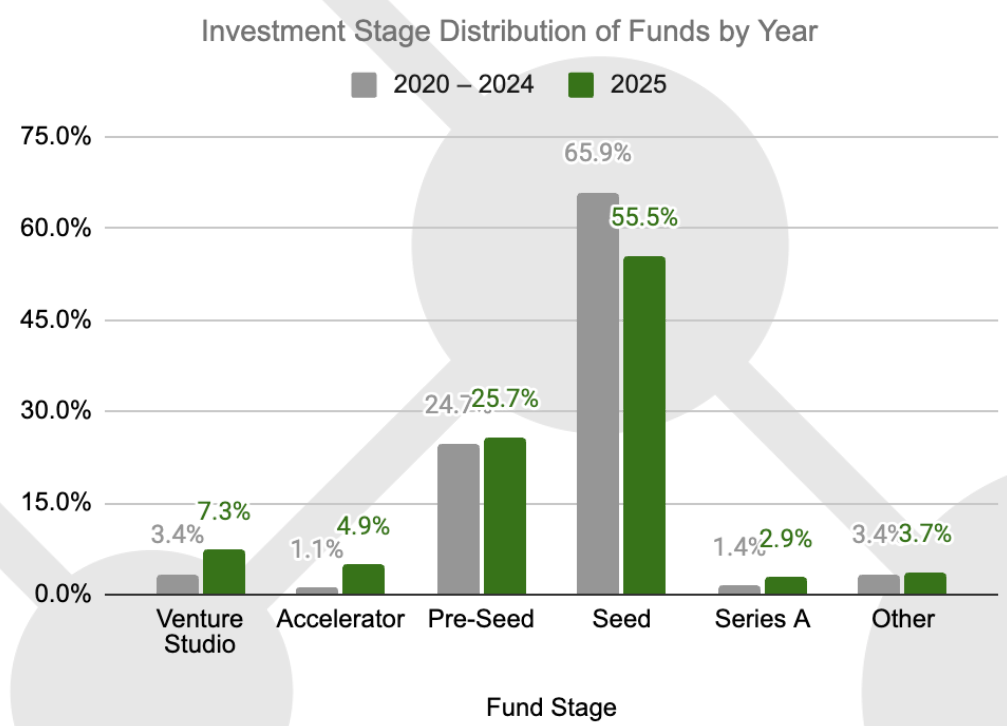


Fund Stage

Hands-On Fund Models Expand

In 2025, the **proportion of venture studios more than doubled to 7.3%**, up from 3.4% across 2020 to 2024, while the **share of accelerator funds increased 4.5x to 4.9%**, up from 1.1% across previous years. The share of pre-seed funds remained stable at 25.7%, and seed-stage funds still led at 55.5% in 2025, though this was down from 65.9% in previous years.

This increase in venture studio and accelerator models suggests that more managers want to be actively involved in shaping their portfolios from the earliest stages. These models allow GPs to create companies or offer intensive support to startups, which may also help with differentiation and value creation in a very competitive market.

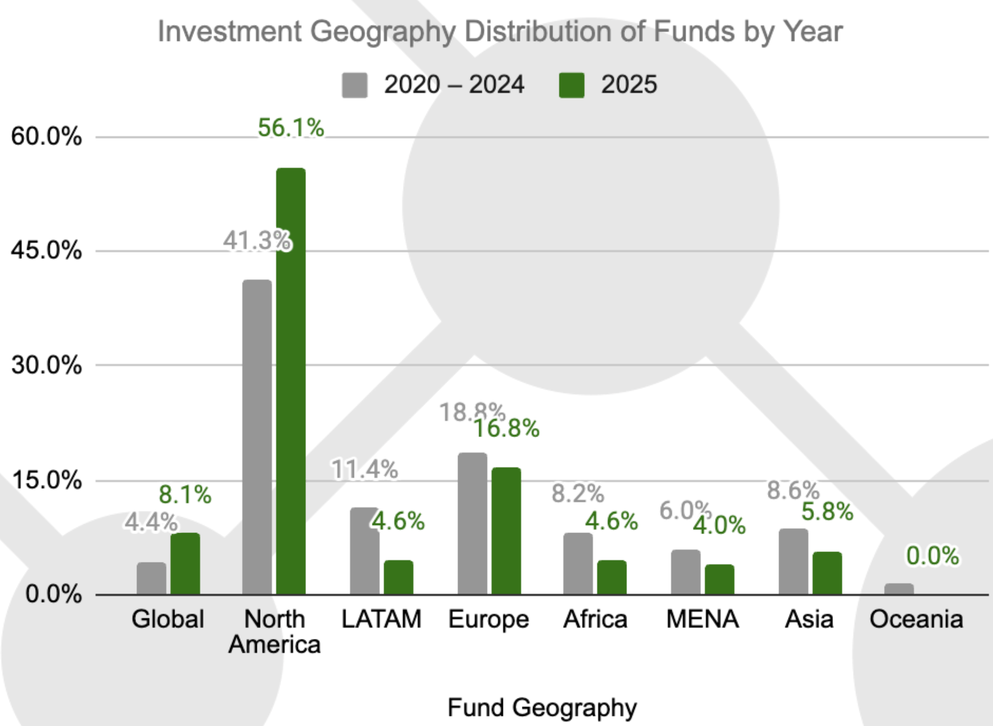


Fund Geography

Capital Focus Pulls Toward U.S.

In 2025, the **share of emerging funds focusing on North America increased 1.4x to 56.1%**, up from 41.3% across 2020 to 2024. Similarly, funds with a global investment mindset nearly doubled to 8.1% in 2025. Meanwhile, regional focus outside North America across LATAM, Africa, MENA, and Asia declined up to 1.5x in 2025 compared to previous years.

These changes align with the earlier trend seen in manager geography. The concentration in North America may reflect stronger capital access and familiarity with the U.S. startup ecosystem. However, the rise in global fund mandates suggests that many emerging managers are looking beyond borders to source deals and build more diverse portfolios.



Exclusive 2025 Insights

Over 850 funds were launched through the VC Lab accelerator program by the end of 2025. This part of the report compiles the most noteworthy industry trends and research findings from 2025, offering emerging managers and LPs a clear snapshot of the venture landscape at year's end to help start 2026 with an informed advantage.

VC Strategy and Performance

Younger GPs Gaining Ground

VC Lab data indicates a clear generational shift among emerging fund managers. Since 2022, the **share of GPs under 40 has increased 1.6x**, rising from 22% to 35% by 2024, bringing them close to parity with the historically dominant 40–50 age group. Fund-level data reflects the same trend: the proportion of funds led by teams with an average age under 40 grew from 21% to 33% over the same period. This evolution suggests a gradual normalization of younger leadership within emerging VC.

Performance data further shows that younger-led funds are not only more prevalent, but also operationally effective during fundraising. While they tend to raise slightly less in early soft commitments, **teams with an average age of 40 or below convert soft commitments into signed LPAs faster**, averaging 10 weeks, compared to 13 weeks for teams aged 40–50 and 14 weeks for those over 50. Within similar timeframes, **younger-led funds close more capital** on average ($3.7MM) than both the 40–50 group ($3.3MM) and 50 and over ($2.2MM).

"When you are younger, you don't have 20 years of experience working in big groups or big companies. You just do stuff because you have to, because you are scrappy. There's a real sense of urgency. **Raising a fund requires a lot of scrappiness.**"
– Gabriel Jarrosson, 35, Lobster Capital

Taken together, these trends suggest that younger GPs are not only entering the market in greater numbers but are also executing efficiently once fundraising begins. Smaller fund targets, lower minimums, and more direct LP communication may support this efficiency, enabling younger managers to translate interest into commitments more effectively. The data challenges the assumption that experience alone drives fundraising outcomes and points instead to execution discipline and calibration as key drivers of early success.

For more insight, read the full [The Next Gens Reshaping Emerging VC] article on our website.

Mixed Gender Teams Creating Parity

Although a slight decline was recorded in 2025, gender diversity among emerging managers has generally increased over the past years. The **share of all-female-led funds has remained relatively stable**, consistently representing 14–16% of emerging funds. Meanwhile, the **share of mixed-gender teams has nearly doubled from 9% in 2022 to 17% in 2024**. Taken together, women participated in the leadership of 31% of emerging funds in 2024, which was a 3.9x increase from the 8% reported by Women in VC in 2020.

Fundraising outcomes suggest that gender-diverse teams perform strongly across key indicators. For example, **mixed-gender funds are 1.2x more likely to reach a first close** than all-male teams and 1.3x more likely than all-female teams. Mixed-gender teams also close similar amounts as all-male funds, while **all-female funds close similar proportions of their fund sizes** within comparable timeframes as all-male and mixed-gender teams.

These patterns indicate that gender diversity is increasingly related to fundraising effectiveness. Mixed-gender teams appear to benefit from broader networks and complementary operating styles, translating into higher first-close probability and competitive capital scale. At the same time, all-female funds demonstrate disciplined targeting and strong execution, achieving comparable outcomes with leaner fund structures.

For more insight, read the full The Women Transforming Emerging VC article on our website.

Smaller Funds On The Rise

VC Lab data points to a clear and accelerating shift toward smaller fund targets. Since 2022, **the number of funds aiming for less than $5MM has increased by 1.3x**, while mid-sized funds in the $5–$25MM range have remained largely stable, continuing to represent roughly three-quarters of the market. In contrast, larger fund targets are becoming less common, with funds targeting $25–$50MM declining threefold and those above $50MM falling by half.

This structural shift is also reflected in fundraising outcomes. Funds targeting **under $5MM convert a significantly larger share of their targets into firm LP commitments**, 1.8x more than $5–$10MM funds and 2.2x more than funds above $10MM. The advantage is even stronger at first close, where **sub-$2MM funds are 2–2.5x more likely to close** than those targeting $2–$15MM, and 1.3–1.5x more likely than funds above $15MM.

Smaller vehicles appear more adaptable and capital-efficient, aligning better with early-stage investing realities and LP expectations around focus and execution. For emerging managers, smaller targets can accelerate early momentum, signal credibility, and support sharper sector or stage focus. For LPs, these trends reinforce the value of allocating earlier to lean, focused funds that demonstrate discipline and fundraising efficiency.

For more information, read the full Winning Fund Sizes in Emerging VC article on our website.

Early Fundraising Momentum Indicators

Early fundraising outcomes reveal a nuanced picture of what drives initial traction. Factors such as **LinkedIn following, number of LP pitches, prior experience, and target fund size show weak but statistically significant positive correlations with early momentum**. Funds that secured at least $2MM in soft commitments within the first four weeks tended to have larger professional networks, more prior experience, and higher target fund sizes than those raising under $150K in the same period.

When comparing GPs who raised nothing with those who secured modest commitments ($0–$150K), differences in network size and prior experience largely disappear. Across these groups, **target fund size is the only factor that consistently diverges, with non-raising GPs setting on average notably higher targets**.

"**Start Fund allowed me to build a VC fund like I used to develop software: To iterate. To start small and just start.** Even a $500K close is enough. LPs can see the deals we are doing; they can watch our pipeline. We can let them digest it and do their research. Watch us, ask their questions, and build their confidence without holding us up. They come in when they are ready, but we are still investing and building our track record in the meantime."
– Varun Turlapati, Chaanakya Capital

This finding suggests that overly ambitious target sizes appear to act as a barrier to securing a first commitment, reinforcing the importance of calibrated goal-setting in the earliest phase of a raise. For emerging managers without substantial visibility or track records, smaller and more attainable initial fund sizes can signal credibility, discipline, and realism to LPs.

For more insight, read the full Unlocking Early Traction in Emerging VC article on our website.

LP Types and Strategy

LP Capital Concentration

Analysis of 128 LPs reveals a **pronounced inverse relationship between LP count and deployable capital**. High-net-worth individuals (HNWIs) make up 57% of the sample but have the smallest average available capital, at approximately $300K per LP. Family offices account for 32% of LPs and deploy significantly more, averaging around $3.8MM each.

Institutional investors represent just 11% of the sample but command the largest capital capacity, with an average of roughly $13.2MM per LP. While HNWIs dominate numerically, the majority of fundraising potential is concentrated among family offices and institutional LPs, whose aggregated capital far exceeds that of individual investors.

This distribution points to a dual fundraising dynamic for emerging managers. Broad HNWI networks are critical for generating early momentum and diversifying the LP base, particularly for first-time or smaller funds. At the same time, larger commitments from family offices and institutional LPs play an important role in advancing the raise, underscoring the value of balancing breadth and depth in LP outreach.

For more insight, read the full The LP Types Dominating Emerging VC article on our website.

Women Expanding LP Participation

Alongside changes in fund leadership, the LP landscape is also becoming more gender-diverse. The **proportion of female LPs increased 1.6x** from 13% in 2021 to 21% in 2025, with consistent year-over-year growth since 2022. This shift reflects not only greater capital participation by women, but also the emergence of new entry pathways into venture investing.

All-female funds play a central role in this evolution. On average, **women represent 31% of the LP base in all-female funds, 1.4x more than in mixed-gender funds and 2.8x more than in all-male funds**. Many of these LPs are high-net-worth individuals investing in venture for the first time, often through personal or peer-led networks rather than traditional institutional channels.

"**Out of the high net worth individuals who invested in our fund, 60% of them are African women** – actually Kenyan women, several of whom were my golf buddies. Almost all the high net worth individuals who invested in our fund had never ever heard of VC. So **I had to fundraise and teach.**"
– Joyce-Ann Wainaina, Chui Ventures

These dynamics point to women GPs acting as ecosystem builders as much as capital allocators. By attracting first-time women LPs, all-female funds are expanding both the investor base and the diversity of capital flowing into venture. This network-driven participation model lowers barriers to entry, builds trust, and reinforces long-term engagement in the asset class. Diversity at the GP level does not only influence fundraising outcomes, it actively reshapes who participates in venture and how the ecosystem grows.

For more insight, read the full The Women Transforming Emerging VC article on our website.

LP Check Size Trends

Initial check sizes highlight how access to venture capital is evolving for emerging managers. Analysis shows that **75% of commitments are below $150K**, with an **average check size of approximately $140K**. Nearly a quarter of all commitments fall below $50K, including 14% under $25K and 10% between $25K and $50K.

Mid-range commitments dominate the distribution, with 21% of LPAs in the $50K–$100K range and 29% in the $100K–$150K bracket. Larger checks remain uncommon: only 5% of commitments exceed $500K, and just 2% surpass $1MM. Overall, the data points to a clear aggregation-driven fundraising model rather than reliance on large anchor LPs.

This distribution reflects a structural shift toward broader LP participation in the emerging manager ecosystem. Fundraising success increasingly depends on attracting many smaller and mid-sized LPs rather than a small number of large check writers. As a result, funds must accommodate lower minimums, manage larger LP bases, and articulate clear value propositions to investors with varying levels of capital and sophistication.

For more information, read the full Shifting Check Sizes in Emerging VC article on our website.

We call the trend of one-in-four LP commitments coming in below $50k the rise of the Micro LP, and it was one of the biggest trends we saw in 2025. This shift is being driven by smaller fund sizes, AI-driven cost efficiencies across both startups and venture firms, and new models like Start Fund that significantly lower the capital required to launch a fund and reach a first close.

This trend is much more important than the check size suggests. We believe it is the very beginning of **a large trend of accredited investors graduating up the capital stack from only investing in angel deals to writing the same sized checks in venture capital funds**, and getting much more diversification, deal flow and professional due diligence in exchange.

Because so many of these check writers are brand new to the LP part of the asset class, they are largely invisible to legacy research firms like Pitchbook who only know how to measure the types of LPs they've seen before. Here is the most exciting news for small fund managers: **The number of accredited investors is set to explode in the next decade-plus, according to the SEC.** Right now about 18% of US households are accredited investors. In just six years that is estimated to increase to nearly one third of the US population and in another six years, that'll be nearly half of the US population. **While the check sizes are much smaller than the industry may be used to, in aggregate it is billions in largely untapped LP wealth.**

Key 2026 Trends

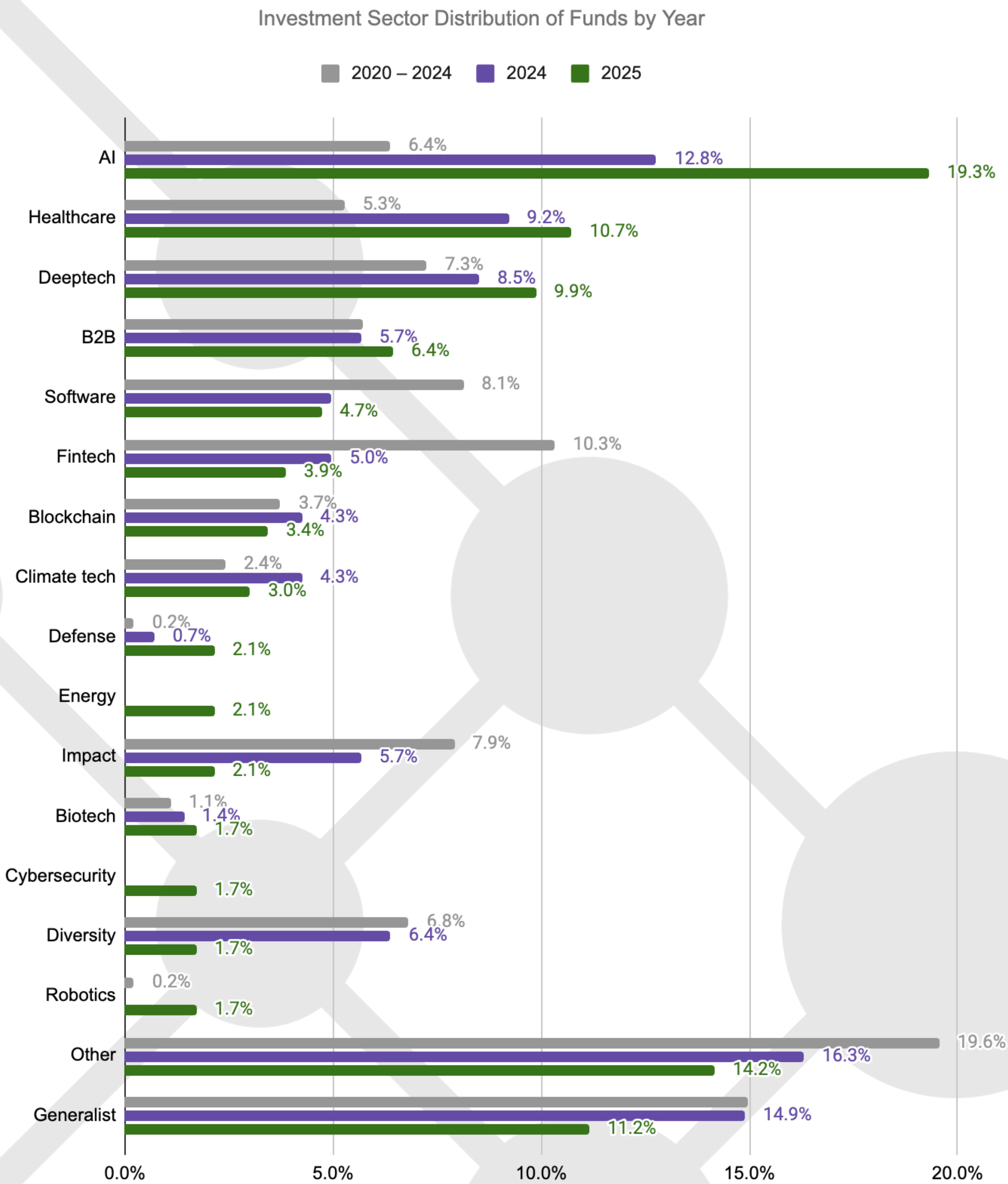
Sector preferences among emerging VC funds continued to shift in 2025, with a **clear move toward more focused strategies**. The **share of generalist funds declined to 11.2%**, which was 1.3x lower than across 2020 to 2023. This signals a growing tendency among emerging fund managers to center their strategies around specific theses and industries, reducing broad-based investing in favor of deeper specialization.

AI remained the frontrunner in 2025, with 19.3% of emerging funds focusing on this sector. That's a 1.5x increase from 2024 and a threefold increase from 2020 to 2023. Interest in **healthcare, deeptech, and B2B also rose steadily**, reinforcing a broader trend toward investments in foundational and scalable technologies. These sectors have consistently ranked among the top priorities for emerging funds and continue to show growing traction year over year.

Interest in several previously popular sectors, including **software, fintech, impact, and diversity continued to decline**, while **blockchain, climate tech, and biotech held steady**, signaling niche but sustained appeal. Meanwhile, several emerging areas gained ground. **Robotics, energy, defense, and cybersecurity, which were once nearly absent, reached a 1.7% to 2.1% share in 2025**. Though still small, their presence suggests increasing attention to infrastructure, security, and next-gen hardware. It is important to note that Decile Group works exclusively with defense and dual-use funds that do not condone harm to humans.

Looking ahead to 2026, sector specialization is expected to intensify. AI is likely to remain the leading area of focus, but adjacent technologies, such as robotics, cybersecurity, and energy, are likely to continue gaining traction, especially as LPs seek exposure to durable and high-momentum themes. With more GPs entering from non-traditional backgrounds and designing leaner, thesis-driven funds, clarity of sector focus will likely remain a key differentiator in the eyes of LPs. Expect generalist strategies to continue their decline as emerging managers double down on deep expertise.

"We're a micro fund. **We have to prove we have access to the highest quality deal flow. We have to prove we can get into closed rounds.** We had a pipeline of companies we wanted to invest in and a very short time frame to get in. We didn't have six or nine months to set up a traditional fund. **Start Fund was the only path that enabled us to get in these deals and get this early momentum.**"
– Radhika Iyengar, StarChain Ventures


Investment Sector Distribution of Funds by Year
2020 – 2024
2024
2025
AI
6.4%
12.8%
19.3%
Healthcare
5.3%
9.2%
10.7%
Deeptech
7.3%
8.5%
9.9%
B2B
5.7%
6.4%
Software
8.1%
4.7%
Fintech
10.3%
5.0%
3.9%
Blockchain
3.7%
4.3%
3.4%
Climate tech
2.4%
4.3%
3.0%
Defense
0.2%
0.7%
2.1%
Energy
2.1%
Impact
7.9%
5.7%
2.1%
Biotech
1.1%
1.4%
1.7%
Cybersecurity
1.7%
Diversity
6.8%
6.4%
1.7%
Robotics
0.2%
1.7%
Other
19.6%
16.3%
14.2%
Generalist
14.9%
11.2%
0.0%
5.0%
10.0%
15.0%
20.0%

Overall, emerging VC fundraising in 2025 rewarded calibration, focus, and execution over scale. Across GP profiles, fund sizes, and LP dynamics, the data consistently shows that momentum is built through realistic targets, efficient conversion, and accessible structures rather than ambition alone.

Micro LPs Are Emerging. The majority of LP commitments fall below $150K, with fundraising increasingly built through many smaller and mid-sized checks rather than large anchor investors. Successful managers design funds, processes, and communication to support broader LP participation.

Fund Models Are Evolving. Venture studio and accelerator funds doubled in share compared to prior years, while leaner vehicles like Start Fund drove growth in sub-$2MM targets. Managers are embracing operational involvement and smaller fund sizes to move faster and meet LP expectations.

Smaller Funds Are Popular. Funds under $5MM are growing faster and outperform larger peers on first-close rates, commitment conversion, and fundraising efficiency. Lean structures align better with early-stage investing, solo GP models, and LP expectations around focus and discipline.

Sector Specialization Keeps Intensifying. Generalist funds continued to decline in 2025, while sector-specific strategies, especially in AI, healthcare, and deeptech, kept gaining momentum. Emerging managers are increasingly differentiating through clear domain expertise, aligning with LP demand for specialized insight and hands-on value creation.

Prior VC Experience Is Less Defining. Only half of emerging managers in 2025 had prior experience in VC, which was down from 58% in earlier years. Newcomers from startup, tech, and investing backgrounds are successfully launching funds, pointing to broader accessibility in the industry.

Managers Are Becoming Younger. Younger GPs are increasingly more represented among emerging managers and demonstrate strong fundraising execution. Faster conversion, competitive close amounts, and disciplined targeting challenge traditional assumptions about age and performance.

Women Are Expanding Venture. Albeit a small dip in 2025, women GPs and LPs are not only increasing in number but actively expanding diverse participation in venture through network-led entry points. This dynamic is broadening the LP base and reinforcing long-term ecosystem growth.