

VC Returns Revealed: Thrive Capital Outperforms as Market Slowdown Hits VC Performance

Fund performance data from UTIMCO's latest filing shows IRR, China woes



MADELINE RENBARGER
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Thrive Capital's Josh Kushner (Jemal Countess/Getty Images for Fortune Media)

Fresh data from UTIMCO, the investment office of the Texas state university system, shows that Thrive Capital has substantially outperformed other funds over the past three years, an early sign of success for its strategy of betting big on the growth round of top AI companies.

Thrive's momentum, however, was among the few bullish signals we found in the UTIMCO data, one of the only public sources for venture return information.

Fund performance overall is trending downward as measured by IRR (internal rate of return), even for the very successful "vintages" of the mid-2010s. Many of the banner vintages we've referenced [before](#), like IA Ventures' 2015 funds, saw their IRR metrics fall year-over-year from last year.

Most newer funds, for their part, are moving more slowly along the IRR "J-Curve": returns tend to be negative for the first few years of most funds before (hopefully) turning north. Sequoia funds launched in 2020 and 2021 are doing better than most their peers, though of course it's still early.

The contraction of China's startup economy and the political barriers that now stand in the way of investment by U.S. firms is also apparent in the UTIMCO data we reviewed, especially in the returns of GGV.

It's no secret that venture returns are under pressure, but the trend of declining IRR year-over-year, which began in 2022, is becoming more evident.

This is especially painful for LPs like UTIMCO in light of the big gains in public equity markets over the last two years. Even over a 10-year period, UTIMCO's return on private equity and venture, which they lump together, lag the S&P 500, per their disclosures:

(Annual Returns as of 11/30/2024)	One Year	Three Years	Five Years	Ten Years
Private Investments	4.58%	1.11%	11.34%	11.12%
S&P 500 Index	33.89%	11.44%	15.77%	13.35%

The selected IRR data we reviewed is from UTIMCO’s most recent close on Nov. 30 2024, and reflects the performance of funds from Thrive Capital, Initialized Capital Combinator, GGV Capital, Sequoia, HongShan, Peak XV, Union Square Ventures, IA Ventures, and Forerunner Ventures. (There’s a delay of about a month from when the reporting period closes and when the data is posted.)

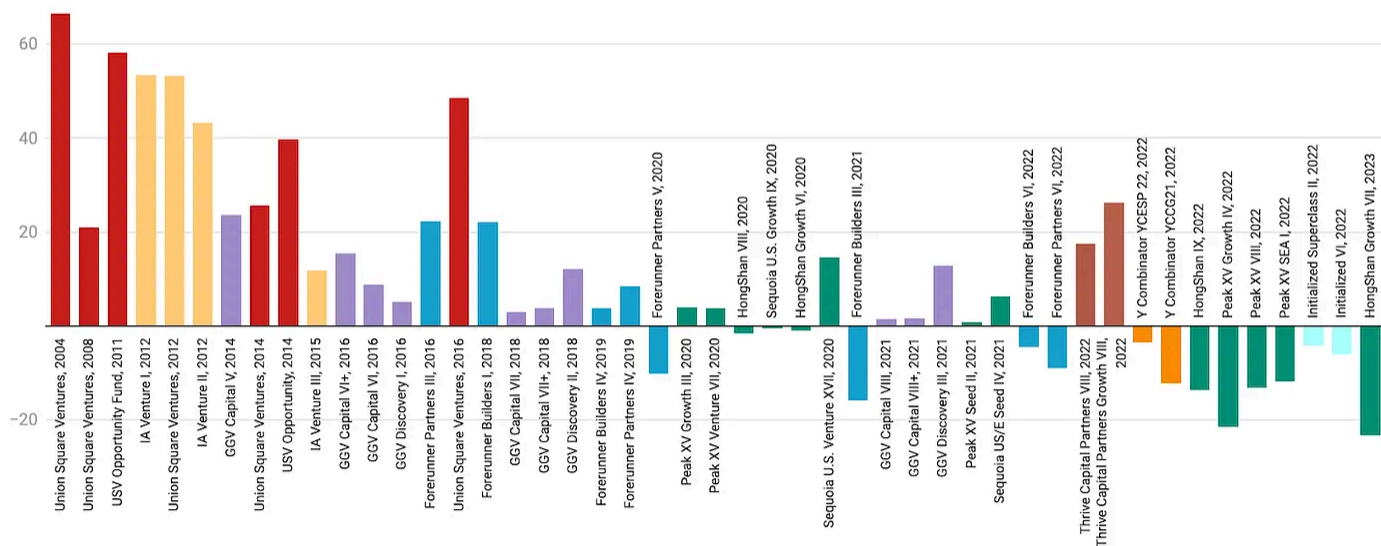
Read on for an inside look at how some of Silicon Valley’s top venture firms are performing, including charts showing how their IRR has shifted over the years.

Paying subscribers, [click here](#) for a link to the full post since it will likely get cut short in your email inbox.

IRR By Fund Year

Performance of UTIMCO-Invested Venture Funds

Estimated IRR of select funds from Union Square Ventures, Sequoia Capital, GGV Capital, IA Ventures, Forerunner Ventures, Thrive Capital, Initialized Capital, and a Combinator calculated by UTIMCO as of November 2024.



IRR is an estimation calculated by the University of Texas/Texas A&M Investment Management Company (UTIMCO) on its investments. For more information on the data and calculations, see footnotes in the below "Source" article on newcomer.co

Chart: Newcomer • Source: Newcomer • [Get the data](#) • Created with [Datawrapper](#)

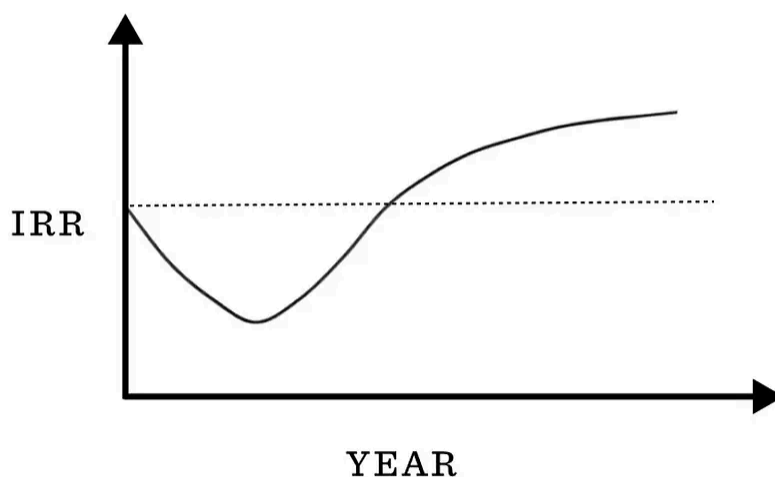
Follow this link [here](#) for a more interactive view of this chart, since it's too long for email.

We'll get into the individual fund comparisons year-over-year below, but Thrive's 2022 vintages were clear outliers when compared with other funds.

The firm has been in the spotlight for its big AI bets like [OpenAI](#) and more recently [Databricks](#). Both of its 2022 vintages, which include [OpenAI](#) as well as other unicorns like Ramp, Anduril, Stripe, and Wiz, have seen a jump this year from negative to positive IRR, which is notable for funds that are only two years old.

Most institutional investors expect their investments in venture capital to follow the "J-Curve." Visible, a fund management platform, has [this sketch](#):

The J-Curve



This is what makes Thrive's positive IRR for newer funds so notable.

To be sure, late-stage investments, a big part of Thrive's focus, are more likely to show positive returns more quickly than early-stage plays. Thrive in 2022 also bought up shares of publicly-traded companies, including **Carvana**, which proved to be good buys.

The speed at which AI startups have come back to market for fresh funding — sometimes at substantially higher valuations — has also helped Thrive outperform, said PitchBook's director of research **Kyle Stanford**.

A select few overperforming deals usually carry a fund's overall returns, noted Cart: Head of Insights **Peter Walker**. "If you see an outperforming fund, that is almost always the result of one or two underlying portfolio companies," he said.

Some of UTIMCO's more recent VC bets like Y Combinator and Initialized Capital are still in the red, though in both cases are trending in the right direction. They contain much earlier-stage companies than the Thrive funds so a direct comparison is misleading; they seem to be following a more typical venture J-curve.

A few more takeaways from the data:

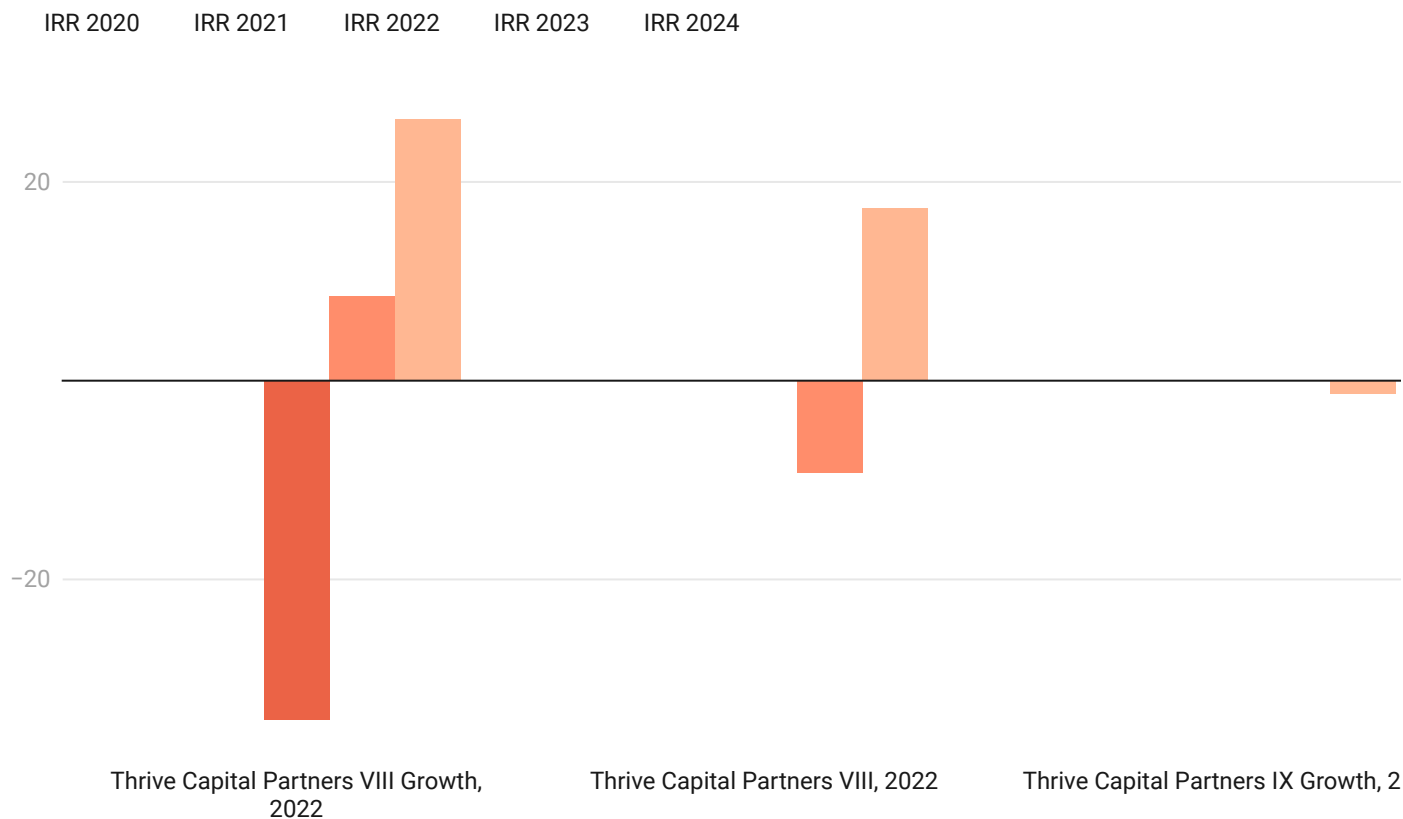
- The **venture pullback from China** has likely put a dent in the former GGV Capital's historic returns, Walker and Stanford told me; all of the funds UTIMCO has invested in from the former GGV Capital saw their IRR fall this year. HongShan, formerly Sequoia China, fared better: while all of its funds were still negative, they are without exception 2020 or later vintages.
- Many of UTIMCO's investments in Sequoia vintages are now positive where they were **negative last time we checked**. However, the former China and India fund that are now their own entities, HongShan and Peak XV, have fared worse than the US/European funds.
- Forerunner's 2016 vintage saw a slight increase in IRR this year, up from 20.89% to 22.29%. The fund has some of the firm's biggest winners, including Chime, which filed confidentiality for an IPO last month.

- Union Square Ventures and IA still have some of UTIMCO's highest performing funds at 59.21% and 41.51% IRR, and they've remained resilient against major markdowns. USV had its oldest vintages in the portfolio fully realized, so those returns remained unchanged, but its later vintages saw some modest declines. IA Ventures' IRRs for its 2010 fund dipped only slightly, while its later vintages saw larger declines.

Scroll down to see charts on how UTIMCO's IRR estimates ¹ for Thrive Capital, Initialized Capital, Y Combinator, GGV Capital, Sequoia, HongShan, Peak XV, Union Square Ventures, IA Ventures, and Forerunner Ventures have changed over the last five years. We've also included copies of data from UTIMCO's disclosures which were last filed on Nov. 30, 2024.

Thrive Capital, UTIMCO Fund Performance

IRR is an estimation calculated by the University of Texas/Texas A&M Investment Management Company (UTIMCO) on its investments. For more information on the data and calculations, see footnotes in the below "Source" article on [newcomer.co](https://www.newcomer.co)



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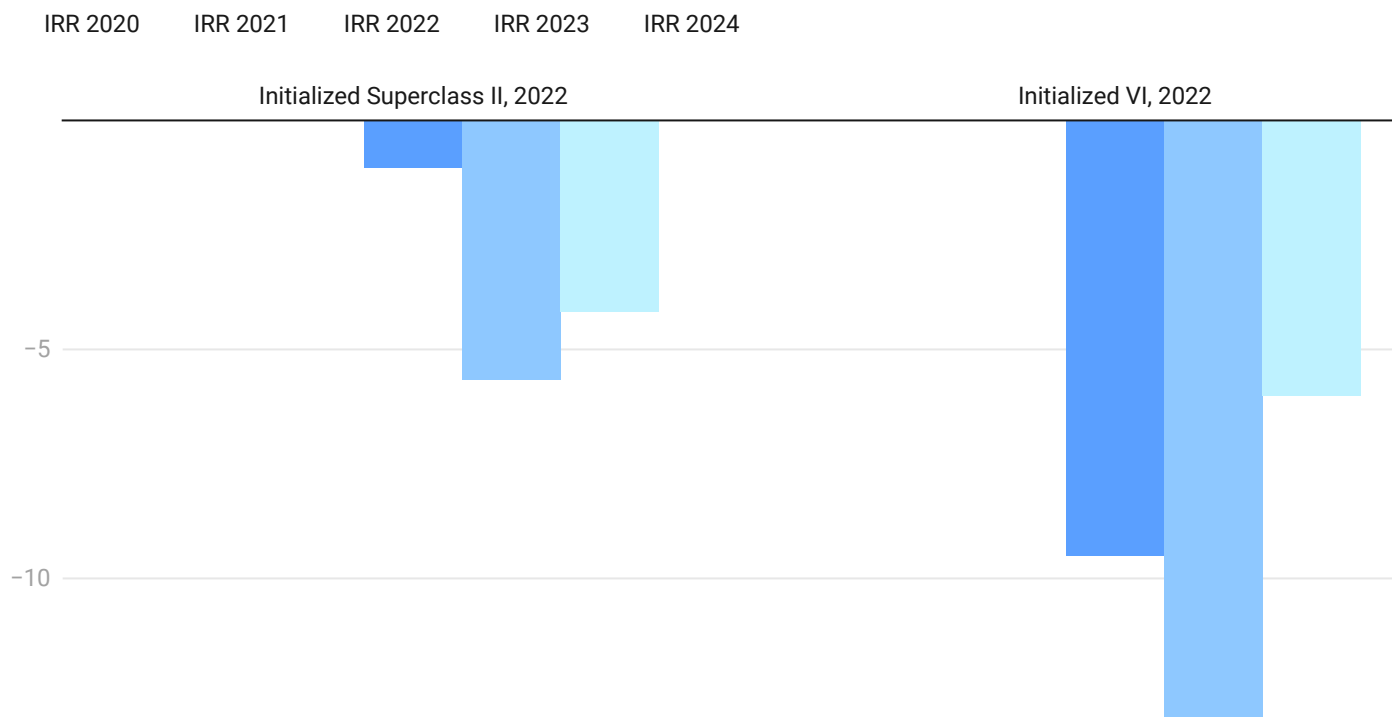
Thrive Capital is a newer bet for UTIMCO, but it has come out of the gate swinging. Both of its 2022 funds now have positive IRR after just two years.

A note in the disclosure says that UTIMCO has agreed to back Thrive’s newest venture fund, but since it hadn’t actually invested the capital at the time of disclosure we didn’t include it in our visualization.

Fund Manager Name	Partnership Name	Capital Invested ¹	Capital Returned to UTIMCO ²	Current Value ³	Cash on Cash Return ⁴	IRR
Thrive Capital	Thrive Capital Partners IX Growth LP	34,060,553.00	0.00	33,619,881.00	0.00	-
Thrive Capital	Thrive Capital Partners IX LP ⁶	0.00	0.00	0.00	0.00	-
Thrive Capital	Thrive Capital Partners VIII Growth, L.P.	34,363,701.00	0.00	47,693,757.00	0.00	2
Thrive Capital	Thrive Capital Partners VIII, L.P.	6,225,180.00	0.00	6,876,856.00	0.00	1
		74,649,434.00	0.00	88,190,494.00	0.00	2

Initialized Capital, UTIMCO Fund Performance

Performance of individual funds from Initialized Capital, re-calculated annually in November of each year.



IRR is an estimation calculated by the University of Texas/Texas A&M Investment Management Company (UTIMCO) on its investment; more information on the data and calculations, see footnotes in the below "Source" article on newcomer.co

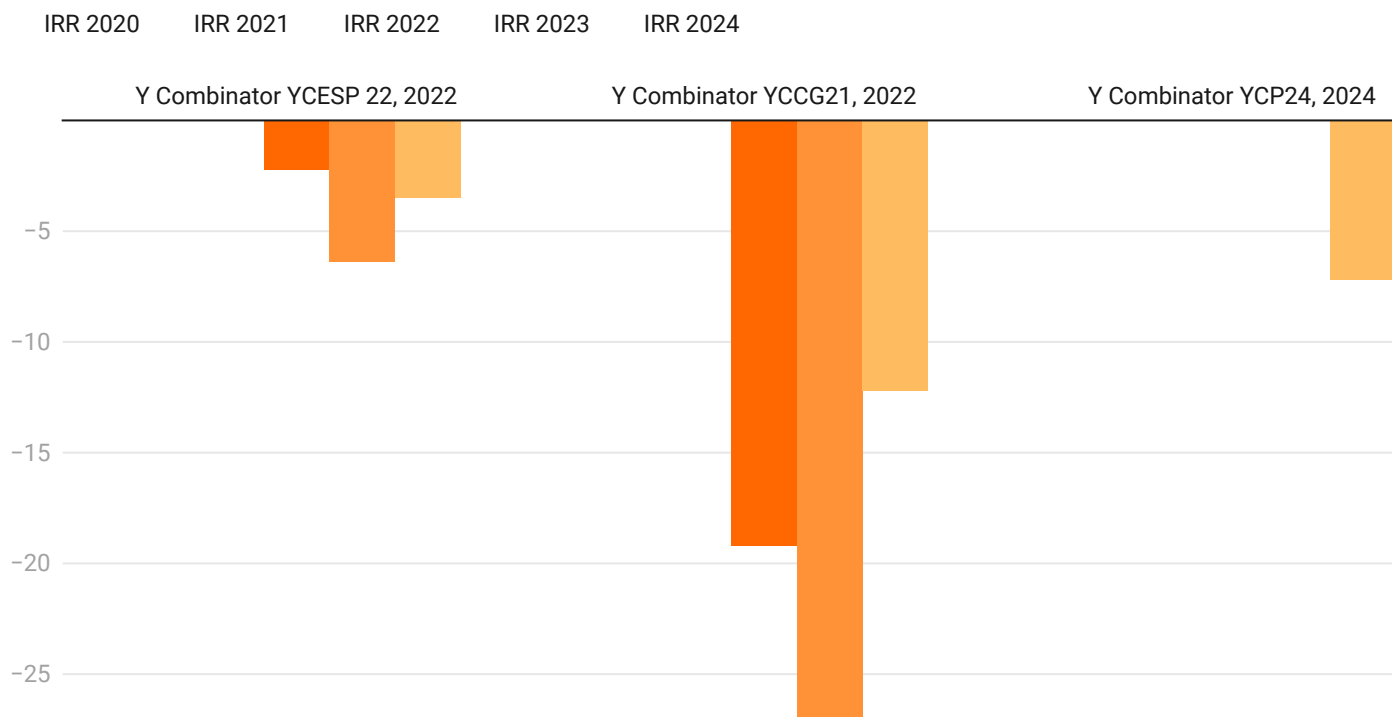
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Initialized Capital is a recent allocation for UTIMCO, so it's not surprising to see its IRRs in the negatives so far. One interesting takeaway: after a decrease in IRR in 2022, Initialized now appears to be trending in the direction investors want to see.

Fund Manager Name	Partnership Name	Capital Invested ¹	Capital Returned to UTIMCO ²	Current Value ³	Cash on Cash Return ⁴	IRR ⁵
Initialized Capital Management LLC	Initialized Superclass II L.P.	2,450,000.00	0.00	2,178,675.00	0.00	-
Initialized Capital Management LLC	Initialized VI L.P.	8,525,000.00	0.00	7,693,539.00	0.00	-
		10,975,000.00	0.00	9,872,214.00	0.00	-

Y Combinator, UTIMCO Fund Performance

Performance of individual funds from Y Combinator, re-calculated annually in November of each year.



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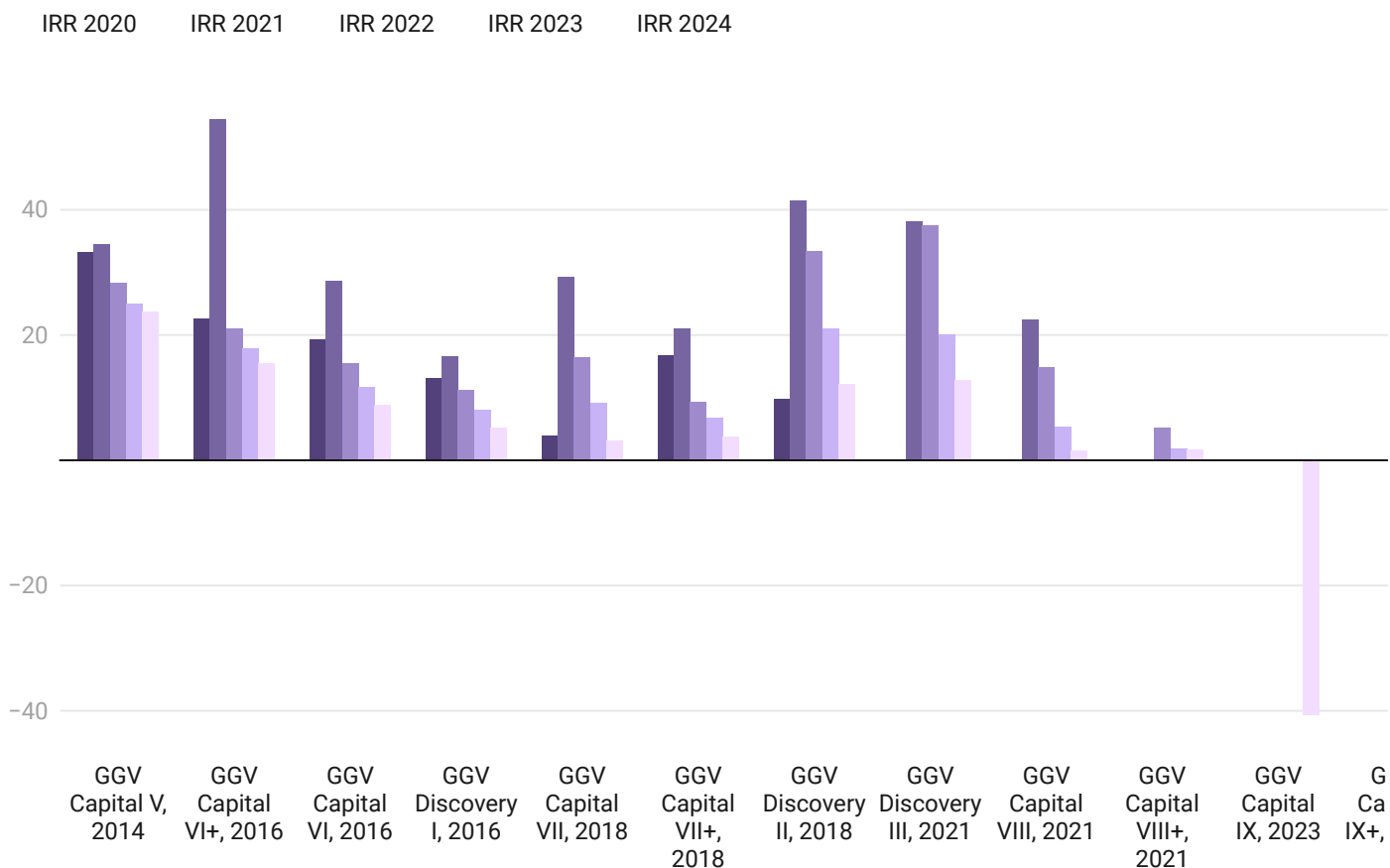
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Similarly to Initialized Capital, Y Combinator’s IRR is still negative, but improving over time. Its most recent vintage from 2024 is the first one since Garry Tan took over the helm at the startup accelerator.

Fund Manager Name	Partnership Name	Capital Invested ¹	Capital Returned to UTIMCO ²	Current Value ³	Cash on Cash Return ⁴	IRR
Y Combinator	Y Combinator ES24 LLC ⁶	0.00	0.00	0.00	0.00	
Y Combinator	YC ECO24, LP ⁶	0.00	0.00	0.00	0.00	
Y Combinator	YC ESP22, L.P.	27,030,000.00	0.00	25,497,574.00	0.00	
Y Combinator	YC ESP24 LP ⁶	0.00	0.00	0.00	0.00	
Y Combinator	YCCG21, L.P.	27,150,000.00	0.00	20,405,665.00	0.00	-
Y Combinator	YCP24 LP	17,382,007.00	0.00	16,495,223.00	0.00	
		71,562,007.00	0.00	62,398,462.00	0.00	

GGV Capital, UTIMCO Fund Performance

Performance of individual funds from GGV Capital, re-calculated annually in November of each year.



IRR is an estimation calculated by the University of Texas/Texas A&M Investment Management Company (UTIMCO) on its investment; more information on the data and calculations, see footnotes in the below "Source" article on newcomer.co

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GGV Capital **split its portfolio** into Notable Capital in the US and Europe and Grar Asia in March 2024, but UTIMCO invested when it was still one firm. The funds formerly under the GGV umbrella saw their overall IRR decline to 13.63%, down from 17.29% last year. This snapshot of all its funds reflect this downward trend as well.

The firm has seen some of the largest IRR declines over the last four years of any that we pulled: VI+ fund has dropped roughly 50 percentage points since 2021.

Fund Manager Name	Partnership Name	Capital Invested ¹	Capital Returned to UTIMCO ²	Current Value ³	Cash on Cash Return ⁴	IRF
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GGV Capital	GGV Capital IX L.P.	1,700,000.00	0.00	1,458,471.00	0.00	-4
GGV Capital	GGV Capital IX Plus L.P.	400,000.00	0.00	400,000.00	0.00	
GGV Capital	GGV Capital V L.P.	28,650,000.00	66,532,553.99	62,593,311.00	2.32	2
GGV Capital	GGV Capital VI Plus, L.P.	9,450,000.00	12,036,589.59	5,319,630.00	1.27	1
GGV Capital	GGV Capital VI, L.P.	29,700,000.00	17,573,207.87	30,920,284.00	0.59	
GGV Capital	GGV Capital VII L.P.	38,399,999.98	2,053,611.40	41,567,049.00	0.05	
GGV Capital	GGV Capital VII Plus L.P.	9,750,000.00	0.00	11,510,755.00	0.00	
GGV Capital	GGV Capital VIII L.P.	44,100,000.00	0.00	45,782,146.00	0.00	
GGV Capital	GGV Capital VIII Plus L.P.	8,550,000.00	0.00	8,932,109.00	0.00	
GGV Capital	GGV Discovery Fund I, L.P.	9,850,000.00	58,898.39	13,651,122.00	0.01	
GGV Capital	GGV Discovery II, L.P.	9,850,000.00	0.00	15,944,489.00	0.00	1
GGV Capital	GGV Discovery III, L.P.	16,375,000.00	1,710,824.47	20,317,329.00	0.10	1
GGV Capital	GGV Discovery IV-ASIA, L.P. ⁶	0.00	0.00	0.00	0.00	
		206,774,999.98	99,965,685.71	258,396,695.00	0.48	1

Sequoia Capital/HongShan/Peak XV, UTIMCO Fund Performance

Performance of individual funds from Sequoia Capital, re-calculated annually in November of each year. Includes now-spun-off HongShan (formerly Sequoia China) and Peak XV (formerly Sequoia India).



Chart: Newcomer • Source: Newcomer • [Get the data](#) • Created with [Datawrapper](#)

For a clearer view of this chart, click the link [here](#).

Sequoia has now fully split out its China and India investment arms into separate firms, HongShan and Peak XV Partners, but we included them alongside Sequoia's European and American funds here since they had not yet been separated when UTIMCO first started investing in them.

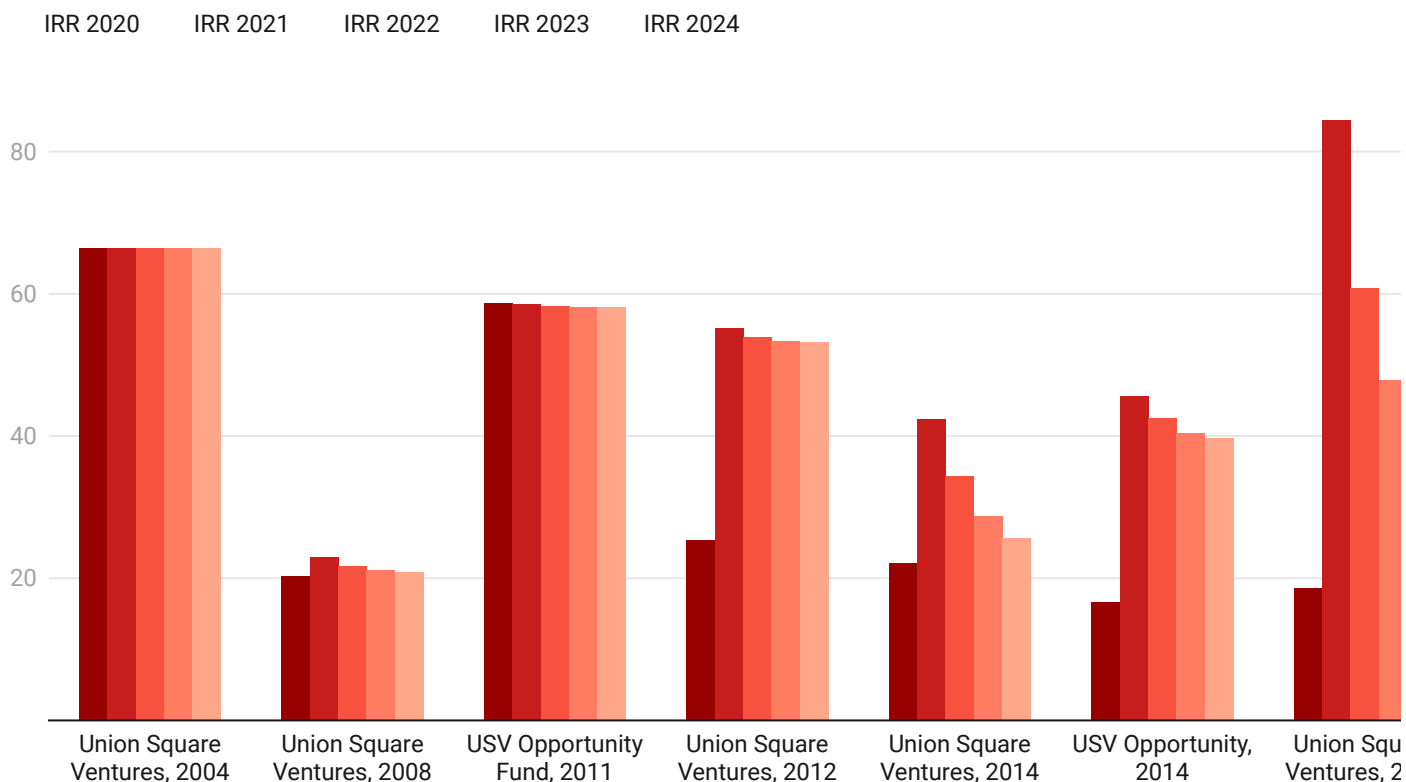
Despite the investments being more recent, Sequoia has proved resilient when others have seen their IRRs fall. Sequoia's funds, which now only include its European and American investments, saw their IRR swing from -4.12% to 6.47%.

HongShan, formerly Sequoia China, has an overall IRR of -1.81%, a drop of over 1 percentage point from last year. Peak XV's overall IRR improved a little over half a percentage point from 0.57 to 1.34%.

Fund Manager Name	Partnership Name	Capital Invested ¹	Capital Returned to UTIMCO ²	Current Value ³	Cash on Cash Return ⁴	IRR
HongShan	HongShan Capital China Seed Fund III, L.P.	875,337.00	0.00	743,838.00	0.00	-
HongShan	HongShan Capital Expansion Fund I, L.P.	3,300,000.01	0.00	3,143,133.00	0.00	-
HongShan	HongShan Capital Growth Fund VI, L.P.	60,320,485.00	290,621.00	58,036,364.00	0.00	-
HongShan	HongShan Capital Growth Fund VII, L.P.	5,115,000.01	0.00	4,076,652.00	0.00	-
HongShan	HongShan Capital Venture Fund IX, L.P.	1,845,919.00	0.00	1,542,758.00	0.00	-
HongShan	HongShan Capital Venture Fund VIII, L.P.	2,835,000.00	0.00	2,704,256.00	0.00	-
		74,291,741.02	290,621.00	70,247,001.00	0.00	
Sequoia Capital	Sequoia Capital Fund, L.P.	125,119,591.00	24,779,937.00	119,039,982.15	0.20	
Sequoia Capital	Sequoia Capital U.S. Growth Fund IX, L.P.	20,315,301.00	694,825.00	19,352,003.00	0.03	
Sequoia Capital	Sequoia Capital U.S. Venture Fund XVII, L.P.	7,186,807.00	0.00	10,291,894.00	0.00	
Sequoia Capital	Sequoia Capital US/E Seed Fund IV, L.P.	1,800,000.00	0.00	2,071,855.00	0.00	
		154,421,699.00	25,474,762.00	150,755,734.15	0.16	
Peak XV Partners	Peak XV Partners Growth Fund III LP	20,313,584.00	0.00	23,000,337.00	0.00	
Peak XV Partners	Peak XV Partners Growth Fund IV Ltd	5,250,000.00	0.00	4,166,491.00	0.00	
Peak XV Partners	Peak XV Partners SEA Fund I Ltd	4,970,000.00	0.00	4,276,661.00	0.00	
Peak XV Partners	Peak XV Partners Seed Fund II Ltd	2,849,078.00	246,282.00	2,663,643.00	0.09	
Peak XV Partners	Peak XV Partners Venture VII Ltd	9,429,695.00	0.00	10,538,072.00	0.00	
Peak XV Partners	Peak XV Partners VIII Ltd	3,200,000.00	0.00	2,687,288.00	0.00	
		46,012,357.00	246,282.00	47,332,492.00	0.01	

Union Square Ventures, UTIMCO Fund Performance

Performance of individual funds from Union Square Ventures, re-calculated annually in November of each year.



.IRR is an estimation calculated by the University of Texas/Texas A&M Investment Management Company (UTIMCO) on its investment more information on the data and calculations, see footnotes in the below "Source" article on newcomer.co

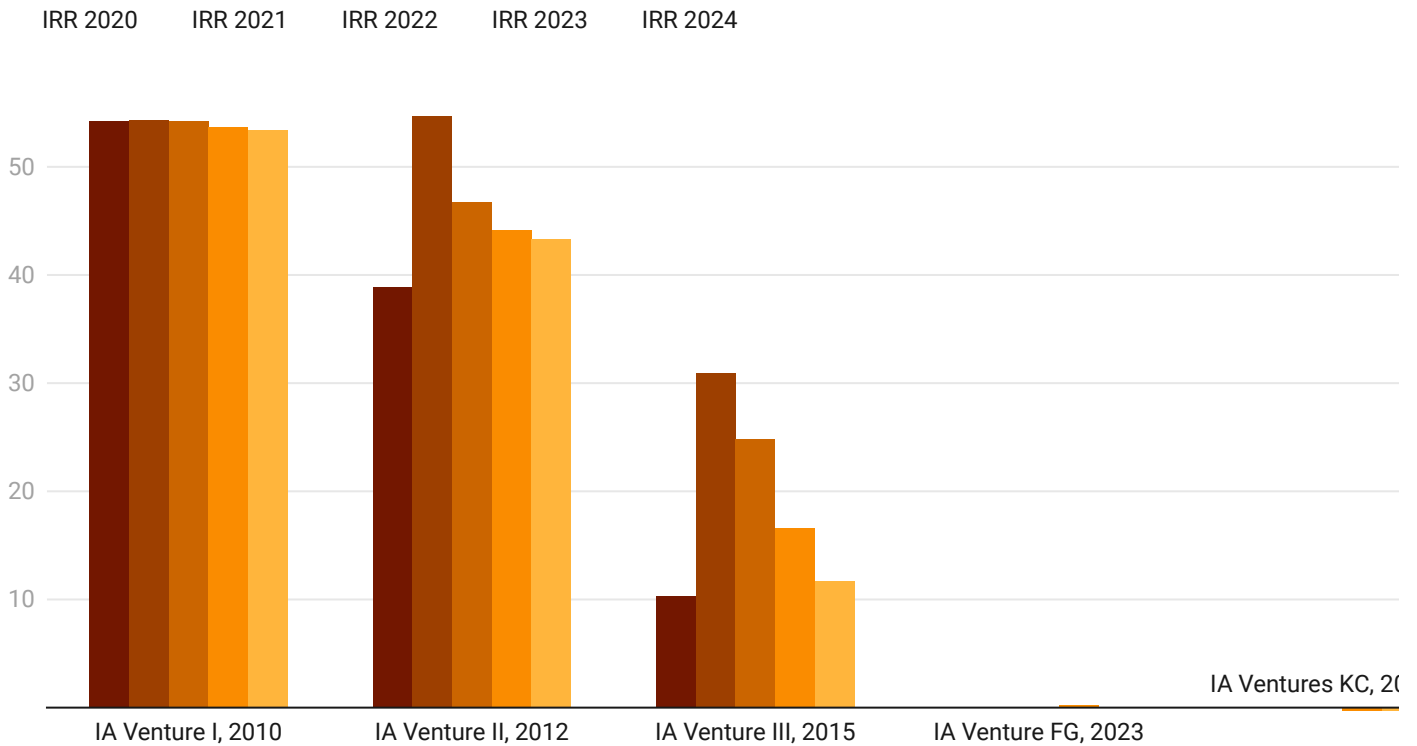
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Union Square Ventures has some of the oldest vintages within UTIMCO’s venture portfolio. Its returns are remarkably strong and consistent, with only slight dips in over the venture downturn years. Its average IRR still stands at 59.21%.

Fund Manager Name	Partnership Name	Capital Invested ¹	Capital Returned to UTIMCO ²	Current Value ³	Cash on Cash Return ⁴	IRR ⁵
Union Square Ventures	Union Square Ventures 2004, L.P.	22,250,000.00	307,425,162.61	17,094.00	13.82	6
Union Square Ventures	Union Square Ventures 2008, L.P.	23,750,000.00	97,162,033.86	6,840,160.00	4.09	2
Union Square Ventures	Union Square Ventures 2012 Fund, L.P.	25,932,500.00	592,693,094.54	22,223,722.00	22.86	5
Union Square Ventures	Union Square Ventures Opportunity Fund, L.P.	19,074,272.80	64,004,954.36	2,445,492.00	3.36	58
Union Square Ventures	USV 2014, LP	19,181,250.00	39,566,801.00	52,231,724.00	2.06	25
Union Square Ventures	USV 2016, L.P.	4,053,053.96	13,664,752.40	12,924,911.00	3.37	48
Union Square Ventures	USV Opportunity 2014, LP	15,056,250.00	77,638,356.60	18,054,519.00	5.16	35
		129,297,326.76	1,192,155,155.37	114,737,622.00	9.22	59

IA Ventures, UTIMCO Fund Performance

Performance of individual funds from IA Ventures, re-calculated annually in November of each year.



IRR is an estimation calculated by the University of Texas/Texas A&M Investment Management Company (UTIMCO) on its investment; more information on the data and calculations, see footnotes in the below "Source" article on newcomer.co

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IA Ventures has also proven a lucrative bet for UTIMCO, but the IRR for its 2015 fund has been trending downward more than its others. Its consistently positive performance likely played a factor in UTIMCO handing fresh capital over to IA Ventures' two most recent funds in 2023.

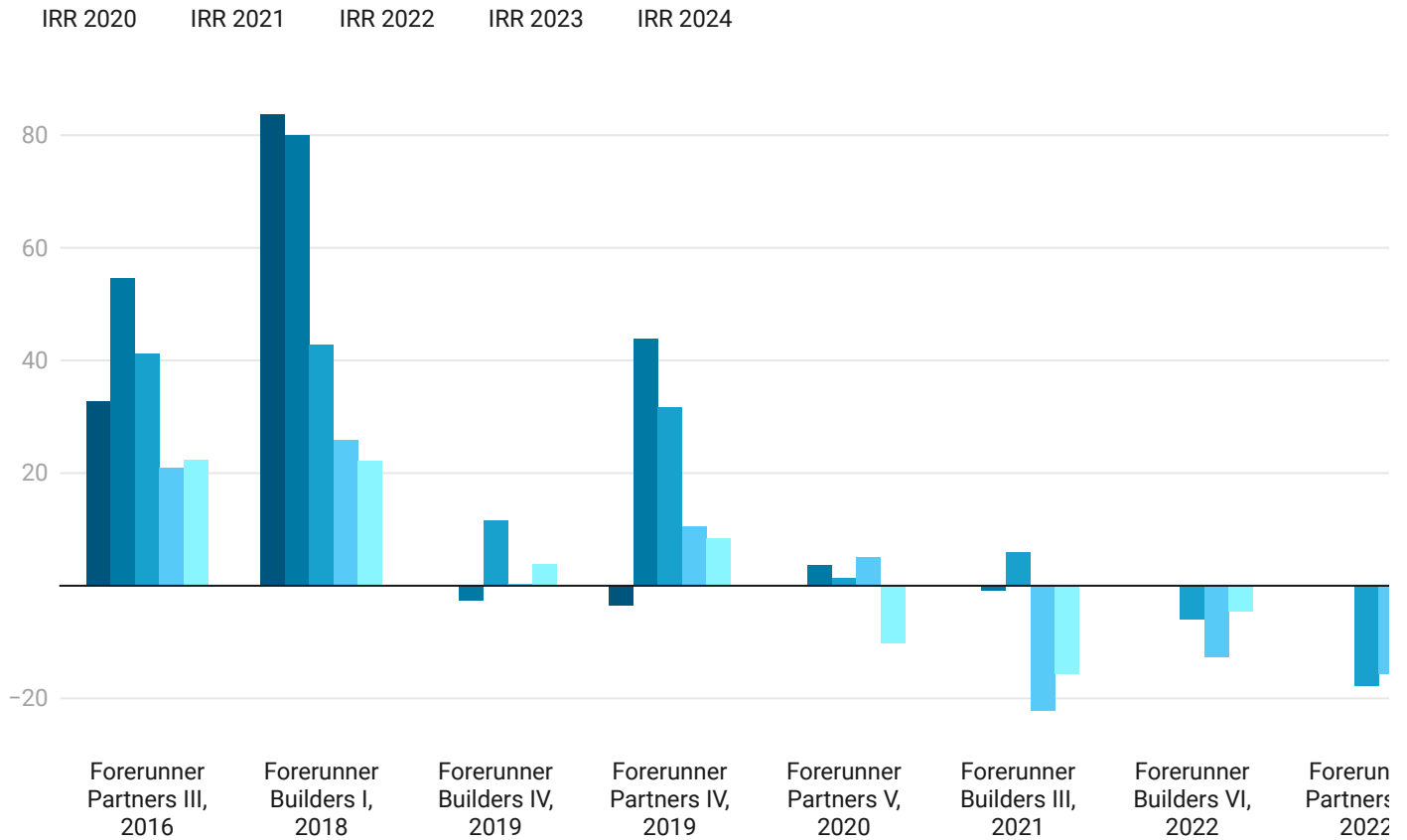
Since these just closed, the data on them is marginal. The firm's overall IRR dropped a little over one percentage point from last year to 41.51%.

Fund Manager Name	Partnership Name	Capital Invested ¹	Capital Returned to UTIMCO ²	Current Value ³	Cash on Cash Return ⁴	IRR
IA Ventures	IA Venture Strategies FG, LP	30,000,000.00	142,157.00	29,877,576.00	0.00	1
IA Ventures	IA Venture Strategies Fund I, LP	7,107,090.50	66,614,536.03	19,725,909.00	9.37	5
IA Ventures	IA Venture Strategies Fund II, L.P.	30,000,000.39	434,665,055.39	171,611,914.00	14.49	4
IA Ventures	IA Venture Strategies Fund III, L.P.	45,000,000.78	0.00	88,418,209.00	0.00	1
IA Ventures	IA Ventures Strategies KC, LP	20,150,000.00	0.00	20,064,038.00	0.00	-1
		132,257,091.67	501,421,748.42	329,697,646.00	3.79	4

Forerunner Partners	Forerunner Partners IV, L.P.	15,695,999.00	0.00	21,883,585.00	0.00
Forerunner Partners	Forerunner Partners V, L.P.	32,984,989.00	0.00	24,223,714.00	0.00
Forerunner Partners	Forerunner Partners VI, L.P.	24,065,500.00	0.00	21,333,319.00	0.00
Forerunner Partners	Forerunner Partners VII, L.P. ⁶	0.00	0.00	0.00	0.00
		140,134,179.00	26,387,500.00	193,286,921.00	0.19

Forerunner Ventures, UTIMCO Fund Performance

Performance of individual funds from Forerunner Ventures, re-calculated annually in November of each year.



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Forerunner’s overall IRR has declined slightly since last year, from 15.78% to 13.62%. However, it’s seen some of the most positive IRR shifts across its funds compared to negative ones — Forerunner Partners III, Builders III, Builders IV, Builders VI, and Partners VI all had their IRRs increase over the past year. Chime’s IPO could eventually lead to some hefty distributions.

UTIMCO has also committed to back Forerunner’s \$500 million 2024 fund, per the filings, but has not actually invested the capital yet, so we did not make a chart of the latest fund.

Fund Manager Name	Partnership Name	Capital Invested ¹	Capital Returned to UTIMCO ²	Current Value ³	Cash on Cash Return ⁴	IRR ⁵
Forerunner Partners	Forerunner Builders I, L.P.	14,667,000.00	0.00	50,431,695.00	0.00	
Forerunner Partners	Forerunner Builders III, L.P.	5,341,223.00	0.00	3,222,350.00	0.00	
Forerunner Partners	Forerunner Builders IV, L.P.	1,929,900.00	0.00	2,176,803.00	0.00	
Forerunner Partners	Forerunner Builders VI, L.P.	21,895,000.00	0.00	20,821,054.00	0.00	
Forerunner Partners	Forerunner Partners III, L.P.	23,554,568.00	26,387,500.00	49,194,401.00	1.12	
Forerunner Partners	Forerunner Partners IV, L.P.	15,695,999.00	0.00	21,883,585.00	0.00	
Forerunner Partners	Forerunner Partners V, L.P.	32,984,989.00	0.00	24,223,714.00	0.00	
Forerunner Partners	Forerunner Partners VI, L.P.	24,065,500.00	0.00	21,333,319.00	0.00	
Forerunner Partners	Forerunner Partners VII, L.P. ⁶	0.00	0.00	0.00	0.00	
		140,134,179.00	26,387,500.00	193,286,921.00	0.19	

1 IRR has been calculated by UTIMCO by considering the timing and size of the capital flowing back to UTIMCO. Full disclaimer on these figures here:

WARNING: The information contained in this report, including the calculations of IRR, was prepared by UTIMCO and HAS NOT been reviewed or approved by individual general partners of the partnerships. In addition, due to a number of factors, including most importantly a lack of valuation standards in the private equity industry, differences in the pace of investments across partnerships, and the understatement of returns in the early years of a partnership life, the IRR information contained in this report DOES NOT accurately reflect the current or expected future returns of the partnerships and SHOULD NOT be used to assess the investment success of a partnership or to compare returns across partnerships. THIS DISCLAIMER IS AN INTEGRAL PART OF THIS REPORT, AND ANY SUBSEQUENT DISCLOSURE OR REPORTING OF THE INFORMATION CONTAINED IN THIS REPORT MUST INCLUDE THIS DISCLAIMER. A FAILURE TO USE THIS DISCLAIMER WHEN DISCLOSING IRR INFORMATION TO A THIRD PARTY WOULD BE MISLEADING AND WOULD CONSTITUTE A MATERIAL MISREPRESENTATION.



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