



Capital Under Pressure

REPORT ON CANADIAN VC FUNDRAISING
2025



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Key Takeaways

1

Weakest fundraising level since 2016

Canadian VC firms raised just over \$2B in 2025, marking one of its lowest years and well below the long-term average.

X

2

Fund graduation rates are getting hit hard

Of the 58 funds raised in the 2021 cohort, only 25% have raised a successor fund within 5 years. This is approximately half the expected long-run average.

3

VCAP/VCCI reliance is easing, but far from gone

Canada's venture market has reduced its reliance on government-backed capital, but federal programs still anchor a meaningful share of fundraising—falling from 53% of capital in 2015 to 36% in 2025.

4

Emerging Managers are struggling

Emerging Managers (EMs) raised their lowest annual fundraising amount ever, with only \$249M raised in 2025. In contrast, established managers continue to account for an increasing share of all new funds raised.

5

Fund sizes have compressed

Median and top-quartile Canadian VC fund sizes have fallen to their lowest levels since 2013, at \$29M and \$43M respectively, which are 51% and 69% below long-term averages.

6

Capital is concentrating

The 5 largest funds have captured a sharply higher share of the total capital raised in 2025, accounting for 83% of all capital raised.

7

Dry powder is shrinking & shifting towards reserves

Overall dry powder is continuing to decline, and the portion available for initial investments is decreasing at an even faster rate. Currently, initial capital accounts for only 42% of the total.



Introduction:

The Shifting Landscape of Venture Capital

Insights Inside

Capital flows

Where and how capital is moving within the ecosystem.

Fund sizes

How fundraising impacts the scale of VC funds.

Capital availability

The amount of capital accessible to founders.

Decision-making

How GPs and LPs can optimize strategies for better fund performance.

Venture capital has undergone a remarkable evolution since its inception, with many of the most significant changes occurring over the past decade. Once a niche, exclusive corner of private markets, it has transformed into a globally recognized and institutional asset class. As the industry has grown, the availability and quality of data has improved, yet many critical numbers driving decisions in Canadian VC remain opaque.

While traditional VC data—such as investment amounts, sector trends, and funding rounds—is widely reported and essential for stakeholders, it captures just one part of the venture capital lifecycle. Equally vital is the fundraising side, which examines the flow of capital from Limited Partners (LPs) into VC funds, managed by General Partners (GPs).

This report shifts the focus to these trends, exploring where capital concentrates, how fund sizes are affected, and how much capital ultimately reaches founders.

With a clear baseline, GPs and LPs can make more informed decisions on fund sizing, deployment pacing, reserve ratios and concentration risks, improving the odds of creating stronger, more durable fund performance over time. Fundraising is the starting point of the private capital food chain. Without LP commitments, there is no money set aside for future investments (often called dry powder), no fuel for company building, and no capital to flow downstream to founders. Understanding fundraising trends is essential for interpreting the health, resilience, and trajectory of the Canadian innovation economy. This report provides critical insights into:

INVESTOR SENTIMENT AND LIQUIDITY DYNAMICS

Shifts in fundraising volumes reflect LPs' confidence or caution in VC, influenced by macroeconomic and market cycles.

MANAGER SEGMENTATION

Disaggregating fundraising numbers by firm stage or manager type highlights how capital is distributed between emerging and established managers.

FUND SIZE CONCENTRATION

Fundraising data reveals market concentration, indicating whether capital is in a few large funds or diverse vehicles.

FORWARD-LOOKING DRY POWDER

Tracking commitments enables accurate modeling of available investment capital for new and follow-on investments, aiding founder and LP expectations.

In 2024, we released our inaugural Canadian VC Fundraising Report, which provided a first-of-its-kind baseline for understanding how Canadian GPs had raised and deployed capital over the prior decade. This year's edition builds on that foundation, updating the dataset through 2025 and extending the analysis with new insights on graduation rates, dry powder composition, manager segmentation, and overall market concentration.

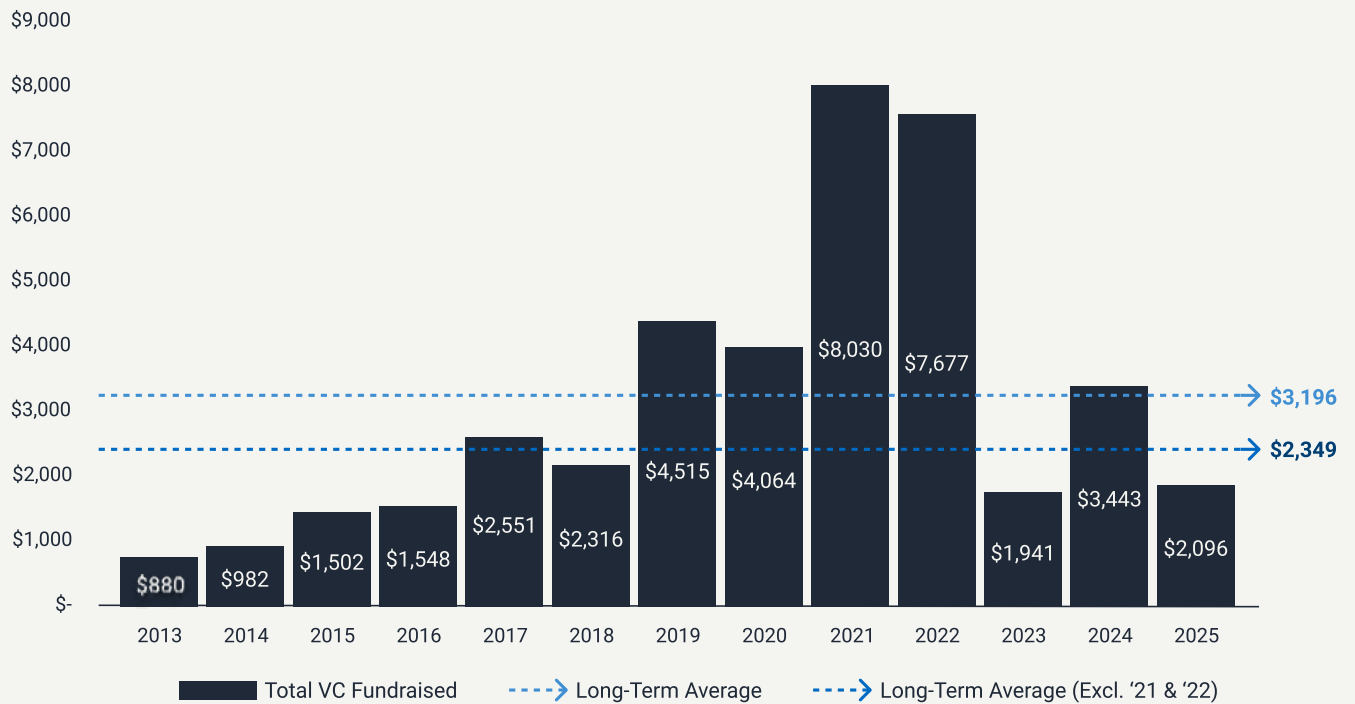
The past several years have been among the most challenging fundraising environments on record, both in Canada and globally. Conversations across the ecosystem reinforce what the data makes clear: LPs are exercising greater caution, GPs are facing longer fundraising timelines, and capital formation has slowed meaningfully relative to the peak years of the last cycle.

The purpose of this report is not simply to highlight these headwinds. Rather, it aims to create transparency around the Canadian fundraising landscape and provide the data and context needed to navigate this period collectively. By grounding discussions in data, we move beyond anecdotes to focus on the structural shifts that matter most: how capital flows, where it concentrates, and what that means for the future of Canada's innovation economy.

The Rise and Fall of Venture Capital Fundraising

CHART 1A

Annual Venture Capital Fundraised (2013–2025, in millions)



Source: Proprietary RBCx data.
 Note: Canadian Venture Capital Fundraised values inclusive of i) Private Canadian VC Funds, ii) Corporate Venture Capital Funds, and iii) Standalone BDC Funds. These figures exclude i) Provincial Capital VC Funds, ii) Fund of Funds, and iii) non-Standalone BDC Capital.

After a brief rebound in 2024, Canadian venture fundraising has resumed the downward trend. Canadian VC funds raised close to \$2.1B in 2025, falling below the long-term average (\$3.1B). With 2025’s fundraising finished, the data suggests that 2024’s bounce was temporary.

Since the launch of Canada’s capital incentive programs—the Venture Capital Action Plan (“VCAP”) in 2013 and Venture Capital Catalyst Initiative (“VCCI”) in 2017—fundraising has moved in distinct stages. From 2013–2018, Canadian VC funds raised \$9.8B, with annual totals climbing steadily as the ecosystem matured. Momentum built in 2019–2020 with \$8.6B raised, peaking during the “easy money” period of 2021 and 2022, when over \$15.7B was raised—nearly double that of the two years prior and of the entire 2013–2018 period combined. However, the decline from this period has been swift. After raising just \$1.9B in 2023, 2024’s bounce to \$3.4B offered temporary relief, but 2025 fundraising has continued below cycle averages. This downtrend is driven by two main factors:

1**The capital cycle**

Capital rushed in at the peak, compressing returns, and is now pulling back. The next phase should bring better forward returns as entry prices reset and market tailwinds return.

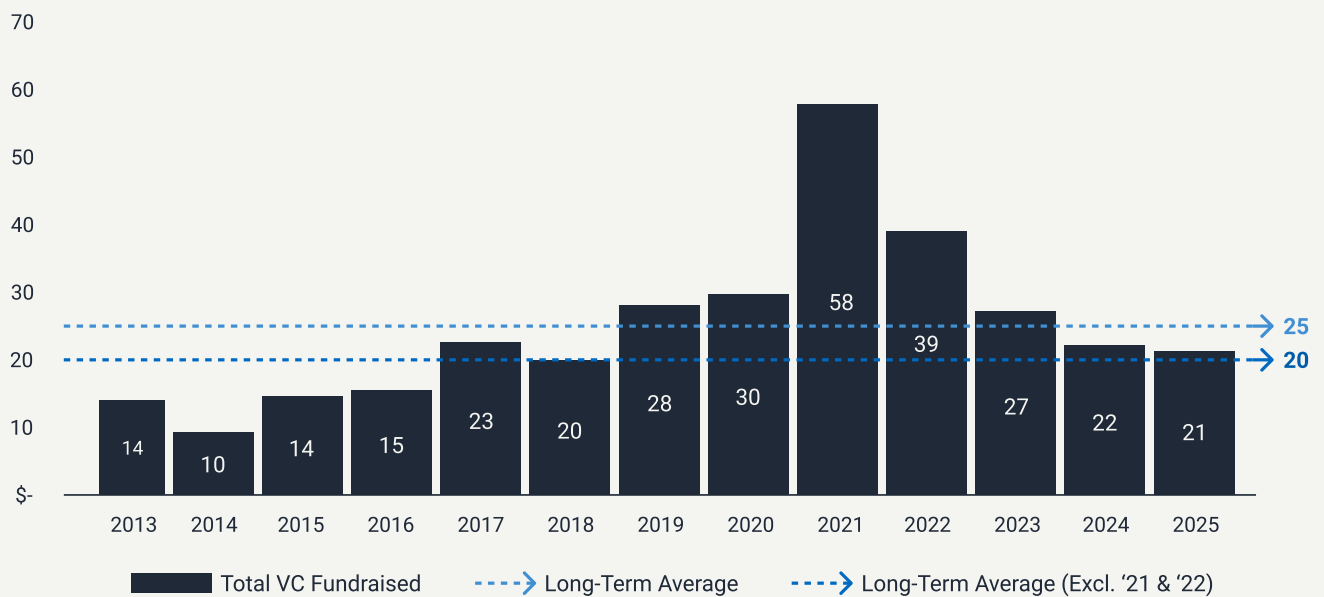
2**Overallocation and weak liquidity**

Many investors increased venture exposure in 2021–2022 after record liquidity years in 2020–2021, with limited distributions since. These investors are now hesitant to add more long-term illiquid capital to their portfolios.

After the surge of capital in 2021–2022, the current pullback is hardly surprising. In a market no longer overcapitalized, raising a fund has become more challenging—but also more rewarding. Capital is consolidating with managers LPs trust most, and with fewer bidders at the table, today’s environment favours disciplined GPs deploying into the best founders at attractive valuations, ownership levels, and terms.

CHART 1B

Annual Venture Capital Funds Raised (2013–2025)



Source: Proprietary RBCx data.
 Note: Canadian Venture Capital Fundraised values inclusive of i) Private Canadian VC Funds, ii) Corporate Venture Capital Funds, and iii) Standalone BDC Funds. These figures exclude i) Provincial Capital VC Funds, ii) Fund of Funds, and iii) non-Standalone BDC Capital.

While fund formation has slowed alongside fundraising dollars, the decline has been less pronounced. In 2025, 21 funds closed—above the long-term average of 20 (excluding the bull-market years of 2020 and 2021).

The typical fund lifecycle offers context for 2025's slowdown. Most managers return to market to fundraise every 3–5 years. Given the peak fundraising in 2021–2022, 2025 should have seen more re-ups and successor funds. However, low liquidity has made fundraising increasingly difficult.

2025's capital raised sits at \$2.1B, a 39% drop from 2024's \$3.4B. Fund formation, however, has seen a smaller decline: 21 funds closed in 2025, a 5% decrease from 2024's 22. This disparity suggests that while fewer funds are closing, those that do are generally smaller (a trend we explore later in the report).

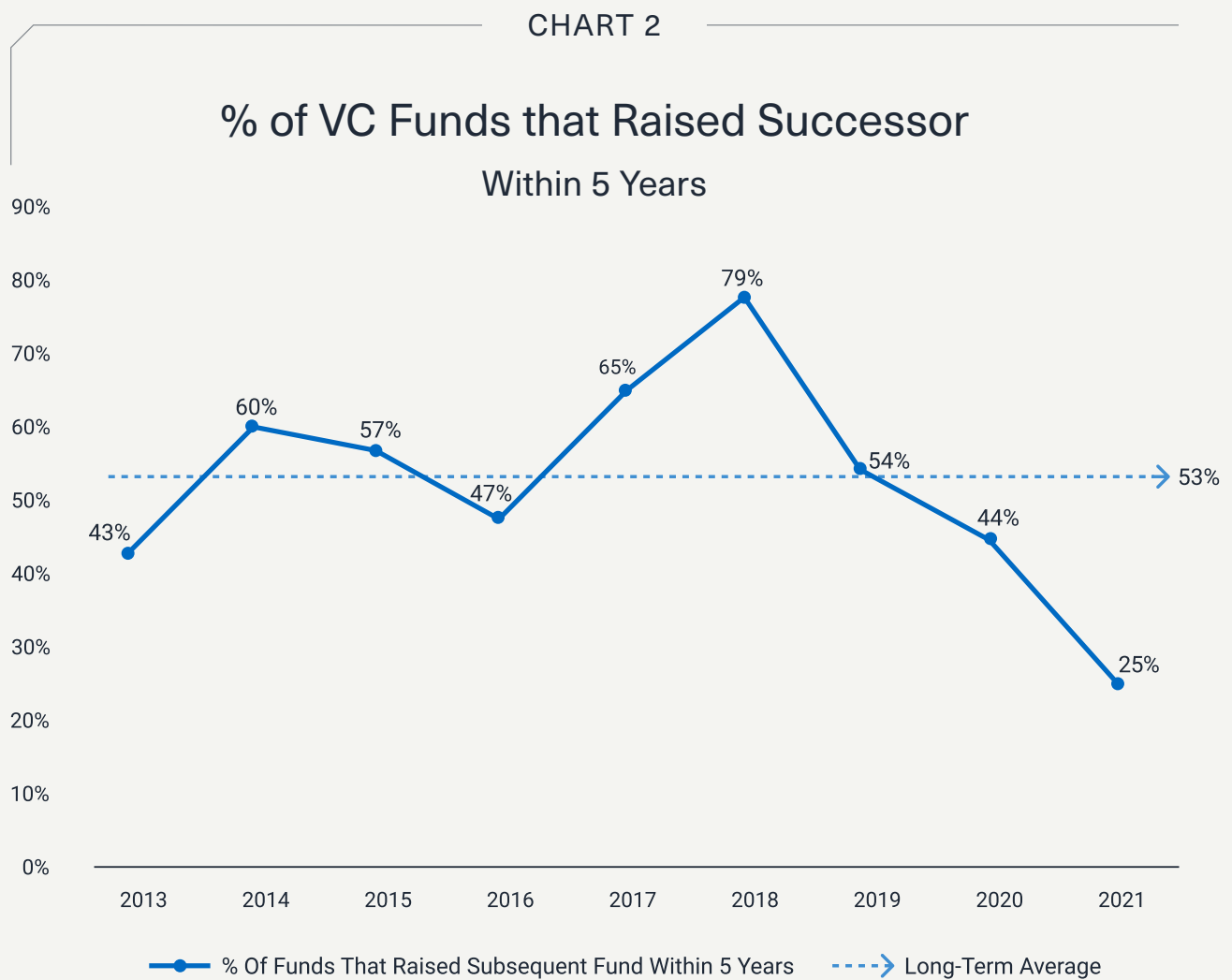
“We’re seeing the natural outcome of a market that got overheated. Successor fundraising today is less about timing and more about trust—LPs are doubling down on proven GPs with disciplined deployment and real outcomes, not momentum.”

MATT COHEN

Co-Founder and Managing Partner,
Ripple Ventures

The Path to Success: Fund Survival and Follow-On Raises

In 2024, we explored VC “graduation rates”—the drop-off firms face as they progress from Fund I to Fund II to Fund III and beyond. This year, we’ve taken a different approach by analyzing graduation rates by vintage year, offering a clearer picture of today’s challenging fundraising environment.



Source: Proprietary RBCx data.
 Note: (i) Does not include any continuity, alignment, or opportunity funds. (ii) Subsequent fund eligibility must be raised consistent to prior fund strategy.

This chart reveals how quickly funds from each vintage secured a successor vehicle within five years—a key indicator of fundraising vitality. Higher percentages signal strong performance or favourable market conditions during their next raise. Let's break it down:

→ **2013–2021 Averages:**

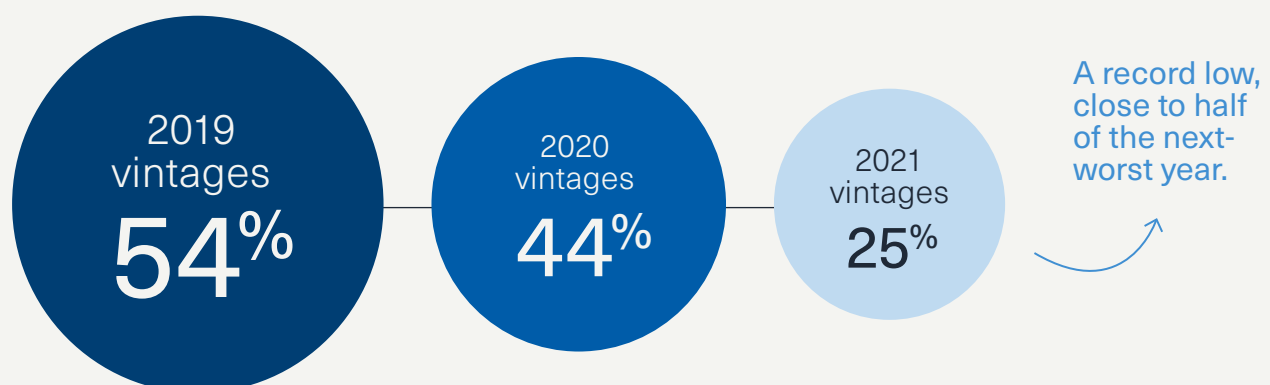
On average, 53% of VC funds raised a successor within five years. From 2013 to 2016, this percentage seemed appropriately stable, reflecting a steady fundraising environment without any major macroeconomic headwinds.

→ **The Upswing (2016–2018):**

Graduation rates climbed from 47% in 2016 to 79% in 2018. These vintages benefitted from the 2021–2022 fundraising boom, aligning with the typical 3–4-year VC cycle.

→ **The Downturn (2019–2021):**

Since then, graduation rates have plummeted—**2019 vintages: 54%, 2020 vintages: 44%, 2021 vintages: Just 25%**—a record low, close to half of the next-worst year.



This decline reflects significant pressures:

1

Global liquidity crunch

LPs have broadly pulled back commitments across private markets, particularly in venture, the longest-dated and least liquid asset class. Most venture portfolios remain cash-flow negative, with capital calls outpacing distributions, further tightening LPs' willingness to re-up.

2

Slower company fundraising cycles

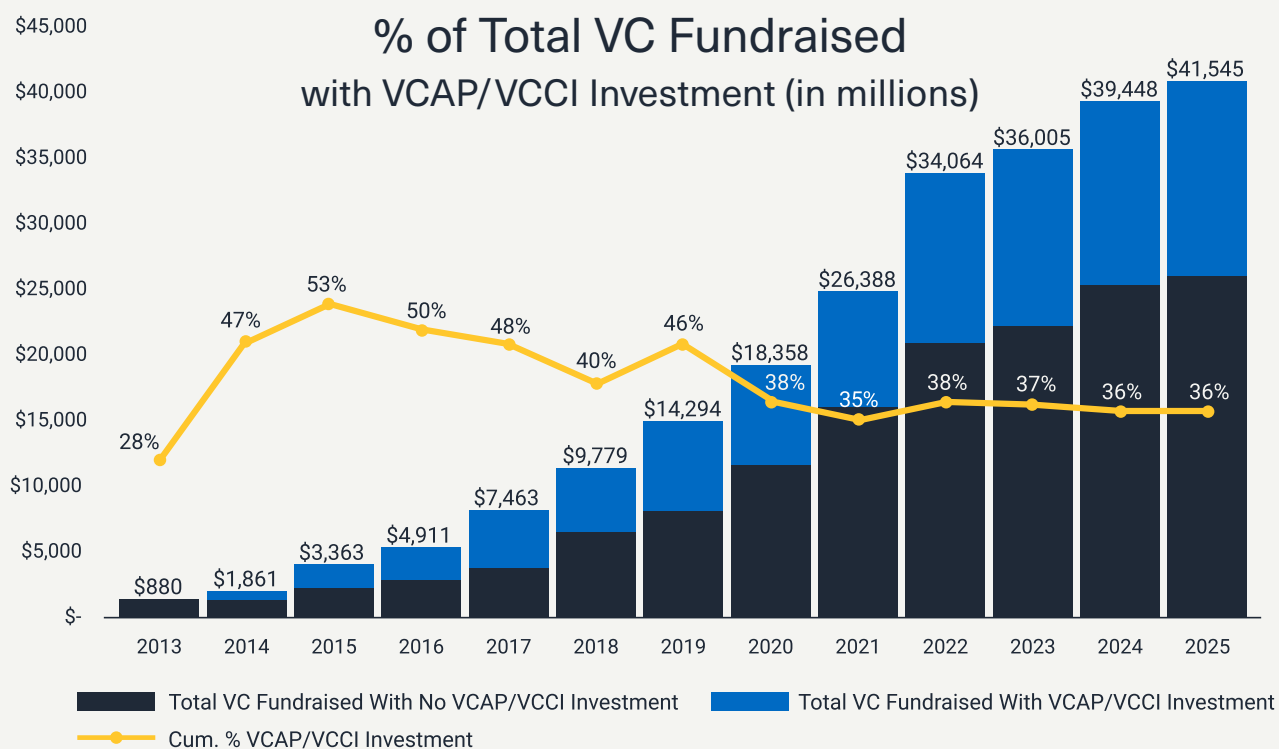
Portfolio companies are taking longer between financing rounds, resulting in fewer revaluations and weaker "on-paper" performance compared to the boom years. This makes LPs more resistant to committing fresh capital.

A record 58 Canadian funds were raised in 2021, yet this vintage now shows the weakest graduation profile on record. Many GPs are either actively in-market, soon will be, or are quietly realizing a successor fund may be out of reach. The lesson is clear: too many funds were raised, and too much capital was deployed at the market peak, a pattern typical to periods of excess and correction.

While the current contraction may be painful, a thinning of the ecosystem is likely healthy for the long-term sustainability of Canadian venture. This chart suggests that we are in the middle of that reset.

The Role of Anchor Investors in Shaping the Ecosystem

CHART 3



Source: Proprietary RBCx data. Statistics Canada.
 Note: (i) VCCI includes VCCI I and VCCI II. (ii) VCAP & VCCI involvement based on fund commitments made by one of Teraly, Kensington, HarbourVest or Northleaf.

Canada’s venture capital ecosystem, much like the U.S., was catalyzed through direct government involvement. In the U.S., the Small Business Investment Company (“SBIC”) program launched in the late 1970s, aimed to spark private-sector participation and build a sustainable venture ecosystem. Canada followed suit in 2013 with the Venture Capital Action Plan (VCAP), later complemented by the Venture Capital Catalyst Initiative (VCCI) in 2017 and 2021.

These programs partnered with four established funds—Northleaf Capital, Teralys Capital, Kensington Capital, and HarbourVest Partners—offering matching capital and subordinated government returns to strengthen private investor returns. The impact has been instrumental: since 2013, 36% of all Canadian venture capital fundraising (over \$15B) has included at least one of the four fund-of-funds:

→ **2013–2016 (VCAP)**

Program involvement rose from 28% to 50% of capital raised, with annual Canadian fundraising nearly doubling from \$880M to \$1.5B.

→ **2017–2020 (VCCI I):**

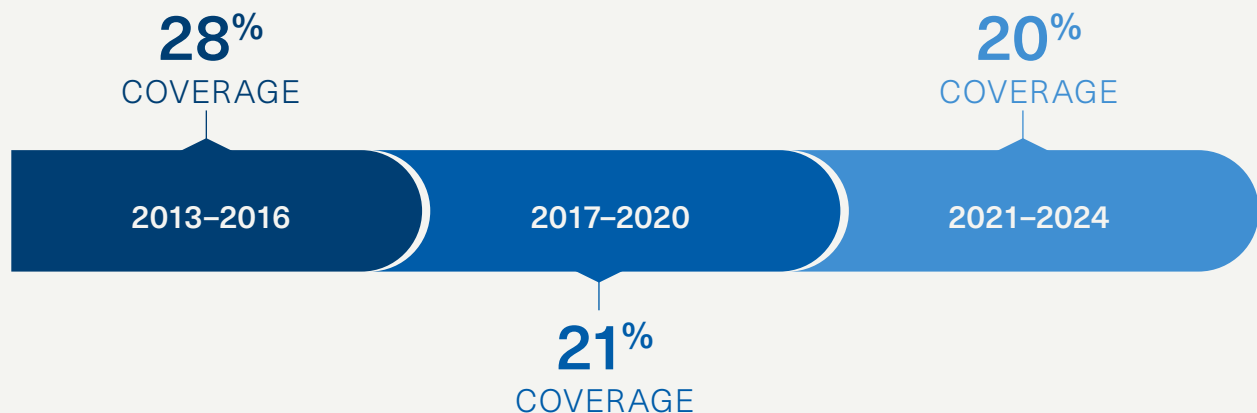
While the share of capital declined from 48% to 38%, capital raised from funds with at least one of the four fund-of-funds investors surged to \$4.5B—nearly double the previous four years at \$2.4B.

→ **2021–2024 (VCCI II):**

Program participation held steady (35–36%), but the absolute dollar impact increased with \$7.2B of capital raised from funds with at least one of the four fund-of-funds participating.

Fund numbers reveal a different trend:

- **2013–2016**
53 funds raised, 15 with program backing (28% coverage)
- **2017–2020**
101 funds raised, 21 with program backing (21% coverage)
- **2021–2024**
146 funds raised, 29 with program backing (20% coverage)



This decline in percentage coverage is a positive sign, indicating the ecosystem is becoming less dependent on government programs even as their absolute impact remains significant. With the recent announcement of the \$1B Venture and Growth Capital Catalyst Initiative (VGCCI) in the 2025 Canadian Budget, program linked dollars will continue to play a meaningful role in Canadian VC fundraising.

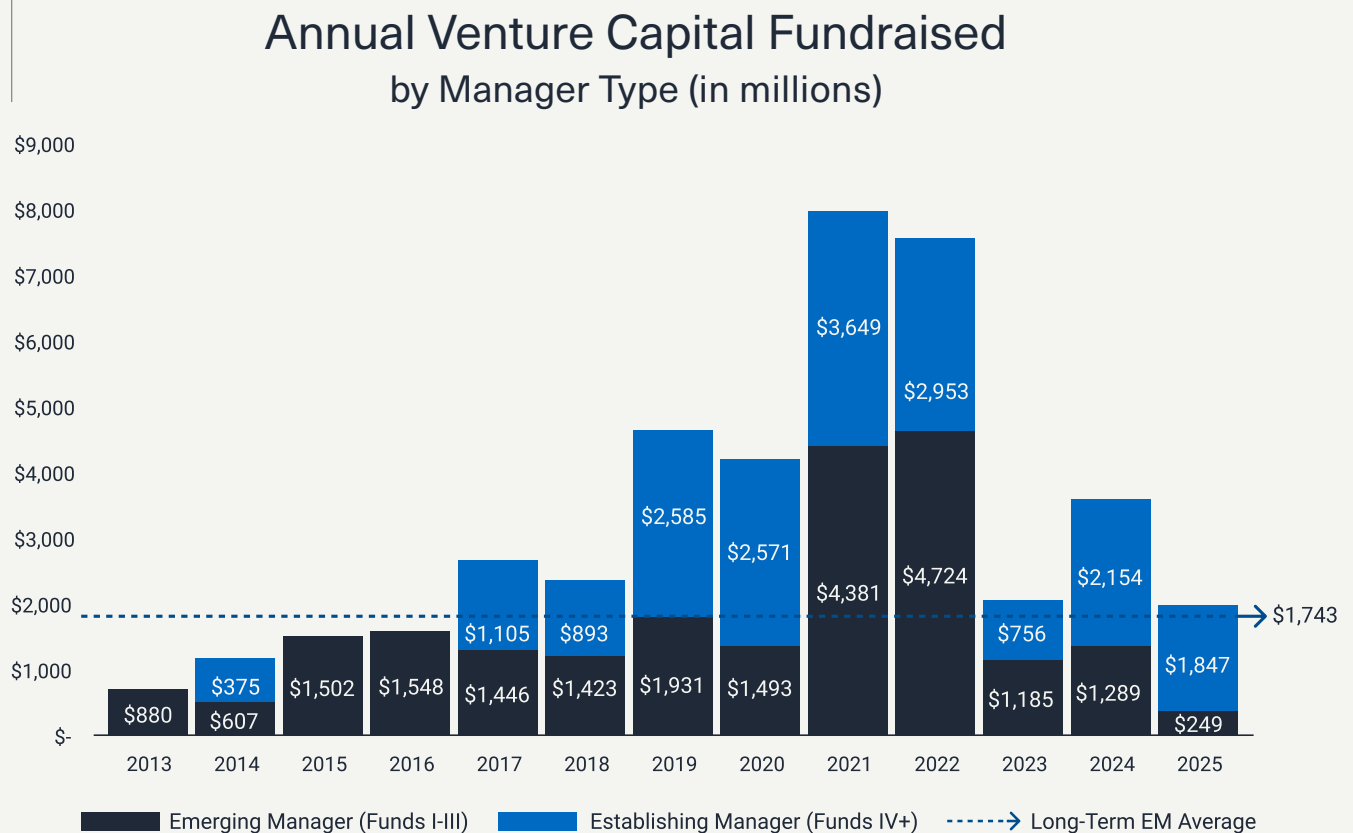
“The federal government’s VCAP and VCCI programs have anchored the development of Canada’s venture capital ecosystem, catalyzing over \$15 billion in fundraising and attracting private sector participation at scale. In addition to their capital impact, these programs have instilled confidence, accelerated innovation, and laid the foundation for a sustainable market over time. The recent inclusion of a fourth program in Budget 2025 provides critical support to the ecosystem in the current extremely challenging fundraising environment.”

IAN CAREW

Managing Director & Venture Partner,
Northleaf Capital Partners

The Emerging Manager Dilemma: A Declining Share in a Maturing Market

CHART 4A



Source: Proprietary RBCx data.

Emerging Managers (EMs) are vital to Canada’s venture market, driving innovation, supporting non-consensus sectors, and serving as the talent pipeline for future franchises. Their presence has fluctuated with market conditions and this important group is now particularly vulnerable.

While Canadian VC fundraising rebounded in 2024, EMs did not share this recovery. In both 2024 and 2025, established firms captured most funds (63% and 88%, respectively), while EM fundraising remained stagnant. In today's liquidity-constrained environment, LPs are doubling down on existing relationships, prioritizing experience and track record over new allocations.

After hitting a low point in 2014 (\$607M), EM fundraising consistently exceeded \$1B annually, until now. In 2025, EMs raised just \$249M, marking the lowest annual total to date, falling \$1.5B short of the long-term average. This trend mirrors global markets, where capital is concentrating around "safer" established firms.

While this is rational during challenging times, it risks under-investing in the next generation of managers who expand deal flow and coverage at the earliest stages and in new sectors. Though established franchises show Canada's ecosystem is maturing, a narrowing pipeline means fewer first-check investors, less opportunity for founders, and a slower renewal of lead investors. A diverse set of managers fosters innovation and competition, creating more diversity of thought. Sustained EM support is crucial to ensure the future of Canadian venture is set up for success.

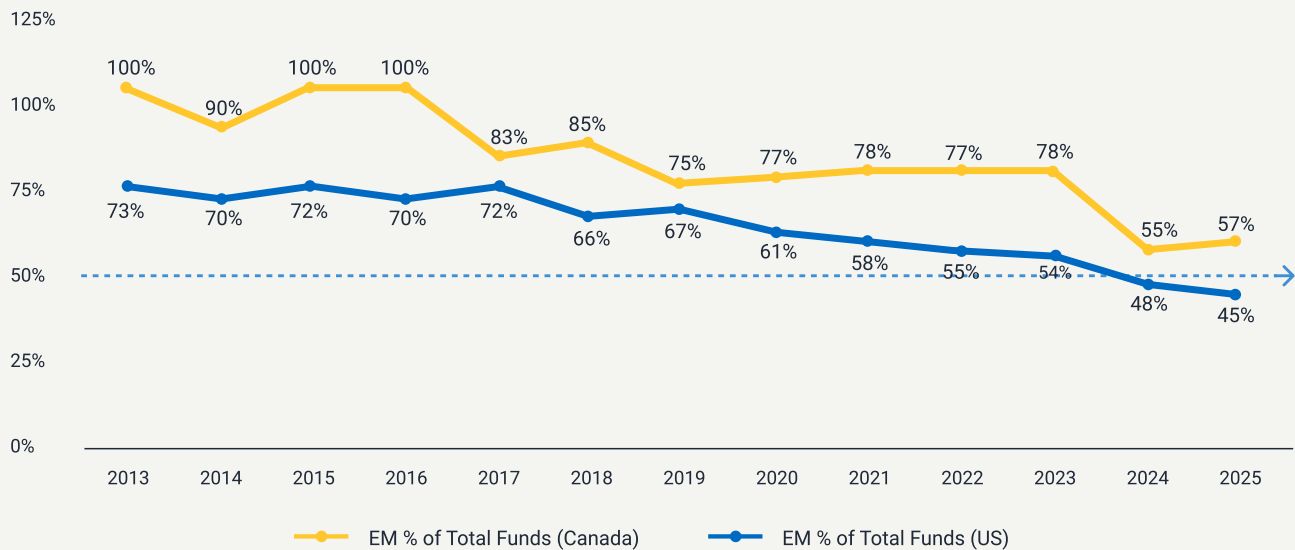
“Every established firm in Canada, including Garage, began as an emerging manager—and only existed because LPs were willing to take earlier, riskier bets. A healthy tech ecosystem depends on that same conviction today, giving new managers the runway to become tomorrow’s cornerstone franchises. EMs carry more risk, but they also inject new energy, push the industry forward, and can deliver some of the highest multiple returning funds. If this pipeline thins, we starve the very firms that will help shape Canada’s next decade of innovation.”

MIKE MCCAULEY

General Partner, Garage Capital

CHART 4B

Emerging Manager Funds as % of Total Annual Fund Count



Source: Proprietary RBCx data. NVCA Pitchbook Monitor 2023 – 2025 Reports.

The venture ecosystem thrives on balance. As new firms emerge, some prove themselves and graduate to “established” status. Historically, EMs have dominated annual fund formations in both Canada and the U.S., but as ecosystems mature, this shifts toward parity—a healthy mix of innovation-driven EMs and stable, established firms. As a younger ecosystem, Canada has long maintained a higher share of EM-raised funds compared to the U.S., reflecting its dynamic growth phase.

However, 2024–2025 disrupted this pattern. In the U.S., EM share fell below 50% (48% in 2024, 45% in 2025), while Canada saw a sharper decline: from 78% in 2023 to 55% in 2024 and 57% in 2025—a 21-point swing versus the U.S.’s gradual 9-point shift. This highlights a broader trend that amid economic uncertainty, risk-averse LPs are favouring established managers over unproven EMs.

Canada’s steeper drop exposes a critical vulnerability: its overreliance on a small group of anchor LPs. When these key investors pivot to established firms, EMs suffer disproportionately, losing capital access and destabilizing their funding ecosystem. This concentration risk undermines diversification and resilience, threatening the very innovation EMs are meant to drive.

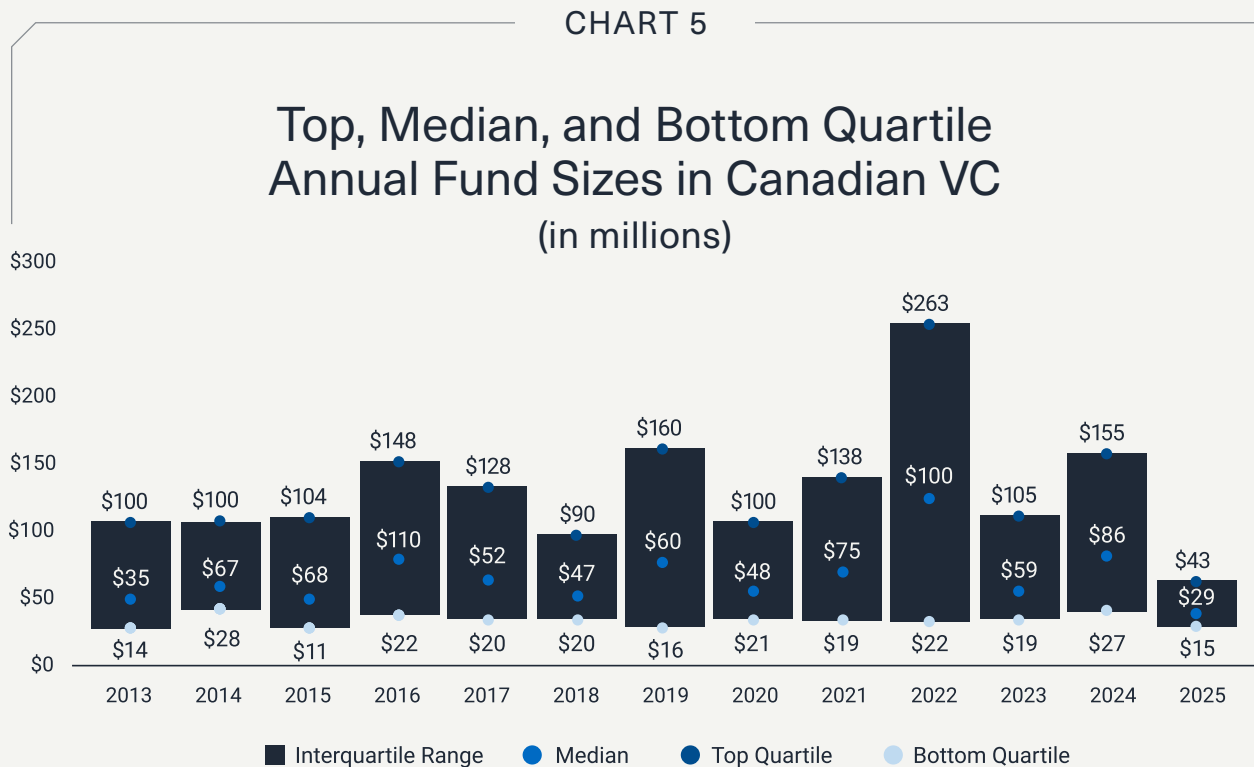
A mature ecosystem needs parity—not just for balance, but to ensure EMs remain a vital force alongside established players.

“I think this data reflects the reality of the last few years. If it was a fundraising drought for EMs in the US, it’s proven equally as dry in Canada. We need to reverse course soon or we run the real risk of the future being built elsewhere.”

JONATHAN EHRLICH

Founding Partner, Roar Ventures

The Size Divide: Top, Median, and Bottom Quartile Funds in Canadian VC



Source: Proprietary RBCx data.

Canadian venture fund sizes are resetting alongside declining fundraising. With liquidity tight, managers are sizing funds to match market demand. The LP base, dominated by family offices, high-net-worth individuals, and government programs, limits larger closes. Unlike their U.S. counterparts, Canadian pensions and endowments invest less domestically, further pushing funds toward smaller fund sizes.

The interquartile range has compressed, showing a market crowded around smaller vehicles rather than diverse strategies.

After peaking in 2022 with a median of \$100M and a top quartile of \$263M, fund sizes have plummeted. In 2025, both the median (\$29M) and the top quartile (\$43M) are at historic lows.

With that said, smaller funds are not inherently weaker. Top managers maintaining strong ownership and prioritizing company quality can post strong returns. For example, a \$25M fund and a \$100M fund, each owning 10% of a company, would see a \$500M exit return of \$50M. That's 2x for the smaller fund vs. 0.5x to the larger fund. Leaner funds can sharpen focus and improve efficiency but limit experimentation and later-stage involvement, areas where Canada lags.

Until liquidity improves and more capital flows from Canadian pensions and other large LPs, we can expect smaller funds with less variance.

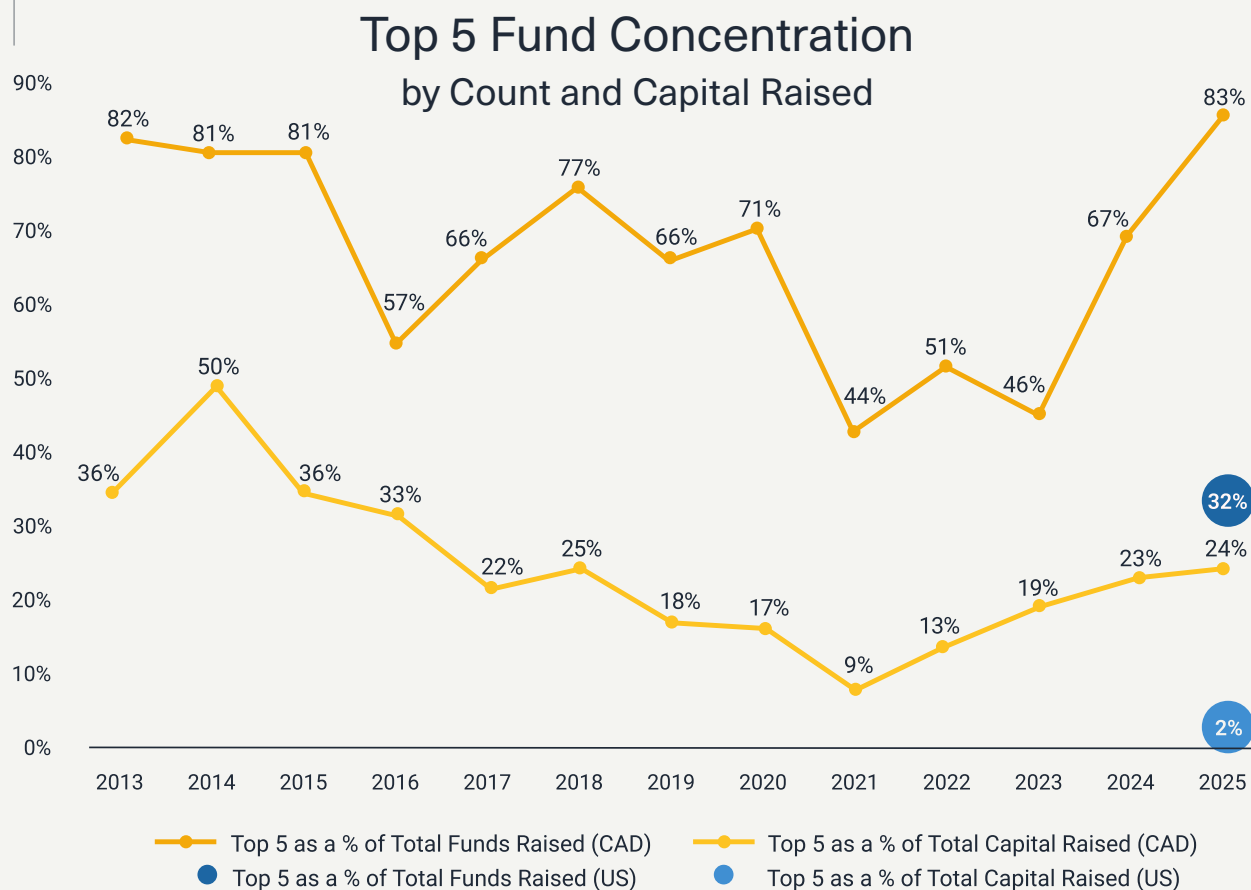
“While small funds can deliver exceptional returns, especially when deployed with focus and discipline, the current concentration of funds at such modest sizes is a signal that the ecosystem needs a course correction. Healthy venture markets require managers who can diversify their portfolios, build meaningful ownership, and grow into enduring franchises. Ensuring that Canadian VCs have access to sufficient institutional capital is essential if we want to sustain long-term innovation outcomes and remain competitive.”

MICHELLE MCBANE

Managing Director, StandUp Ventures

Concentration Risk: The Dominance of a Few

CHART 6



Source: Proprietary RBCx data. NVCA – Pitchbook Monitor 2023 – 2025 Reports.

Capital concentration in Canada is rising sharply, mirroring trends in the U.S. From 2013 to 2020, the Top 5 Canadian funds consistently captured between 66% and 82% of total capital raised, with 2016 the lone year showing broader dispersion. While dollars stayed concentrated, the share of total funds by count trended downward, reflecting a growing and diversifying ecosystem.

That changed after 2020. During Canada's record fundraising years in 2021 and 2022 (see Chart 1), capital spread more evenly, driving Top 5 concentration down to 46% in 2023—a healthy sign of ecosystem breadth. But the reversal since has been stark: the Top 5 concentration surged to 67% in 2024 and reached 83% in 2025, the highest level on record. This group consists of: Radical Ventures Fund IV, Portag3 Ventures Fund IV, Yaletown Growth Fund III, Version One Ventures Fund V, and Garage Capital Fund V.

The jump from 2023 to 2025 marks the steepest two-year increase in concentration we've ever tracked. This pattern is consistent with LP behaviour during downturns: capital flows disproportionately to the largest, most established funds with proven track records, while new or emerging entrants struggle to raise. With liquidity scarce, LPs have been showing little appetite for building new relationships.

The implications are troubling. When just a handful of firms control such a large share of capital, “consensus investing” risks crowding out diversity of thought. Founders may feel pressured to tailor ideas to a small set of fund theses rather than pursuing truly novel or contrarian paths. Reduced competition among funds also dampens innovation, the very outcome venture capital is meant to foster.

This is not unique to Canada. The U.S. is experiencing the same phenomenon, arguably to an even greater extent: in 2025, the share of total capital raised by the Top 5 U.S. firms captured 32% of total capital raised (USD \$8.5B on USD \$26.6B raised), representing only 2% of all VC funds raised.¹

[1] pitchbook.com/news/reports/q2-2025-pitchbook-nvca-venture-monitor

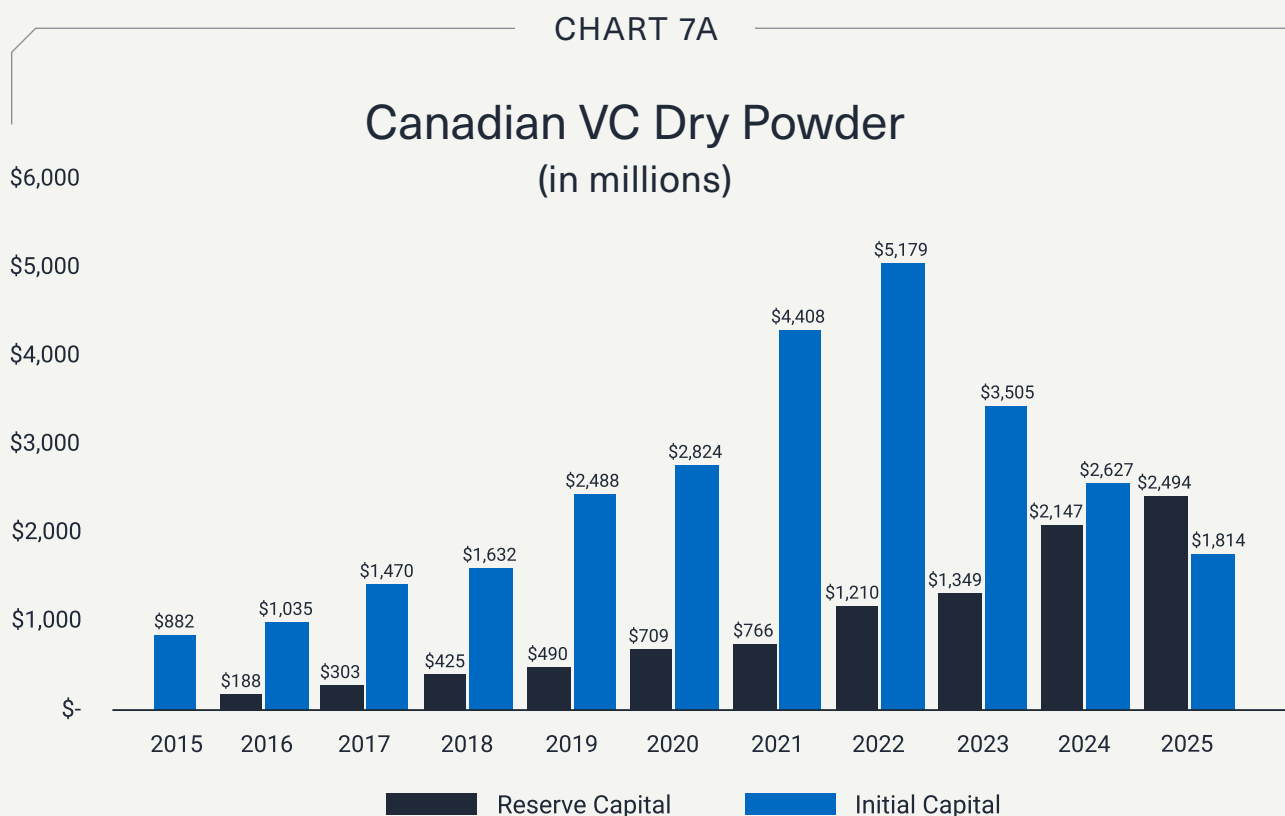
Going forward, tracking whether fundraising redistributes across a broader base of managers will be critical. A healthy venture ecosystem requires diversified sources of capital, ensuring that both investors and founders avoid being locked into a narrow, consensus-driven model of innovation. This is why we must continue to support both established firms and emerging funds in our Canadian ecosystem.

“Over the past 14 years, we’ve watched Canada’s venture ecosystem mature from a handful of active managers to a broader, more sophisticated set of investors. A vibrant ecosystem is one where both established and emerging managers are raising and deploying capital, signaling real depth and entrepreneurial strength in the domestic market.”

AMEET SHAH

General Partner, Golden Ventures

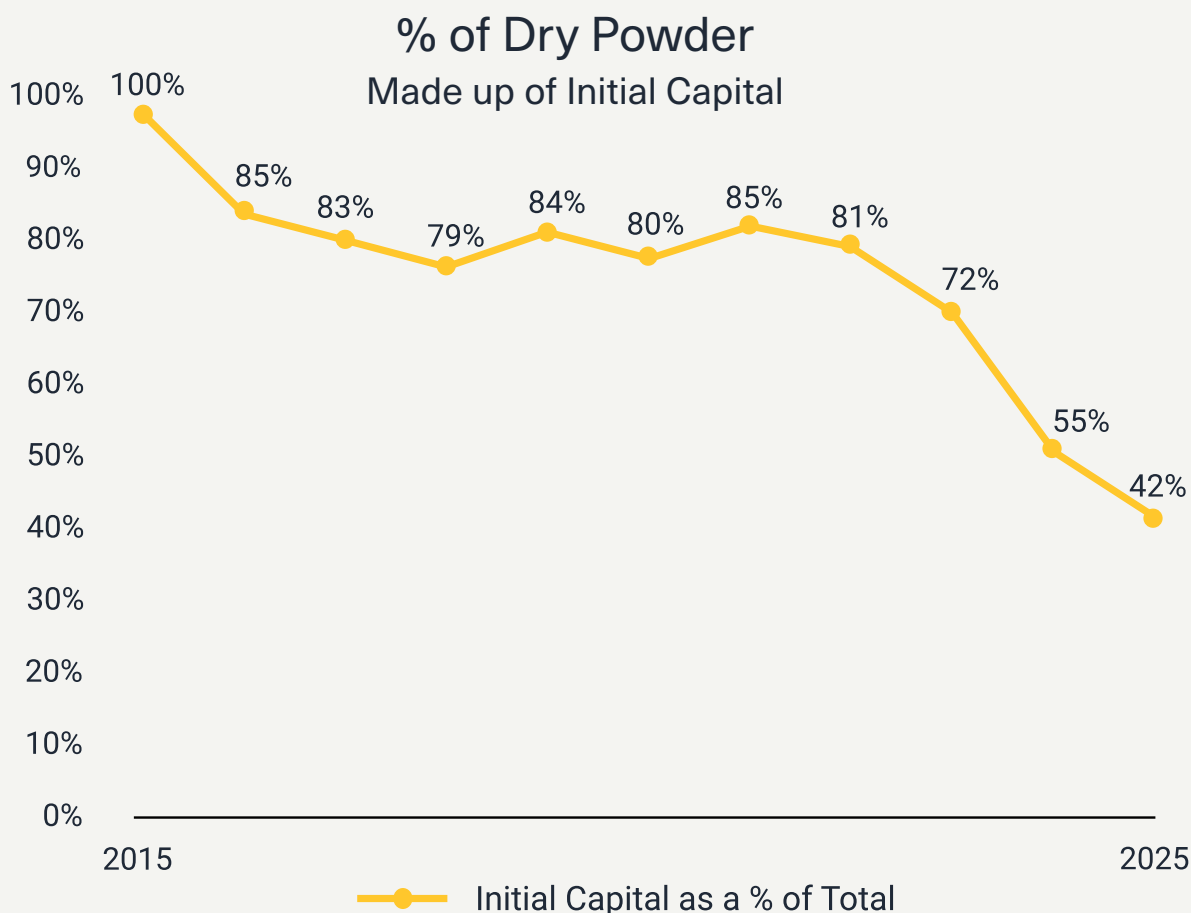
Dry Powder Dilemma: Capital on the Sidelines



Source: Proprietary RBCx data.
 Note: (i) Only 80% of all VC fundraised included in Dry Powder Forecast to account for fee load. (ii) Assumes 60% of VC fundraised for initial investments and 40% for follow-on financing. (iii) Assumes initial investments completed over four-year investment period and follow-on financing over three-year investment period. (iv) Forecasted dry powder values built from i) Private Canadian VC Funds, ii) Corporate Venture Capital Funds, and iii) Standalone BDC Funds. This dry powder analysis excludes i) Provincial Capital VC Funds, ii) Fund of Funds, and iii) non-Standalone BDC Capital.

Using RBCx proprietary data and assumptions, we estimated Canada’s total dry powder and its composition over time between initial and reserve capital. While our coverage includes private GPs and BDC-backed funds only, it is directionally useful for understanding Canada’s deployment capacity.

CHART 7B



From 2015–2022, Canada’s dry powder steadily increased, a healthy sign for Canada’s growing ecosystem. Over that period, most of the dry powder was initial capital, supporting new investments and company formation. However, in recent years, that mix has flipped dramatically. In 2022, 81% of dry powder was available for initial cheques; by 2025, that share has fallen to 42%, the lowest level to date. Now, nearly two-thirds of remaining capital is reserved for reinvestments in existing portfolio companies rather than new investments.

Why the mix flipped:

1

Cohort Timing:

Capital raised in 2021–2022 is now entering the reserve phase. Since capital raised in these vintages was well above Canada’s long-term averages, a disproportionate share of remaining capital is now set for follow-on investments.

2

Constrained Fundraising:

Fundraising since 2023 has been well below Canada’s long-term average, resulting in less fresh capital being available for making new investments. Now, with the initial capital pool being under-supplied, a larger share of capital is allocated towards reserves.

The decline in initial capital—from 72% in 2023 to 55% in 2024 to 42% in 2025—clearly indicates current fundraising difficulties and the ecosystem’s growing reliance on prior-year capital. With less initial capital available, Canadian VCs will be more selective, rounds will take longer to form, and domestic capital available to new companies in Canada will be limited.

For now, the current composition of dry powder signals not only a smaller pool of domestic capital available for entrepreneurs, but equally, a clear constraint in Canada’s ability to invest in its own companies.

“The significant drop in capital available for initial investments (to the lowest level since 2018) is a troubling trend for the Canadian startup ecosystem. While as a GP with a fresh pool of capital these trends could indicate an attractive market for making initial investments, I am concerned about the long-term impact on the Canadian tech landscape.”

JANET BANNISTER

Managing Partner, Staircase Ventures

Conclusion

Canada's venture fundraising environment remains fragile. The brief rebound in 2024 proved temporary, and access to capital remains challenging for both investors and founders. Fund formation has slowed, capital is concentrating, and the pipeline of future managers is under pressure. With less new capital entering the ecosystem, rounds are taking longer to form, and investors are becoming more selective—particularly for first-time funds and early-stage opportunities.

Yet within this correction lies the foundation for a healthier cycle ahead. Venture operates in long arcs, and the current contraction is part of that natural reset. A market that is no longer overcapitalized tends to produce stronger vintages, where capital flows to the most trusted managers, valuations reset, and discipline returns to decision-making. Managers who can raise and deploy through

this environment will have the advantage of sharper entry points, better ownership, and access to resilient founders still building through uncertainty.

Canada's challenge—and opportunity—is to maintain momentum through the cycle: to keep investing time, energy, and capital into the next generation of managers, entrepreneurs, companies, and ideas that will define the next decade. A maturing ecosystem requires long-term commitment, even when conditions are difficult. If we continue to build forward with focus and collaboration, this period could ultimately mark not the decline of Canadian venture, but the foundation for its next stage of growth.



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