Families in Venture Capital

ABSTRACT

This paper introduces a new type of family business by studying the investment strategies of family-managed venture capital funds ("Family VCs") worldwide. It shows that Family VCs are more likely to invest in (syndicate with) geographically proximate startups (investors), indicating a preference for local investments. This tendency is stronger when the VC is named after the family and the family is closely involved in the decision-making process of the fund. By parsing the antecedents and performance implications of such an investment strategy, I demonstrate that it stems from both superior local knowledge (rational response) and home bias (non-rational response), with the latter becoming more pronounced when performance pressure is lower.

1. INTRODUCTION

In 1997, newlyweds Miriam Rivera and Clint Korver co-founded Outcomes Software, an enterprise software company. When prospective Series A investors refused to fund a husband-and-wife team, Miriam Rivera left the company, and the startup was soon dissolved. In 2008, however, the couple reunited to cofound a new firm, with their daughter, Serena Rivera-Korver, joining the business afterward. Given the sheer global prevalence of family firms (La Porta et al., 1999), we might count both businesses among the many family firms operating around the world. However, the couple's second firm, ULU Ventures, differs from the typical configuration of a family business operating in traditional industries. It distinguishes itself as a family-managed VC — a type of organization that the extant literature has completely neglected. At the outset, the couple faced substantial difficulties in raising money from limited partners ("LPs"), as "*institutional investors*

weren't yet ready for a married investment team."[1] Eventually, they demonstrated that family-managed VCs could work by successfully raising three funds ranging from $3.5M to $138M. While scholars have already shown that families take part in the VC industry via family offices (Block et al., 2019; Schickinger, 2022) and CVC arms of family firms (Amore et al., 2023), the role of families as managers of VC funds has not yet been examined. This paper fills this gap by showing how family control shapes investment strategies and performance outcomes, highlighting how performance pressures recalibrate Family VCs' biases.

Financial theories suggest investing in a project when its net present value is positive (Brealey and Myers, 1996). However, when considering investments in startups, the significant uncertainty affecting them (Stinchcombe, 1965; Macmillan et al., 1985) complicates the evaluation of their prospects (Amit et al., 1990; Matusik and Fitza, 2012), making the adoption of pure financial techniques less suitable. Consequently, scholars have begun investigating how soft factors (e.g., social similarity and shared ethnicity) help to bridge the information gap between startups and investors, enhancing collaboration (Claes and Vissa, 2020) and affecting the chances of a successful exit (Hegde and Tumlinson, 2014; Bengtsson and Hsu, 2015). Among these soft factors, social capital is particularly relevant in venture investing (e.g., Balachandran and Hernandez, 2021). Social relationships are indeed useful in reducing uncertainties in the VC context, facilitating investment in startups (Batjargal and Liu, 2004; Balachandran and Hernandez, 2021) and syndication among investors (Sorenson and Stuart, 2001; Chung et al., 2000).

1 See https://uluventures.com/why-a-vc-marriage-is-not-like-a-unicorn/

Family firms have unique social capital (e.g., Arregle et al., 2007) that differs from that of non-family businesses in that it is a function of the family's network and enduring relationships (Anderson et al., 2005). Extant research shows that family firms tend to have extensive kinship networks (Bertrand and Schoar, 2006), which they can leverage to pursue both economic and non-economic goals (Gomez-Mejia et al., 2001; Chrisman et al., 2012; Zellweger et al., 2012; Leitterstorf and Rau, 2014). As people's closest family members generally reside locally (Berger and Luckmann, 1967), both the family and their firm tend to be deeply embedded in the local community (Bird and Wennberg, 2014; Lumpkin and Bacq, 2022). Building upon these arguments, I suggest that, given their superior local embeddedness, Family VCs possess stronger ties with local stakeholders (Cooke, 2007; Nell and Ambos, 2013) as well as a desire to contribute to the economic development of their local community (Miller and Le Breton-Miller, 2005; Lumpkin and Bacq, 2022). As a result, I anticipate that these distinguishing characteristics will lead Family VCs to invest extensively in local startups and syndicate with local investors (i.e., to adopt a "local strategy"). I further anticipate that such a tendency will be heightened when the family is deeply involved in the decision-making process of the fund, and the latter is eponymously named.

Next, I elaborate on the antecedents and consequences of Family VCs' local strategy, which are theoretically ambiguous. On the one hand, Family VCs' local embeddedness may provide them with better information about (and connections with) local players (Cooke, 2007; Nell and Ambos, 2013), such as promising startups in the territory and other geographically proximate investors. Such connections should enhance their chances of identifying the most promising local startups and grant them access to the best deals completed by fellow local investors. In this respect, Family VCs' local strategy might be seen as a rational attempt to leverage their superior knowledge of the

local entrepreneurial ecosystem and access to a higher-quality local deal flow to maximize their chances of success. On the other hand, family firms' commitment to generating wealth for their territory (Smulowitz et al., 2020; Lumpkin and Bacq, 2022) and desire to maintain strong ties with their community and local stakeholders (Lester and Cannella, 2006; Zellweger et al., 2012) may lead to a home bias, which I define as the tendency to disproportionately provide capital to startups (or syndicate with partners) based in their "home" region due to non-rational factors such as social obligations and nepotism.

I suggest that both the superior local information (rational response) and home bias (non-rational response) drive Family VCs to pursue a local strategy. However, I also argue that performance pressures can mitigate the impact of home bias, reducing Family VCs' propensity to pursue a local strategy while enhancing its effectiveness. On the one hand, the necessity to fundraise (Gompers, 1996) should make Family VCs act rationally, limiting their propensity to invest locally for non-rational reasons. This is particularly likely when the need to fundraise becomes more pressing—such as when many years have elapsed since the previous fundraising, or when a follow-on fund has yet to be raised (Balachandran et al., 2024). On the other hand, I also expect home bias to be influenced by expectations regarding the ability to raise follow-on funds. Such a perception is more likely when market conditions are favorable (DeSantola et al., 2024) and performance exceeds that of competitors (Makarevich, 2018; Hu et al., 2022). These circumstances ease performance pressures, diminishing the necessity for strictly economic decision-making, thereby making family members prioritize socioemotional considerations—the non-financial aspects that the family values (Gomez-Mejia et al., 2007)—with home bias coming to the fore. This exploratory paper contributes to the existing literature in three significant ways.

First, I expand prior research on venture investing. Several works in this field have analyzed how VCs' investment strategies and performance are shaped by the characteristics of the firm and its managers. Venture capitalists' values (Matusik et al., 2008), social capital (Balanchadran and Hernandez, 2021), and homophily (Claes and Vissa, 2020) influence their strategies and performance. Building on this literature, I explore how family control of VC funds—a hitherto neglected aspect—affects how they operate and perform. Additionally, this paper contributes to the literature on venture capitalists' biases (e.g., Guler, 2007; Devigne et al., 2016) by showing how performance pressures can counteract investors' irrational behaviors and preferences.

Second, this research broadens the literature on family firms by uncovering a substantial presence of family-managed venture capital funds. Roughly 7.6% of the startups in my dataset have received financing from Family VCs. Furthermore, this study contributes to the existing knowledge of family firms by empirically demonstrating that their local embeddedness and distinctive networks markedly influence their strategies and performance, showing how performance pressures can mitigate the negative consequences stemming from family businesses' over-embeddedness (Uzzi, 1997).

Third, this paper provides a possible explanation for the inconclusive findings in the family business literature. Scholars have long sought to determine how family control affects strategies and performance, but with generally mixed results. When exploring strategies, tensions in the literature arise when considering research on family firms' innovation (Anderson et al., 2012; Block et al., 2023; Duran et al., 2016), growth (Miroshnychenko et al. 2022), and capital structure (Hansen & Block, 2021). Inconclusive findings extend to the relationship between family control and firm performance (O'Boyle et al., 2012; Wagner et al., 2015). These inconsistencies might

stem from the fact that family firms are not a monolithic group, and a family firm dummy might fail to capture these nuances. In this paper, I show that various performance pressures, by affecting Family VCs' incentives and strategic priorities, can shape not only the extent to which Family VCs pursue a local strategy but also its antecedents and consequences. This research reaffirms that family control has both advantages and disadvantages (Bennedsen and Fan, 2014), arguing that family businesses are more likely to succeed when they can take advantage of their unique assets while minimizing the disadvantages associated with such an organizational form. In the context of venture capital, I show that Family VCs have superior knowledge of the local entrepreneurial ecosystem that might allow them to outperform their non-family peers when concluding local investments. However, Family VCs are only more likely to succeed when performance pressures create the appropriate incentives to minimize their home bias.

2. BACKGROUND AND THEORETICAL ARGUMENTS

2.1 The Family VC

Venture capital funds are "*independent, professionally managed, dedicated pools of capital that focus on equity or equity-linked investments in privately held, high growth companies*" (Gompers and Lerner, 2001). They are generally closed-end limited partnerships with a finite lifespan (of generally 10+2 years) that operate as a "blind pool" (Lerner and Leamon, 2022). While the mandate of a VC fund may broadly specify what kind of companies it will invest in, investors in the fund (LPs) still have no say in selecting the specific companies. Instead, such critical decisions are delegated to the fund's management team. By investigating the composition of this team, this paper introduces a previously overlooked entity within the family-business (and venture-capital) domain: the family-managed VC fund ("Family VC"). I define family VCs as a distinct

category of venture-capital funds, characterized by the significant involvement of family members in management.

Crucially, Family VCs differ from both family offices (Block et al., 2019) and traditional family businesses that complete CVC investments (Amore et al., 2023). Family VCs operate as traditional VC funds. While family involvement affects their strategies, they stick to the institutional logic of VC partnerships. This includes LP-GP dynamics, limited liability of investors, a finite lifetime, a mandate specifying scope and objective, and the necessity to distribute significant returns to LPs to raise follow-on funds. In contrast, family offices offer financial planning, investment management, tax and legal services, and estate planning, and while they are gradually moving into the VC industry, their primary purpose lies elsewhere. Rather than soliciting funds from third parties, they invest the family's money directly to protect, grow, and pass on their wealth. Similarly, corporations do not need to solicit funds from third parties, as they typically invest the company's money. Additionally, when completing CVC investments, (family) firms generally prioritize strategic goals over financial ones. Finally, while Family VCs are by definition family-managed, VC investments completed by family offices and traditional family businesses are commonly delegated to professionals. The key differences between Family VCs, family offices, and family firms' CVC initiatives are summarized in Table A1.

As family-controlled entities, family VCs pursue non-economic goals, and their strategies are subject to the unique advantages, disadvantages, and biases common to family businesses. At the same time, their status as VC funds creates a countervailing pressure towards financial performance. The necessity to satisfy LPs' expectations and raise follow-on funds may temper their inclination to act on biases and pursue non-economic goals. This duality makes family VCs

unique entities operating under a constant tension between family interests and performance pressures to balance financial and non-financial imperatives.

2.2 Theory and Hypotheses

The significance of social capital in the venture capital industry has been stressed by academics and practitioners alike. Hsu (2007) and Balachandran and Hernandez (2021) have demonstrated that venture capitalists' networks shape critical decisions such as the selection of startups and syndicate partners, ultimately influencing the success of these investments. Similarly, Mr. Mason, the GP of Episode 1, claimed "*Venture capital is almost entirely people-driven… If you look at the investments we've made at Episode1, the majority come from personal referrals. This is no coincidence. People who know us well, know what we like and therefore pass us pre-vetted (by them) deals which they think we should look at.*"[2] While networks are essential in the VC industry and heavily influence investor decisions, they are predominantly local (Sorenson and Stuart, 2001, 2008). Even so, venture capitalists do not exhibit a uniform level of embeddedness within their respective territories. Consequently, investors' heterogeneous levels of local embeddedness might shape the quality and quantity of information on the local entrepreneurial ecosystems they have access to and thereby their propensity to invest locally.

On the family-business side, scholars have stressed the uniqueness of family firms by emphasizing their exceptional endowments of social capital (Arregle et al., 2007), firmly established ties to their local communities (Zellweger et al., 2013; Bird and Wennberg, 2014), and

2 See https://mason-hfb.medium.com/why-and-how-to-build-a-network-in-venture-capital-dd179e28db4f

dedication to advancing economic growth in their territories (Miller and Le Breton-Miller, 2005; Campopiano et al., 2014; Lumpkin and Bacq, 2022). As a result, family enterprises are often characterized by profound embeddedness within their local networks (e.g., Berrone et al., 2010; Baù et al., 2019). Research on firms in traditional industries has shown that local embeddedness affects their contribution to the development of local businesses (Smulowitz et al., 2020), access to localized knowledge (Baù et al. 2019), and ability to forge enduring relationships with local stakeholders (Cooke, 2007; Nell and Ambos, 2013). As venture capitalists typically rely on social and informal relationships to reduce the massive uncertainty characterizing the industry (Shane and Cable, 2002; Wuebker et al., 2015; Balachandran and Hernandez, 2021), local embeddedness is likely to significantly shape Family VCs' strategies and performance.

My key theoretical argument is that Family VCs, with their heightened local embeddedness and superior connections with local stakeholders, are better positioned to access more and higher-quality non-public information about local startups, thus ameliorating the information asymmetries that frequently deter VC investments (Amit et al., 1990). Startup founders may further heighten information asymmetries by partially withholding information from potential investors to reduce the risk of their ideas being misappropriated (Kim et al., 2019). Atanasov et al. (2012) have demonstrated that reputable VCs are more likely to behave ethically toward founders, suggesting that reputational mechanisms can be useful in reducing the probability of opportunism *ex ante*. Thus, the family's reputation in their community might instill greater confidence in geographically proximate founders, making them less wary of disclosing sensitive information. Consequently, Family VCs should be in a better position vis-à-vis their non-family counterparts to reduce the

information asymmetries affecting local startups, thereby making such local investments the optimal choice for a rational investor.

Previous research has also widely documented that family firms have different motivations than non-family businesses and pursue a more diverse range of objectives. Family businesses exhibit a dual commitment to both economic and social objectives (Gomez-Mejia et al., 2007; Chrisman et al., 2012; Zellweger et al., 2012). Indeed, family firms' local embeddedness (Acquaah, 2012; Bird and Wennberg, 2014) is conducive to a deep-rooted presence in the community (Baù et al., 2019), which in turn strengthens their commitment to generating wealth for that community (Smulowitz et al., 2020; Lumpkin and Bacq, 2022). Consequently, family firms view themselves not just as economic entities but as stewards of their territory. Drawing from this literature, it becomes evident that Family VCs should also be imbued with a sense of responsibility toward their communities, which should make them prone to consider not only potential financial returns but also the positive impact that their investments might have on their community. To summarize, Family VCs' local embeddedness is expected to act as a dual catalyst. On the one hand, it allows Family VCs to obtain more information on local startups; on the other hand, it ignites a desire to contribute to the economic development of their territory through their investments. Consequently, Family VCs' local embeddedness is expected to make them more likely to invest in geographically proximate startups.

The selection of syndicate partners is also a critical choice for investment outcomes (Manigart et al., 2006), as such partners not only share the risk associated with the investment but also pool their managerial and financial resources (Brander et al., 2002). Effective syndication hinges on aligning the competencies and motivations of participating VCs with the needs of the startup, while

adverse selection arises when VCs misrepresent their own goals and capabilities (Meuleman et al., 2010). Building on the previous theoretical framework, which underscored Family VCs' heightened local embeddedness and established connections with local stakeholders, we might expect Family VCs not only to excel in obtaining information on geographically proximate startups but also to possess intimate knowledge of fellow local investors. This should encourage these investors to honestly disclose their skills and motivations to Family VCs, thereby reducing information asymmetries and the associated risk of adverse selection and thus favoring the formation of partnerships. The probability of forming partnerships with geographically proximate partners may also be heightened by Family VCs' extensive local ties. Indeed, as shown in prior research, investors are more likely to syndicate with partners with whom they are relationally embedded, as such embedding promotes trust and hence mitigates the risk and uncertainty inherent in interorganizational exchanges (Meuleman et al., 2010; Sorenson and Stuart, 2008). Additionally, Family VCs' propensity to syndicate with local investors may go beyond the mere propensity to invite them to participate in a deal. It may also be driven by reciprocal invitations extended by other local investors with whom Family VCs have strong and enduring connections. Moreover, the expectations and obligations built into strong local ties might constrain the choices of Family VCs, potentially making them feel compelled to join investments completed by local investors or invite them to join their own deals even if those local investors lack the complementary skills to support the startup, purely to maintain ties with their community and local stakeholders (Lester and Cannella, 2006; Zellweger et al., 2012). To summarize the above discussion, I propose:

Hypothesis (H1): Family VCs are more likely than non-family VCs to pursue a local investment strategy, characterized by a higher propensity to (1) invest in local startups and (2) syndicate with local investors.

Hypothesis 1 proposes that Family VCs, due to their heightened local embeddedness, should exhibit a greater propensity to adopt a local strategy. However, it is unclear whether Family VCs' inclination to complete local investments is driven by a rational strategy that seeks to leverage their local information advantage or rather by a non-rational preference for local investments due to home bias. This section will explore these motivations by examining the antecedents and consequences of Family VCs' local strategy.

Gomez-Mejia et al. (2011) showed that family businesses exhibit significant heterogeneity in their strategic choices compared to non-family firms. Indeed, as family leaders try to protect their socioemotional wealth (Gomez-Mejia et al., 2007), their choices are not always based on a rational decision-making process (Chrisman et al., 2012; Zellweger et al., 2012). While financial performance is important, many decisions in family businesses are influenced by non-economic considerations, making their behavior significantly more variable. An important element shaping family firms' decisions is their heightened level of local embeddedness (Bird and Wennberg, 2014). This embeddedness might make them take certain actions, such as supporting their local community (Cennamo et al., 2012) or reducing toxic emissions in their territory (Berrone et al., 2010), to protect their socioemotional wealth by enhancing their reputation and relationships within the community (Zellweger and Nason, 2008). While local embeddedness is particularly valuable in forging beneficial connections with key local stakeholders (Cooke, 2007; Nell and Ambos, 2013), such intense local involvement can lead to the paradox of over-embeddedness

(Uzzi, 1997), where the very strength of family firms' local ties may limit their ability to make objective, rational investment decisions.

Building on the understanding of family businesses, we can apply these arguments to the VC context, where we might expect Family VCs' local strategy to be driven by two possible mechanisms. First, it might be driven by a rational effort to leverage Family VCs' superior knowledge of the local entrepreneurial ecosystem and access to a higher-quality deal flow to maximize their chances of successful exits. Second, it might be driven by Family VCs' home bias (a non-rational preference for local investments), which is likely to lower the quality threshold for these decisions and consequently the chances of exiting successfully from such investments. I argue that both channels are at play, and that both make Family VCs more likely to pursue a local investment strategy. However, I also suggest that varying circumstances can affect the extent to which Family VCs exhibit home bias. In particular, I argue that the extent to which Family VCs prioritize rational strategies over socioemotional considerations is influenced by the severity of performance pressures faced by fund managers.

Unlike traditional businesses, VC firms must be able to continually raise follow-on funds from LPs in order to survive (Walske and Zacharakis 2009). Their ability to do so largely depends on the past performance of the funds raised by the firm (Gompers, 1996; Gompers and Lerner, 2004). Even though socioemotional considerations can influence decisions in family businesses, leading to seemingly irrational actions, the key priority remains the survival of the family business (Wilson et al., 2013) and the continuation of the family legacy (Akhter et al., 2016). When performance shortfalls jeopardize the survival of the family business, rational decision-making takes priority over socioemotional considerations (Morgan and Gomez-Mejia, 2014). Consequently, I posit that

strong performance pressures that might threaten the survival of the family business may lead family managers to prioritize financial considerations and limit home bias.

When Family VCs minimize the impact of their home bias on their decisions, two outcomes are expected to follow. First, those Family VCs' propensity to invest locally—driven solely by superior access to information about the local entrepreneurial ecosystem (the rational response)—should be less pronounced relative to other Family VCs where home bias (the non-rational response) is also at play. Second, when local investments stem exclusively from rational, information-based decisions, Family VCs should outperform non-family VCs in these investments. Conversely, when home bias influences local investments—reflecting decisions based on non-rational factors—Family VCs should lose the competitive advantage gained from their preferential access to information about the local entrepreneurial ecosystem.

I examine two distinct but related performance pressures: heightened pressure from a low self-perceived likelihood of fundraising success and from a strong necessity to fundraise. The former depends on market conditions (Zhelyazkov and Tatarynowicz, 2021; DeSantola et al., 2024) and the VC's recent performance (Petkova et al., 2014; Hu et al., 2022; Balachandran et al., 2024). Increased market activity compared to recent history, known as "market heat," typically originates from resource providers' increased interest (Gulati and Higgins, 2003). During hot markets, LPs—the primary resource providers in venture capital (Zhelyazkov and Tatarynowicz, 2021)—provide more resources, increasing the chances of fundraising for all VCs (DeSantola et al., 2024). This abundance of resources in the market increases family members' sense of security about their ability to fundraise. As a result, the perceived necessity to adhere to economically rational decisions diminishes, making home bias more prevalent.

LPs are primarily interested in generating high financial returns when investing in VC funds (Lerner et al., 2022). Since past performance is generally a good predictor of future performance, LPs frequently consider and compare the recent performance of the prior funds raised by VC firms to decide where to invest next (Gompers, 1996; Gompers and Lerner, 2004). Thus, VCs frequently consider their performance relative to their peers and adjust their investment strategies in response (Petkova et al., 2014; Hu et al., 2022; Collewaert et al., 2023). As previously discussed, in the context of family business, the primary goal is ensuring the survival of the family firm. In the VC context, ensuring firm survival requires outperforming rivals. When the VC firm coordinating the VC fund has recently achieved a significant number of successful exits relative to competitors, fund managers perceive a greater likelihood of securing follow-on funds, and thus performance pressures diminish (Balachandran et al., 2024), potentially paving the way for home bias to play a more important role in Family VCs' decisions. To summarize the above discussion, I posit:

Hypothesis (H2a): The higher the perceived likelihood of securing follow-on funds, the more likely Family VCs are to exhibit home bias and adopt a "local strategy."

Additionally, the performance benefit of the "local strategy" is moderated by the perceived likelihood of fundraising, such that:

Hypothesis (H2b): Family VCs that perceive that they have a low likelihood of fundraising achieve higher performance (relative to non-family VCs perceiving a low likelihood of fundraising) when adopting the local strategy due to higher performance pressures and reduced home bias.

Hypothesis (H2c): Family VCs that perceive that they have a high likelihood of fundraising achieve similar performance (relative to non-family VCs perceiving a high likelihood of fundraising) when adopting the local strategy due to lower performance pressures and increased home bias.

The second performance pressure I consider relates to the necessity to fundraise. VCs typically operate via funds with a limited lifetime of approximately 10 years. One of their main concerns is their capacity to raise new funds (Kaplan and Schoar 2005). Such concerns grow particularly relevant over time given the limited lifetime of VC funds. Consequently, performance pressures increase when the firm is seeking to raise investment for a new fund (Chakraborty and Ewens 2018). I suggest that the necessity to raise follow-on funds is particularly high when the firm has yet to raise a follow-on fund and when more time has passed since the previous fundraising. In such contexts, fund managers are exposed to significant performance pressures, as they wish to prove their value to LPs from whom the firm seeks to raise its next fund (Gompers, 1996; Balachandran et al., 2024). Such performance pressure stemming from the heightened necessity to fundraise should limit home bias, making Family VCs pursue a local strategy only when they can leverage their superior local information access. Conversely, when the necessity to fundraise is less pronounced, Family VCs' investments will be more subject to home bias. To summarize, I posit:

Hypothesis (H3a): The lower the necessity to fundraise, the more likely Family VCs are to exhibit home bias and adopt a "local strategy."

Additionally, the performance benefit of a "local strategy" is moderated by the necessity to fundraise, such that:

Hypothesis (H3b): Family VCs with a high necessity to fundraise achieve higher performance (relative to non-family VCs with a high necessity to fundraise) when adopting a local strategy due to higher performance pressures and reduced home bias.

Hypothesis (H3c): Family VCs with a low necessity to fundraise achieve similar performance (relative to non-family VCs with a low necessity to fundraise) when adopting a local strategy due to lower performance pressures and increased home bias.

Figure 1 presents a parsimonious conceptual model graphically illustrating the main predictions of the paper.

3. DATA

3.1 Selection of VC funds

To test the hypotheses, I used Pitchbook, a widely recognized database in the field of entrepreneurial finance that is regularly used by practitioners and academics (e.g., Degeorge et al., 2016; Gompers et al., 2021; Yao and O'Neil, 2022). As noted by prior researchers who have already leveraged the granular VC fund-level data provided by Pitchbook (Block et al., 2019; Yimfor and Garfinkel, 2023), it offers a unique advantage over other databases, which do not provide information at the fund level. The first step of the data-collection process required identifying venture capital funds. I followed Yimfor and Garfinkel (2023) and retained funds categorized as "*Venture—General,*" "*Venture Capital—Early Stage*," and "*Venture Capital—Late Stage*." As Yimfor and Garfinkel's (2023) paper aimed to compare the returns of VC and buyout funds, they also retained funds categorized as "*Buyout*" and "*Growth/Expansion.*" As this paper focuses on VC funds, I decided to exclude these two types of funds. All analyses presented in the

paper are robust to the inclusion of buyout funds. Since VC funds typically have a 10(+2)-year lifespan (Barrot, 2017), I assessed funds' maturity at the time of the deals to ensure they were not finalized by funds older than 10 (12) years. Reassuringly, 99.5% (99.7%) of the deals included in the dataset were completed by funds that were younger than 10 (12) years.

3.2 Identification of Family VCs

The identification of Family VCs represented the key empirical challenge of the paper. In Section 2.1, Family VCs were defined as a distinct category of venture-capital funds, characterized by the significant involvement of family members in management. Two complementary criteria were employed to empirically operationalize this definition. First, a VC fund was considered a Family VC if a founder's relative actively participated in the fund's management or if family members co-founded the fund. Alternatively, a VC fund was classified as a Family VC if family members constituted a substantial portion of the fund's team, accounting for at least 25% of the team members. Given the subjectivity of the 25% threshold, the robustness of the findings was assessed using different thresholds. Following established practices in the literature (e.g., Amore et al., 2014; Belenzon et al., 2016), family connections were determined based on surname affinity.

It is important to acknowledge that using surnames to infer family relationships has its limitations. Indeed, two individuals may share a surname despite having no actual familial relationship. Such concerns might be particularly salient in certain countries where many non-

family-related individuals share the same surname.[3] In those contexts, determining whether individuals are related based solely on surname affinity might lead to erroneously categorizing a fund as a Family VC. To address this concern, I dropped funds based in China, Hong Kong, Korea, India, Singapore, and Taiwan due to the heightened risk of misclassification in these regions. Additionally, since individuals sharing very common Asian surnames also have a strong presence in other countries, I identified the 50 most common Asian surnames reported in Pitchbook.[4] When a VC fund was categorized as a Family VC solely due to one of those surnames, the specific VC fund was also excluded from the analysis. Additionally, funds for which Pitchbook does not report information on the management team, or where only one manager was reported, were excluded, since in these cases there was insufficient information available to determine whether a VC qualified as a Family VC. While researchers have commonly used surname similarity to infer family relationships in firms (e.g., Amore et al., 2014; Belenzon et al., 2016), concerns might arise that I might not be able to capture all family relationships. Indeed, when a VC fund was managed by a married couple, I would only be able to classify it as a Family VC when the spouses share the same surname. Given that 79% (5%) of women (men) change their surname after marriage, while 6% of married people hyphenate their surname with that of their spouse, I should still be able to

3 For instance, in China, five surnames (Wang, Li, Zhang, Liu, and Chen) are collectively held by over 430 million people, constituting 30% of China's population. Furthermore, nearly 86% of the Chinese population shares just 100 surnames.

4 In addition to the five most common Chinese surnames mentioned above, the list also includes surnames such as Kim, Wu, Singh, Gupta, Kumar, Aggarwal, and Huang. Robustness tests were performed by excluding the top 100 surnames, and the results remained consistent with this alternative specification.

identify 90% of the funds managed by married couples.[5] Additionally, such measurement error would imply that I might be underestimating the Family VC phenomenon and have a slight attenuation bias in my analyses (i.e., I might be reporting more conservative estimations). However, since I am focusing on a relatively rare phenomenon, limiting measurement errors is particularly valuable. To minimize this concern, I automated Google searches to extract and analyze website content and generate a structured response via ChatGPT. When a potential family connection was reported, I looked into the websites provided by these automated Google searches to manually verify whether the connection was genuine. This step is described in detail in the appendix. While I may be still missing some family relationships, either because there is no public information on them or because the automated Google searches failed to find it, I nevertheless did manage to identify additional family relationships such as those reported in the appendix.[6]

Although the approach used in this paper is consistent with recent papers that have examined familial relationships among firms' managers (e.g., Parise, 2023), it should be acknowledged that most prior research has relied upon family ownership as a primary criterion to identify family firms (Bennedsen et al., 2021). The assumption is that with a sufficiently high percentage of voting power, the controlling family will be able to significantly influence the company's decisions. While this approach holds merit when studying traditional corporations, it becomes less suitable in the context of VC funds, which exhibit distinct ownership and capital structures. Indeed, VC funds

5 See https://www.forbes.com/sites/kimelsesser/2023/09/07/8-in-10-women-married-to-men-still-take-husbands-last-name-according-to-new-survey/?sh=99986af428f9.

6 Results are robust to the exclusion of Family VCs identified via the automated Google searches.

generally do not have shareholders like traditional corporations. While LPs play an essential role in the VC ecosystem by providing financial capital to VC funds, they merely participate as passive investors. In contrast to shareholders of traditional corporations, LPs are purely financial investors, and cannot get involved in the day-to-day operation or management of the fund or its investee companies without running the risk of forfeiting their limited liability rights. The fund-management team is in charge of evaluating potential investment opportunities, conducting due diligence, and providing advisory services to the startups in the fund's portfolio. Overall, the analysis of fund management is deemed more appropriate than LP consideration in the context of VC funds. However, since Family VCs may raise capital from different types of LPs, in the regression analyses I will control for this heterogeneity to make sure that the results do not stem from different types of LPs backing the funds.

3.3 Dataset construction

The step-by-step procedure used to construct the final dataset is explained in Table A2. Each VC fund was linked to the corresponding VC deals completed between January 2000 and December 2022. Following the methodology adopted in previous studies (e.g., Nahata, 2008; Liu and Maula, 2016), I utilized the investment made by a focal VC fund in a startup (i.e., the VC fund-startup dyad) as the unit of observation. Specifically, when a VC fund invested multiple times in the same startup, I retained only the first investment. Geographical coordinates for funds, startups, and syndicate partners were obtained using OpenStreetMap, while geographical distances were computed employing the "geodist" command in Stata. Deals lacking information related to critical variables, such as geographical location (of either fund or startup), investment year, or fund size, were excluded. The final sample includes 148,785 VC deals completed by 7,091 unique VC

funds. Table A3 reports the number of investments completed by family and non-family VCs in the 10 largest countries. The sample includes investments received by 62,456 distinct startups (7.6% of which have received support from at least one Family VC). Additionally, Family VCs took part in VC deals cumulatively amounting to $124B.[7]

3.4 Dependent variables

The paper aims to understand whether Family VCs are more likely to complete local investments. To capture this, I use three distinct dependent variables.

Local Startup. This binary dependent variable takes a value of 1 if the VC fund's headquarters is located within 25 kilometers (15.5 miles) of the startup.

N. Local Syndicate Partners. This variable represents the count of syndicate partners located within 25 kilometers of the VC fund.

Local Deal. This binary dependent variable takes a value of 1 if the VC fund's headquarters is located within 25 kilometers of the startup and the deal is syndicated with at least one partner within 25 kilometers.

To assess the consequences of Family VCs' local strategy, I use *Successful Exit* as a dependent variable. This binary dependent variable takes a value of 1 if the investment in the startup resulted in a successful exit through an IPO or M&A.

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7 This figure pertains to deals for which Pitchbook provides information on the deal size. Given that this information is not consistently available, the reported figure represents a lower bound.

3.5 Main independent variables

The main explanatory variable is *Family VC*. This binary dependent variable takes a value of 1 if family members make up at least 25% of the fund managers or a relative of the founder serves as a fund manager. The three indicators of Family VCs' local strategy will also be used as independent variables when assessing the performance implications of such a strategy.

I use three main variables to capture factors that might amplify or limit Family VCs' home bias, as follows.

Market Heat. To construct this variable, I follow DeSantola et al. (2024) and use the natural logarithm of the ratio between the total number of VC funds raised in the year in the country where the VC fund is based (multiplied by 3) and the total number of VC funds raised in the previous three years in the same country. While DeSantola et al. (2024) focused on a single country (the U.S.), I account for cross-country heterogeneity by computing the ratios within each country.

$$Market\ Heat_{c,t} = Ln\ (= \frac{VC\ Funds\ raisedy_{c,t}\ X\ 3}{\sum_{k=\ t-3}^{t=-1} VC\ Funds\ raisedy_{k,c}})$$

Recent Exits. To construct this variable, I follow Balachandran et al. (2024) and consider the number of recent exits for the VC firm relative to the median in the sample. Once again, differently from Balachandran et al. (2024), who focused on a single country (the U.S.), to compute the median, I only consider funds based in the same country, to account for geographical differences. When the difference between the investor's exits and the median is negative, I set it to zero (Hu et al., 2022). Results are similar when using the raw counts of recent exits. In order to distinguish recent successes from the longer-term track record underlying reputation (Gompers and Lerner,

1998; DeSantola et al., 2024), I focus on successful exits in the two years preceding the year in which the focal deal was completed. In the appendix, I show that results are unchanged when using longer time horizons.

Follow-On Fund Raised. This variable takes a value of 1 if the VC firm that raised the VC fund completing the deal had raised a follow-on VC fund (i.e., a fund raised after the focal one) by the year in which the VC fund completed the focal deal.

3.6 Summary statistics

Table 1 describes the variables used in the regression analyses, while Table 2 presents summary statistics. Panel A of Table 2 provides summary statistics at the VC fund-startup level. As reported, 3.7% of deals were completed by Family VCs. Additionally, Panel A shows that 26.2% of deals targeted local startups, and deals were syndicated with 0.9 local partners on average. Of all the deals, 17.2% are characterized as local. Panel B of Table 2 presents data at the fund level. The average fund size is $191 million, with a median value of $70 million. On average, fund managers have led 28 VC deals before their involvement with the VC fund. Three percent of the VC funds are eponymous. Panel B also reports information on LPs associated with the VC funds. Twenty-two percent of the funds have at least one fund of funds as an LP. Additionally, 17.3% (16.7%) of the funds count public (corporate) pension funds among their LPs. Panel C provides summary statistics on the characteristics of the startups' founding teams. The average founding team consists of two individuals. Moreover, 27% of the startups have at least one founder who studied at a university ranked among the top 30 universities worldwide, according to the

inaugural QS ranking published in 2004,[8] while 18% of them have at least one founder who pursued an MBA. Finally, around 16% of the startups were established by founders with prior successful entrepreneurial experience (i.e., founders of startups that received VC financing). Such variables on founders' experiences will be used as control variables in the analyses concerning the performance implications of the Family VCs' local strategy. When information on the identity of the founders is unavailable in Pitchbook records, all the above variables are set to zero. Results are robust to the exclusion of such observations.

Table 3 presents the results of t-tests summarizing the main differences between family and non-family VCs at the fund-startups level (Panel A) and the fund level (Panel B). It shows that while fund characteristics vary slightly when comparing family and non-family VCs, significant discrepancies emerge when examining their investment strategies. Panel A shows that Family VCs are 6.9 percentage points more likely to invest in local startups and that the average composition of syndicate partnerships includes 51% more local partners. When considering fund characteristics (Panel B), the most salient distinction between family and non-family VCs is in terms of their names: Family VCs appear to be almost 350% more likely to be eponymously named. However, when considering other important characteristics of the fund, such as its size and the VC experience of the management team, no statistically significant differences emerge. A possible concern is that Family VCs might be more likely to complete local investments purely because they are based in more entrepreneurial areas with a larger supply of startups. To address this concern, I developed a

8 See https://www.universityrankings.ch/results/QS/2004

metric (described in Table 1) to assess the entrepreneurial intensity of the areas where the VC funds are based by considering the number of VC financing rounds raised in the three years preceding the fund's vintage year by startups within 25 kilometers of the VC fund.[9] Panel B of Table 3 reveals that Family VCs are not more likely to be based in more entrepreneurial areas. Perhaps unsurprisingly, Family VCs appear to be more likely to have family offices among their LPs. Conversely, they are less likely to raise money from governmental entities. Beyond these two marginal differences, the composition of family and non-family LPs seems to be quite homogeneous. Overall, the evidence suggests that while Family VCs are disproportionately more likely to be eponymously named, they are not significantly different from their non-family counterparts when considering other relevant characteristics such as their size, location, management-team experience, and the source of the capital they manage.

4. RESULTS

Hypothesis 1 posits that Family VCs, due to their local embeddedness, should be more likely to pursue a "local strategy" (i.e., to invest in local startups and to syndicate with fellow local investors). The dependent variables employed are those described in Section 3.4. Table 4 presents OLS (Columns 1, 2, 5, and 6), and Poisson (Columns 3 and 4) regressions. While the binary nature of the outcome variables in Columns 1, 2, 5, and 6 might make a nonlinear estimation method preferable, the inclusion of high dimensional fixed effects generates the potential for bias in such

9 When the fund's vintage year is missing, I consider the entrepreneurial intensity of the area where the VC fund is based in the year in which the VC fund completed the first investment. Results are similar (i.e., no significant differences emerge) when excluding funds with missing information on their vintage year.

models via the incidental parameter problem (Allison, 2009). Additionally, interpreting coefficients when using such nonlinear methods is much more complex, particularly when using interactions (Ai and Norton 2003, Hoetker 2007) that will be used to test most of the following analyses. Consequently, in the interests of consistency and interpretability, I employ OLS regressions to test all hypotheses. In the appendix, I show that the results are robust to the use of a nonlinear estimation method (i.e., a Probit model). All specifications in Table 4 include control variables for the investment year and the industry of the startup. In Columns 2, 4, and 6, I further introduce controls to account for characteristics of the VC fund that might shape its propensity to invest locally. First, as the fund's priorities evolve as it matures (Barrot, 2017), I control for its maturity at the time of the investment round. Second, as larger VCs possess more resources, making it easier for them to evaluate and invest in more distant startups (Amore et al., 2023), I control for their fund size. Third, as more experienced managers have a broader knowledge base (Cumming and Dai, 2010), which improves their ability to evaluate opportunities in more distant areas characterized by higher information asymmetries (Hsu, 2004), I control for the VC experience of the fund management team. Fourth, as VC funds' locations can profoundly shape their propensity to invest locally, I introduce fund-city fixed effects. By holding the city where funds are based constant, such a control ensures that variations in investment behaviors are not due to their heterogeneous geographical distribution. Fifth, I control for the composition of the fund's LPs by including the LP dummies listed in Table 2. Robust standard errors are clustered at the fund level. Considering the most comprehensive specifications and the mean values of the dependent variables, we can conclude that Family VCs are 27.5% more likely to invest in geographically proximate startups, syndicate with 32.3% more local investors, and are 43.6% more

likely to complete local deals. Consequently, the documented effects are not only statistically significant but also economically so.

I test the robustness of the findings in multiple ways. First, given the dichotomous nature of the dependent variables employed in Columns 1, 2, 5, and 6 of Table 4, I replicate those analyses employing a Probit model in Table A4. Additionally, given the arbitrariness of the criteria used to identify Family VCs, in Tables A5, A6, and A7, I replicate Columns 2, 4, and 6 of Table 4 respectively using different thresholds to identify Family VCs as well as a continuous variable. Such analyses yield findings consistent with those presented in the paper. Furthermore, given the arbitrariness of the 25km threshold, in Tables A8 and A9, I replicate Columns 2 and 4 of Table 4 employing different distance thresholds as well as a continuous variable. These analyses show not only that results are robust when using different thresholds, but also that Family VCs deviate from local or domestic VCs, which are typically defined by the extant literature as those investing in startups within the same country (e.g., Mäkelä and Maula, 2006; Liu and Maula, 2016; Devigne et al., 2016). Indeed, even if the analyses reported in Column 4 of Table A8 might initially suggest that Family VCs are more likely to invest in startups based in the same country, Column 5 makes it clear that this effect is entirely driven by their propensity to invest in genuinely local startups. Indeed, following the exclusion of investments completed in startups based within the 25km radius, Family VCs no longer appear to be more likely to invest in startups based in the same country. Additionally, even though the analysis reported in Column 6 of Table A8, indicating that Family VCs tend to invest in startups that are on average 55% closer to them, might at first suggest that Family VCs tend to favor nearby startups, it is important to stress that mere geographical proximity is not the main driver of Family VCs' decisions. This becomes evident when the analysis

is replicated following the exclusion of startups within 25km (Column 7 of Table A8): as shown, the estimated coefficient on the *Family VC* variable becomes statistically insignificant. These findings suggest that Family VCs are more inclined to invest not in startups based in the same country or on average closer to them, but exclusively in entrepreneurial ventures that are unequivocally and exceptionally local. Similar results are obtained in Columns 4 and 5 of Table A9. Even if Column 4 of Table A9 suggests that the distance between the VC fund and its closest syndicate partner is approximately 49% shorter when the former is family-managed, the effect is mostly driven by the fund's propensity to syndicate with exceptionally local investors. Indeed, when excluding syndicate partners within a 25km radius (Column 5 of Table A9), the estimated coefficient associated with the *Family VC* dummy becomes much weaker, albeit still statistically significant.[10] In Column 6 of Table A9, I also show that results are robust when controlling for whether the investment was aimed at supporting a local startup. Additionally, in Column 7 of Table A9, I show that results are robust when controlling for the number of geographically non-proximate syndicate partners.

One might be concerned that the results could stem from the different geographical locations of family and non-family VCs. To address this concern, Panel B of Table 3 shows that Family VCs are not based in more entrepreneurial cities vis-à-vis non-family VCs. Additionally, I included fund-city fixed effects to control for unobservable city-specific characteristics that might influence investment decisions. However, even if fund-city fixed effects can account for cities' time-

10 The estimated coefficient on the *Family VC* variable would become statistically insignificant if the threshold for geographically proximate investors were increased to 50km (31mi).

invariant characteristics, they still do not capture their evolution. As entrepreneurial intensity can fluctuate not only between cities but also within cities over time, I constructed a matched sample of deals completed by family and non-family VCs based on the entrepreneurial intensity (as previously defined) of the area where the VC fund is based at the time of the deal. Given the substantial variation in the number of deals executed, each deal completed by Family VCs was matched with 10 deals completed by the most similar non-family VCs based on the entrepreneurial intensity of their locations and the year the deal was completed. This matching technique effectively equates the entrepreneurial intensity of the regions where family and non-family VCs are based and the year deals were completed. Even after this matching procedure, the results reported in Table A10 reinforce the findings of Table 4. As an additional robustness test, Table A11 replicates Columns 2, 4, and 6 of Table 4, replacing fund-city with fund-country fixed effects and adding the control for entrepreneurial intensity. Results are robust under this specification.

To account for the nested nature of the data, it is also important to consider that cities and regions are embedded within nation-states, whose legal and institutional structures vary significantly. These differences can influence the types of VCs that might form as well as how they operate. Consequently, Table A12 replicates Column 2 of Table 4 by running separate regressions for each of the five largest countries (as reported in Table A3). Similarly, Tables A13 and A14 replicate the analyses reported in Columns 4 and 6 of Table 4 respectively, running separate regressions for each country. As shown in Tables A12–A14, the estimated coefficients on the *Family VC* dummy are always positive and generally statistically significant. To explore whether and how Family VCs' strategies differ across macro-regions in greater depth, in Tables A15–A17 I replicate the same analyses splitting the sample according to the continent where the VC fund is

based (African VCs were excluded due to their very low number of deals completed). Statistical significance is attained everywhere but Column 4 (Oceania); however, this is probably due to the small sample size. The evidence reported in Tables A12–A17 suggests that the tendency to pursue a local strategy is common among Family VCs across different countries and regions.

4.1 The influence of family involvement in decision-making and eponymy

Hypothesis 1 posited that Family VCs are more likely to pursue a local investment strategy. If the family is indeed the driving force behind this propensity, we should expect the propensity to grow stronger when family members are not only managers of the fund but also closely involved in the decision-making process. Family business scholars have long sought to determine how varying levels of family involvement in the decision-making process might shape family business strategies (e.g., Chua et al., 1999; Zahra, 2003). Unfortunately, when studying traditional corporations, it is quite challenging to determine the level of family involvement in decision-making. The venture capital landscape represents a unique setting for evaluating this. Pitchbook data provides information not only on the deals completed by VC funds but also on the identity of the lead partners responsible for their completion. Using this data, I categorized Family VCs into two groups: those with limited family involvement in decision-making and those where the family assumes a more prominent role. Specifically, the family was considered to play a prominent role in the fund when family members collectively led a higher number of investment rounds as lead partners than the most active non-family decision-maker within the fund. In Columns 1, 3, and 5 of Table 5, the regression analyses closely resemble those presented in Columns 2, 4, and 6 of Table 4. However, the *Family VC* variable has been replaced by two binary variables. The first, *Family VC—High Involvement*, takes a value of 1 if the VC is family-managed and the family

holds the dominant decision-making power within the fund. Conversely, the second variable, *Family VC—Low Involvement*, takes a value of 1 if the VC is family-managed but the family's participation in decision-making is less pronounced. As shown, Family VCs with passive familial involvement behave similarly to non-family VCs, while Family VCs with active family leadership are 33.2% more likely to invest in local startups, syndicate with 37.1% more local partners, and are 50% more likely to complete local deals. These findings corroborate the argument that it is the family's leadership within the Family VC that makes the latter more inclined to embrace a local strategy. These results also contribute to the ongoing discourse on family business by showing that the mere presence of family members in the management team does not affect key decisions. Rather, it is the active and substantive involvement of family members in the decision-making process that shapes family businesses' strategies.

Next, in Columns 2, 4, and 6 of Table 5, I explore the impact of eponymy. Naming the firm is an important and visible decision that all founders must make. Opting for an eponymous name can significantly affect the strategies (Belenzon et al., 2020) and success (Belenzon et al., 2017) of the firm. In the Family VC context, eponymy should strengthen the relationship between the family and its territory. Indeed, a Family VC bearing a name closely associated with the local community may have cultivated a robust reputation and trust within that community over time. This reputation and trust can facilitate deal-making and promote collaboration with local startups and partners. Additionally, an eponymous name makes the family more easily identifiable, amplifying the non-monetary benefits of being recognized as stewards of the territory through their local investments. Consequently, we might anticipate that eponymy will accentuate Family VCs' propensity to pursue a local investment strategy. The analyses presented in Columns 2, 4, and 6 of Table 5 closely

resemble those reported in Columns 2, 4, and 6 of Table 4. However, the *Family VC* variable has been replaced by two discrete binary variables. The first, *Family VC—Eponymous,* is a dummy with a value of 1 if the Family VC is eponymously named, while *Family VC—Non-Eponymous* is a dummy with a value of 1 if the Family VC is not eponymously named. As expected, Family VCs are more prone to adopt a local strategy when they are eponymously named. Indeed, eponymously named Family VCs are 64.5% more likely to invest in local startups, syndicate with 48.5% more geographically proximate investors, and are 91.9% more likely to complete local deals. Table A18 replicates the findings presented in Columns 1, 2, 5, and 6 of Table 5 using a Probit model, showing consistent results. To ease the interpretability of the main findings, Figure 2 plots the coefficients estimated on the Family VC variables employed thus far.

4.2 Leveraging transitions from non-family to Family VC

Assessing causality in family business research is a challenging undertaking. To make additional steps towards establishing causality, I take advantage of shifts in the family's involvement across sequential funds raised by the same firm. This approach is inspired by extant research on family businesses operating in traditional industries, which has frequently looked at transitions from family to non-family leadership (Chang and Shim, 2015) and vice versa (Amore et al., 2021). In the VC context, I considered those entities that raised multiple VC funds and observed transitions in the management of VC funds. While most entities exhibit a clear dichotomy, having exclusively raised either family or non-family-managed funds, a subset has raised both. Consequently, I retain all deals completed by entities that have raised both family and non-family-managed VC funds and then employ the non-family-managed VC fund(s) as counterfactual(s) for the family-managed VC funds. Since a limited number of VC funds were

raised by two or more entities, thereby making the counterfactual less clear, I dropped deals completed by VC funds that were raised by multiple firms. Unlike previous specifications, Table 6 introduces fixed effects to control for unobservable characteristics specific to each firm that raised the VC funds—such as, for example, its culture and investment philosophy. A possible concern with the analyses presented in Table 6 is that when an investor raises one (or more) family-managed VC fund(s), there may be a shift in the overall characteristics of the firm and consequently of the VC funds used as counterfactuals. For instance, if an entity had previously raised family-managed VC funds, the firm may have acquired a substantial understanding of the local entrepreneurial ecosystem. Non-family-managed funds raised after the Family VC might leverage this knowledge by continuing to invest in local startups. However, under such circumstances, the estimated coefficients associated with the *Family VC* variable are expected to have a bias leaning toward zero (i.e., we might underestimate the impact of transitioning from a non-family VC to a Family VC). The results, showing that Family VCs are more likely to pursue a local strategy, particularly when led by family members and eponymously named, largely align with those previously presented. Although the empirical analysis has shortcomings, it does help to mitigate some of the most obvious endogeneity concerns. Given the dichotomous nature of the dependent variables used in Columns 1–3 and 7–9 of Table 6, I replicate such analyses employing a Probit model in Table A19, obtaining similar findings.

4.3 Antecedents and consequences of Family VCs' local strategy

Hypothesis 1 proposed that Family VCs, due to their heightened local embeddedness, should exhibit a greater propensity to adopt a local investment strategy. While prior analyses have provided empirical support for that hypothesis, it is still unclear whether Family VCs' local

investments stem from a rational strategy aiming at reaping the benefits of their superior access to local information and better deal flow or rather a non-rational strategy stemming from their home bias. While I argue that both mechanisms are at play, Hypotheses 2 and 3 suggest that performance pressures may limit Family VCs' home bias and thus make them relatively less likely to pursue the local strategy but more successful when they do pursue it.

4.3.1 Perceived ability to raise follow-on funds

Hypothesis 2 suggests that when the investor perceives a higher probability of raising follow-on funds, the need for strictly rational decision-making lessens and Family VCs' home bias will figure more strongly. Consequently, Family VCs will be more likely to pursue the local strategy, but its effectiveness will diminish. The first element that should increase the perceived likelihood of fundraising relates to market conditions (Zhelyazkov and Tatarynowicz, 2021). When market conditions are more favorable, it will be easier to raise new funds (DeSantola et al., 2024), and this should amplify Family VCs' home bias. To test this, Table 7 replicates the full specifications of Table 4 and interacts the *Family VC* dummy with *Market Heat*. Consistently with expectations, while Family VCs are always more likely to invest in local startups and syndicate with local investors, such inclination grows stronger as the market heats up. To ease the interpretation of the coefficients estimated in Table 7, Figure 3 presents the findings graphically. Dotted vertical lines represent the 10^{th}, 50^{th}, and 90^{th} percentiles of *Market Heat*. Panel A (C) of Figure 3 shows that Family VCs are 4.4 (5.3) percentage points more likely to invest in local startups (complete local deals) at the 10^{th} percentile of *Market Heat*, while they are 9.1 (8.9) percentage points more likely to do so at the 90^{th} percentile of *Market Heat*. Similar patterns emerge when assessing Family VCs' propensity to syndicate with local partners (Panel B).

I argue that this increased propensity to pursue a local strategy stems from home bias becoming more prevalent as market heat increases. If that is indeed the mechanism at play, we should also find that the local strategy leads to superior performance outcomes when it is employed in unfavorable market conditions (because of the positive effect stemming from superior local information access), while it should be less effective when favorable market conditions amplify Family VCs' home bias. Following prior literature (e.g., Gompers et al., 2009; Dushnitsky and Shapira, 2010; Gaba and Dokko, 2016), I focus on the occurrence of an IPO or M&A as a measure of performance. As shown by Mason and Harrison (2002) and Cumming and Binti Johan (2008), successful exits usually take place three to four years after the first investment. As a consequence, following the approach proposed by Nahata (2008), to test the performance implications of Family VCs' local strategy, I restrict the sample to deals completed by December 2018. Since I track exit outcomes until December 2022, this methodology provides for a minimum of four years for a successful exit to occur. Table 8 analyzes the performance outcomes of Family VCs' local strategy depending on market conditions. The dependent variable, *Successful Exit*, is a dummy with a value of 1 if the investment in the startup resulted in a successful exit via IPO or M&A and zero otherwise. To test whether a local strategy yields different performance outcomes depending on market conditions, I split the sample according to deals completed during cold markets (i.e., below the median of *Market Heat*) in Columns 1–3 (to test hypothesis 2b) of Table 8 and hot markets (i.e., above the median of *Market Heat*) in Columns 4–6 (to test hypothesis 2c). The explanatory variables align with those used in the full specifications of Table 4. Additionally, since startups' chances of experiencing successful exits vary across countries, I include startup-country fixed effects. Furthermore, I control for the number of geographically non-proximate syndicate partners

to control for deal characteristics.[11] Additionally, I account for the startup's founding history (Yao and O'Neill, 2022) including the total amount raised (log of 1 + $ million) and the number of rounds raised before the focal investment. Finally, I control for the characteristics of the startup founding team, including the level and quality of their education, prior successful entrepreneurial experiences, and team size.

To examine how Family VCs' investments in local startups shape their chances of success, I introduce an interaction term between the *Family VC* dummy and the variables indicating whether the investor is investing locally by employing the dependent variables previously used in Table 4. As shown in Table 8, all coefficients estimated on the *Local Startup*, *N. Local Syndicate Partners*, and *Local Deal* variables are positive and statistically significant. This suggests that investing locally is on average beneficial to all investors. However, the interaction terms estimated in Columns 1–3 suggest that Family VCs disproportionately benefit from investing locally during cold markets. As shown in Column 1 of Table 8, when a Family VC invests in local startups during a cold market, its chances of exiting successfully are 9.3 percentage points higher vis-à-vis non-family VCs investing locally in analogous market conditions. Similarly, Column 2 suggests that if a Family VC syndicates with an additional local partner during a cold market, its chances of successful exit are improved by 1.6 percentage points relative to non-family VCs. Conversely, when replicating the analyses for hot markets, Family VCs no longer benefit more than non-family VCs from investing locally. These results corroborate the thesis that Family VCs' home bias

11 I use the number of geographically non-proximate partners rather than the number of syndicate partners to avoid counting geographically proximate partners in both the main explanatory variable in Columns 2 and 5 and the control variables. Results are robust to using the control for the total number of syndicate partners.

becomes more prevalent during hot markets, simultaneously increasing Family VCs' propensity to pursue the local strategy and decreasing its effectiveness.

The second element that should increase the perceived likelihood of fundraising relates to the number of recent successful exits relative to competitors (Balachandran et al., 2024). When a significant number of successful exits have been achieved recently, a stronger sense of security regarding the ability to fundraise is likely, which should amplify Family VCs' home bias. To test this, Table 9 replicates the full specifications of Table 4 and interacts the *Family VC* dummy with *Recent Exits*. Consistently with expectations, Family VCs' inclination to invest locally grows stronger when a significant number of successful exits have been recently achieved. To ease the interpretation of the coefficients estimated in Table 9, Figure 4 presents the findings graphically. As shown by Panel A (C) of Figure 4, Family VCs are 4.9 (5.1) percentage points more likely to invest in local startups (complete local deals) when their recent performance is below or in line with their peers. However, at the 90th percentile of *Recent Exits* (i.e., when *Recent Exits* is equal to 14), Family VCs are 11.2 (11.5) percentage points more likely to invest in local startups (complete local deals). Similar patterns emerge when considering the propensity to syndicate with local partners (Panel B).

As previously mentioned, if home bias makes Family VCs more likely to invest locally when *Recent Exits* increases, we should also find that a local strategy is less effective in circumstances where a significant number of successful exits have been recently achieved. To test this, in Table 10 I replicate the analyses presented in Table 8 but split the sample according to the number of recent exits achieved (below the median in Columns 1–3 and above the median in Columns 4–6). Column 1 of Table 10 (considering deals completed by underperforming investors) shows that

Family VCs' chances of successful exit are 6.2 percentage points higher vis-à-vis non-family VCs when investing in local startups. Similarly, Column 3 suggests that Family VCs' chances of successful exit are heightened by 5.8 percentage points relative to non-family VCs when completing local deals. When replicating the analyses considering deals completed by outperforming investors, Family VCs no longer benefit more than non-family VCs from investing locally. These results corroborate the argument that home bias becomes more prevalent when the investor is outperforming its rivals, simultaneously increasing Family VCs' propensity to pursue a local strategy and decreasing its effectiveness.

4.3.2 Necessity to raise follow-on funds

While VC firms are always interested in maximizing their chances of successful fundraising, the need to do so may be particularly strong when a follow-on fund has not yet been raised. Conversely, if the investor has already raised a follow-on fund, the fund managers may face less performance pressure, and Family VCs' home bias may grow stronger. Consequently, Family VCs will be more likely to pursue a local strategy, but its effectiveness will diminish. To test whether Family VCs are more likely to pursue a local strategy when the firm coordinating it has already raised a follow-on VC fund, I replicate Table 4 in Table 11 and interact the *Family VC* dummy with *Follow-On Fund Raised*. As shown in Column 1, Family VCs are 5.6 percentage points more likely to invest in local startups vis-à-vis non-family VCs when a follow-on fund has not been raised; however, they are 9.8 percentage points more likely to invest in local startups when the follow-on fund has been raised. Similarly, Column 2 shows that the average partnership forged by Family VCs includes 0.19 more local syndicate partners relative to non-family VCs when the follow-on fund has not been raised; however, the partnership includes 0.43 more local partners

when a follow-on fund has been raised. Results from Table 11 are graphically illustrated in Figure 5.

To test whether home bias is driving the results, in Table 12 I replicate the analyses presented in Table 8, but split the sample according to whether the investor had (had not) raised a follow-on fund at the time of the deal in Columns 1–3 (4–6). Column 1 shows that Family VCs are 3.9 percentage points more likely than non-family VCs to successfully exit from investments in local startups when a follow-on fund has not been raised. Similarly, Column 3 suggests that when concluding local deals, Family VCs are 4.3 percentage points more likely than non-family VCs to exit successfully when the follow-on fund has not been raised. Conversely, a local strategy appears to be ineffective when a follow-on fund has already been raised (Columns 4–6). However, the estimated coefficients in Columns 1–3 are economically smaller than those estimated in Tables 8 and 10, albeit still statistically significant (with the exclusion of the estimated coefficient on the interaction term of Column 2). This might be because some Family VCs that have not yet raised a follow-on fund feel particularly confident in their ability to fundraise due to market heat or their performance. To test this, in Tables 13 and 14 I restrict the sample to deals completed by investors that have not raised a follow-on fund. In Table 13, I split the sample according to whether the VC fund operates in a cold (hot) market in Columns 1–3 (4–6). Results show that when investors have yet to raise a follow-on fund and are operating in a cold market, Family VCs' chances of exiting successfully from investments in local startups are 10.7 percentage points higher relative to non-family VCs. Similarly, when they syndicate with one additional local syndicate partner, Family VCs' chances of successful exit increase by 2.3 percentage points. Conversely, when considering deals completed by investors that have yet to raise follow-on funds, but that feel confident in their

ability to fundraise due to a hot market, a local strategy has no significant effect on Family VCs' performance. Similarly, in Table 14, I split the sample according to whether the VC firm has recently experienced fewer (more) successful exits than competitors in Columns 1–3 (4–6). Results show that when investors have yet to raise a follow-on fund and have recently underperformed relative to competitors, Family VCs' chances of exiting successfully from investments in local startups are 7.7 percentage points higher relative to non-family VCs. Similarly, when they syndicate with one additional local partner, Family VCs' chances of successful exit increase by 2 percentage points. Conversely, when considering deals completed by VC firms that have yet to raise follow-on funds, but that feel confident in their ability to fundraise due to their recent good performance, a local strategy does not significantly affect Family VCs' performance.

In sum, the results of the hypotheses testing are consistent with the view that Family VCs pursue a local investment strategy due to both a rational response to the information advantage they have when investing locally and their home bias. Results also show that when favorable market conditions or strong recent performance increase the chances of future fundraising, or when the necessity to fundraise diminishes because a follow-on fund has already been raised, the perceived necessity to adhere to rational decision-making diminishes, making Family VCs' home bias more prevalent. Importantly, overlooking the motivations behind Family VCs' local investment strategy might have led to the mistaken conclusion that the latter is always moderately beneficial (i.e., that the advantages stemming from superior local information on average outweigh the disadvantages originating from home bias). Indeed, using the full sample, Table A20 clearly shows that this strategy does yield moderately better performance outcomes on average. However, as previously seen, its impact can vary significantly. It may significantly improve performance or

have no effect at all on the chances of success, depending on the circumstances driving investment decisions.

4.3.3 Robustness tests

I conducted several robustness tests to validate the findings reported in Section 4.3. First, given the binary nature of the dependent variables used in Columns 1 and 3 of Tables 7, 9, and 11, Table A21 replicates those analyses employing a Probit model. Similarly, given the dichotomous nature of the dependent variables used in Tables 8, 10, and 12, I replicate those analyses using a Probit model in Tables A22–A24. To deal with the truncated nature of the dependent variable used in Tables 8, 10, and 12, I replicate those findings in Tables A25–A27 using a Cox survival model where the dependent variable is the logarithm of the time to exit (Nahata, 2008). The time to exit is censored for investments that were not successfully exited by December 2022. Additionally, since not all M&A exits are successful exits (Yao and Neill, 2022), I replicate Tables 8, 10, and 12 in Tables A28–A30, this time regarding M&A exits with a reported value below $100 million as unsuccessful (Chakraborty and Ewens 2018). Furthermore, in Tables A31 and A32, I replicate Tables 9 and 10 respectively employing a three-year window for capturing recent relative performance to ease concerns that a two-year window might be too narrow. Results from these robustness tests are aligned with those presented in the paper.

Additionally, VC firms may compare their number of recent exits not only with those of competitors but also with their recent history. Consequently, Family VCs may also be more subject to home bias when they have experienced more exits relative to their recent history. To capture this, I use the difference between the number of successful exits in the year preceding the deal (t-1)

and the average number of successful exits in the two previous years (t-2 and t-3) achieved by the VC firm. I use a two-year window to measure recent performance (Tyler and Caner, 2016) because investors might not have a new exit every year due to the long and uncertain path to successful exits. Consistent with expectations, Table A33 shows that Family VCs are more likely to adopt the local strategy when recent performance surpasses historical performance, while Table A34 shows that such a strategy is more (less) effective when employed in circumstances of inferior (superior) performance relative to the investor's history due to reduced (increased) home bias.

Finally, due to the limited lifetime of funds (Barrot, 2017), the necessity to fundraise grows as the time elapsed since the previous fundraising event increases. The heightened urgency to raise capital should increase performance pressures (Balachandran et al., 2024), making home bias less pronounced. I follow Balachandran et al. (2024) to capture the time elapsed and calculate the number of years between the previous fundraising event and the deal. Consistent with expectations, Table A35 shows that Family VCs become less likely to adopt the local strategy as the time elapsed since the previous fundraising event increases. Additionally, Table A36 shows that the effectiveness of the local strategy is affected by the number of years since the previous fundraising event. It is more effective when more time has passed (i.e., above or equal to the median) and less so when little time has elapsed (i.e., below the median).

5. CONCLUSION

Family firms are traditionally associated with firms operating in traditional industries. However, the emergence of family-managed VCs such as ULU Ventures goes against the conventional view of family firms. This exploratory paper bridges the literatures on family

businesses and venture capital, showing that families make contributions to the VC industry beyond those made through their family offices (Block et al., 2019) and the CVC arms of their family firms (Amore et al., 2023). It reveals that their role extends to a distinctive category of VC funds that I label Family VCs. In this paper, I abductively develop a parsimonious conceptual model (Bamberger & Ang; 2015), which has been empirically tested under the constraints of observational data, to show how family control shapes VC funds' strategies and performance.

Using global Pitchbook data, I demonstrate that Family VCs, having backed 7.6% of the startups in my dataset, are important players in the industry. I show that Family VCs' local embeddedness significantly shapes their investment strategies by making them more inclined toward investing in local startups and syndicating with fellow local investors. Importantly, Family VCs differ from domestic VCs, which typically invest in startups operating in the same country (e.g., Mäkelä and Maula, 2006; Liu and Maula, 2016; Devigne et al., 2016). Instead, Family VCs exhibit a more nuanced inclination toward exceptionally local startups. Furthermore, I find that Family VCs' propensity to pursue a local strategy is heightened when the family is deeply involved in the decision-making process within the fund and when the fund is named after the family.

By exploring the antecedents and consequences of Family VCs' local strategy, I identify the circumstances under which rational mechanisms (e.g., superior local knowledge) outweigh non-rational drivers (e.g., social obligations and nepotism), highlighting the double-edged nature of family influence in venture capital. This paper advances the family-firm literature by demonstrating how performance pressures can recalibrate the balance between financial and non-financial goals. The evidence presented in the paper supports Bennedsen and Fan's (2014) suggestion that family control has both advantages and disadvantages. This paper suggests that

family businesses are more likely to succeed when they leverage their unique assets while minimizing the disadvantages associated with such an organizational form through appropriate governance and incentive systems. In the venture-capital context, Family VCs are constrained to behave rationally by the necessity to raise follow-on funds and the concern that they might struggle to raise such funds if they underperform. The evidence presented in the paper might also help explain the inconclusive findings on the relationship between family control and firm performance observed in traditional industries (O'Boyle et al., 2012; Wagner et al., 2015). When the family operates without external constraints, family members may make non-rational decisions triggered by their biases, potentially leading to suboptimal performance outcomes. In contrast, when external constraints are present (akin to a situation where external stakeholders hold the power to challenge or remove family members in response to poor financial performance), family members are more likely to prioritize rational decision-making, potentially leading to superior performance outcomes. Varying performance pressures can shape traditional family businesses' propensity to act rationally, minimizing biases and bolstering performance.

The insights from this paper have practical implications for structuring family businesses to leverage their unique assets while minimizing biases. First, firms could adopt performance-contingent mechanisms. For instance, clauses granting more power to non-family members in the event of sustained negative performance might be added to incentivize family members to maximize their business performance through rational behaviors and thus maintain control. Such mechanisms would mirror the pressure experienced by Family VCs where the need to perform forces family members to make rational decisions. Second, strengthening the governance of the family business—for instance, by adding powerful independent directors empowered to challenge

the decisions of family leaders—can create accountability. Since key decisions will be scrutinized by powerful independent directors who might expose irrational behaviors, family members might be incentivized to minimize the impact of their biases on their decisions. The presence of powerful non-family directors can indeed introduce performance pressures that encourage rational decision-making and minimize biases. Third, family firms might particularly benefit from adopting formalized decision-making processes by introducing more structured and objective ways to assess opportunities. Such processes might include clear criteria for investment decisions, regular performance reviews, and the involvement of external advisors to provide impartial opinions and lower the risks arising from over-embeddedness in local networks. For instance, external advisors may objectively assess an investment opportunity, ensuring that the specific investment is being completed based on rational factors rather than emotional attachment or over-embeddedness. Through such practices, family firms could replicate the objectivity that Family VCs often achieve under severe performance pressures.

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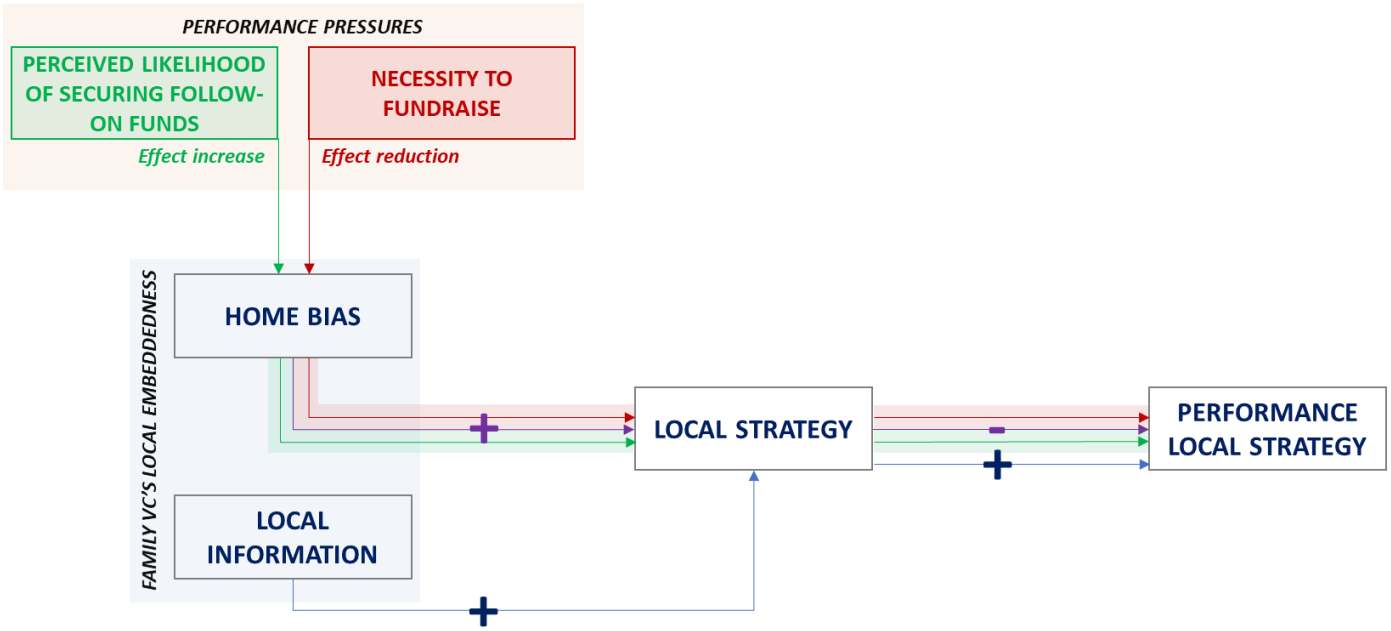
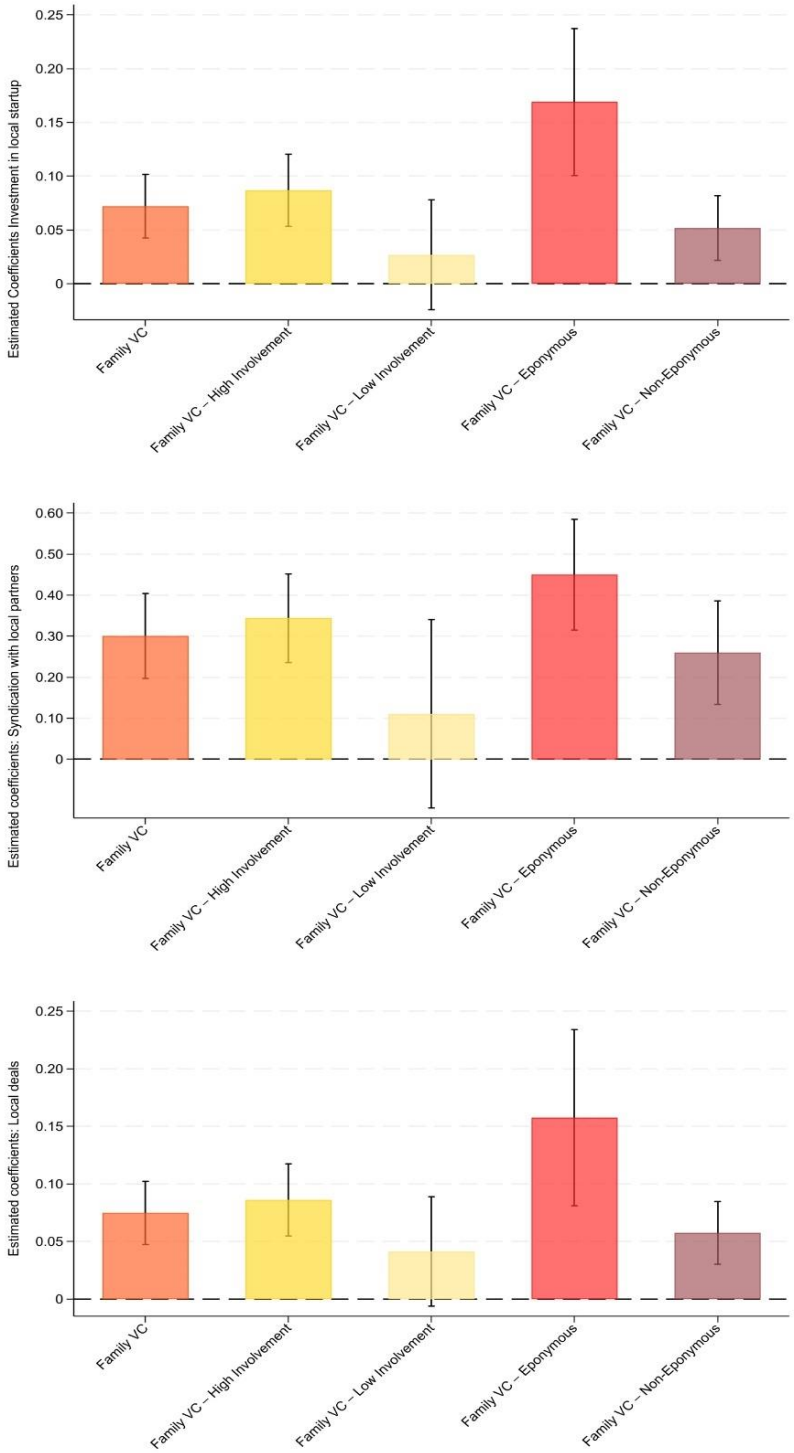
Figure 1



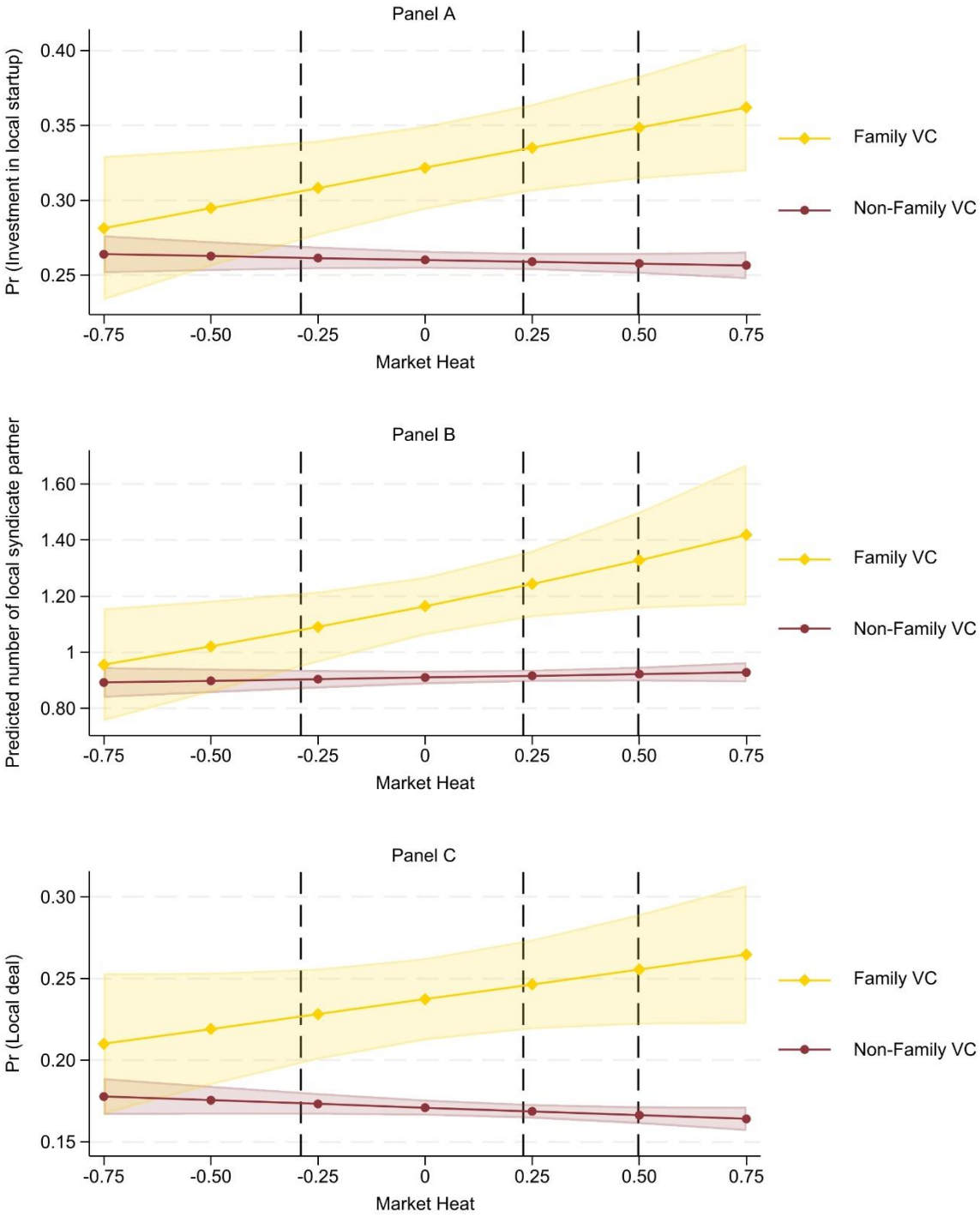
This figure visually represents the conceptual model of the paper. The blue line captures the predicted impact of Family VCs' superior local information on (1) the propensity to pursue the local strategy (positive) and (2) its predicted impact on the performance of the local strategy (positive). The purple line captures the predicted impact of Family VCs' home bias on (1) the propensity to pursue the local strategy (positive) and (2) its predicted impact on the performance of the local strategy (negative). The red line reports the predicted impact of the necessity to raise follow-on funds on Family VCs' home bias (negative). By diminishing home bias, the necessity to raise follow-on funds is poised to (1) diminish the propensity to pursue the local strategy and (2) increase the local strategy's performance. The green line reports the predicted impact of heightened perceived likelihood of securing follow-on funds on Family VCs' home bias (positive). By increasing home bias, heightened confidence in raising follow-on funds is poised to (1) increase the propensity to pursue a local strategy and (2) diminish the latter's performance.

Figure 2



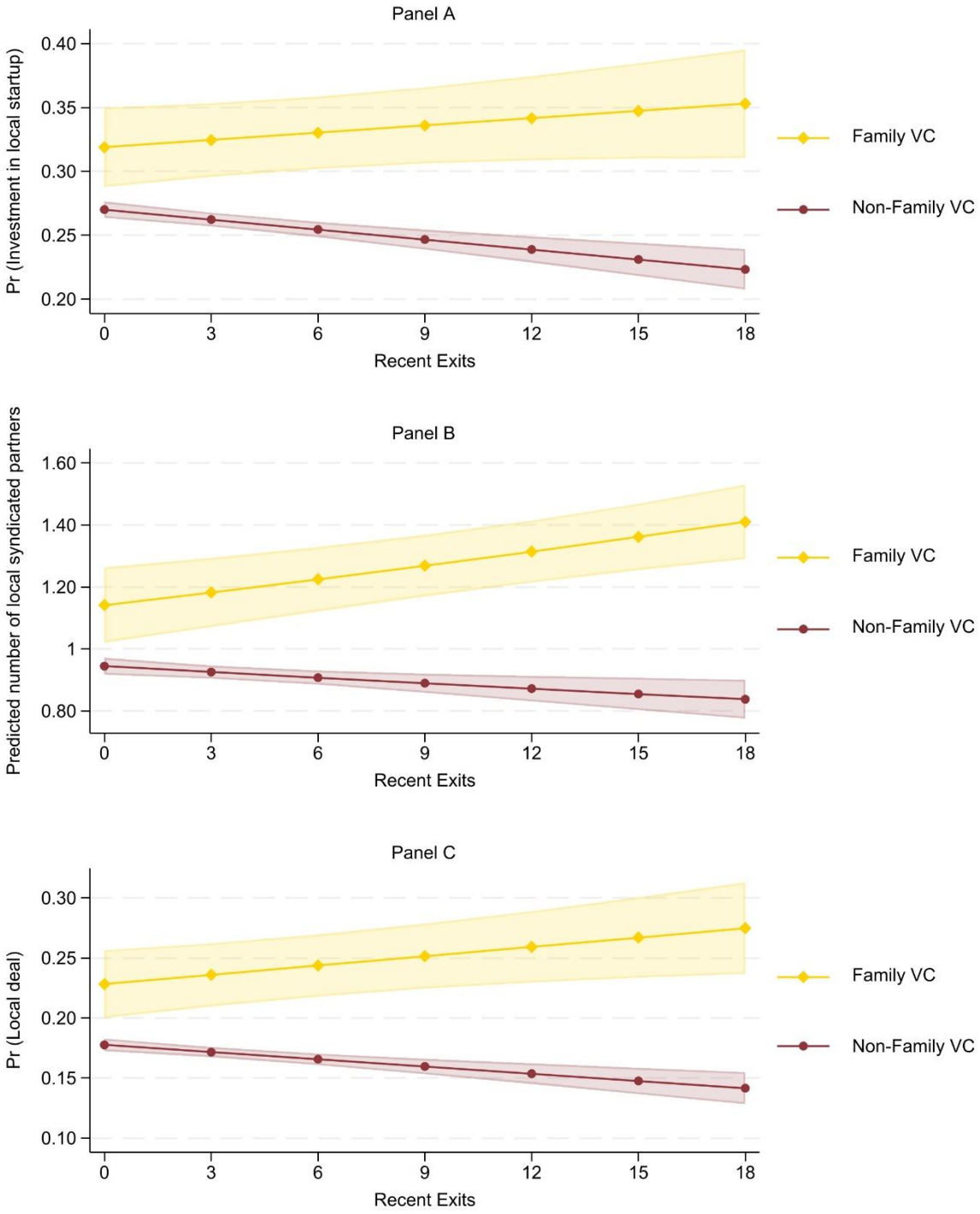
This Figure visually represents the estimated coefficients on the main explanatory variables from various specifications assessing Family VCs' propensity to invest in local startups (Panel A), syndicate with local investors (Panel B), and complete local deals (Panel C). Confidence intervals at the 95% level are reported in brackets.

Figure 3



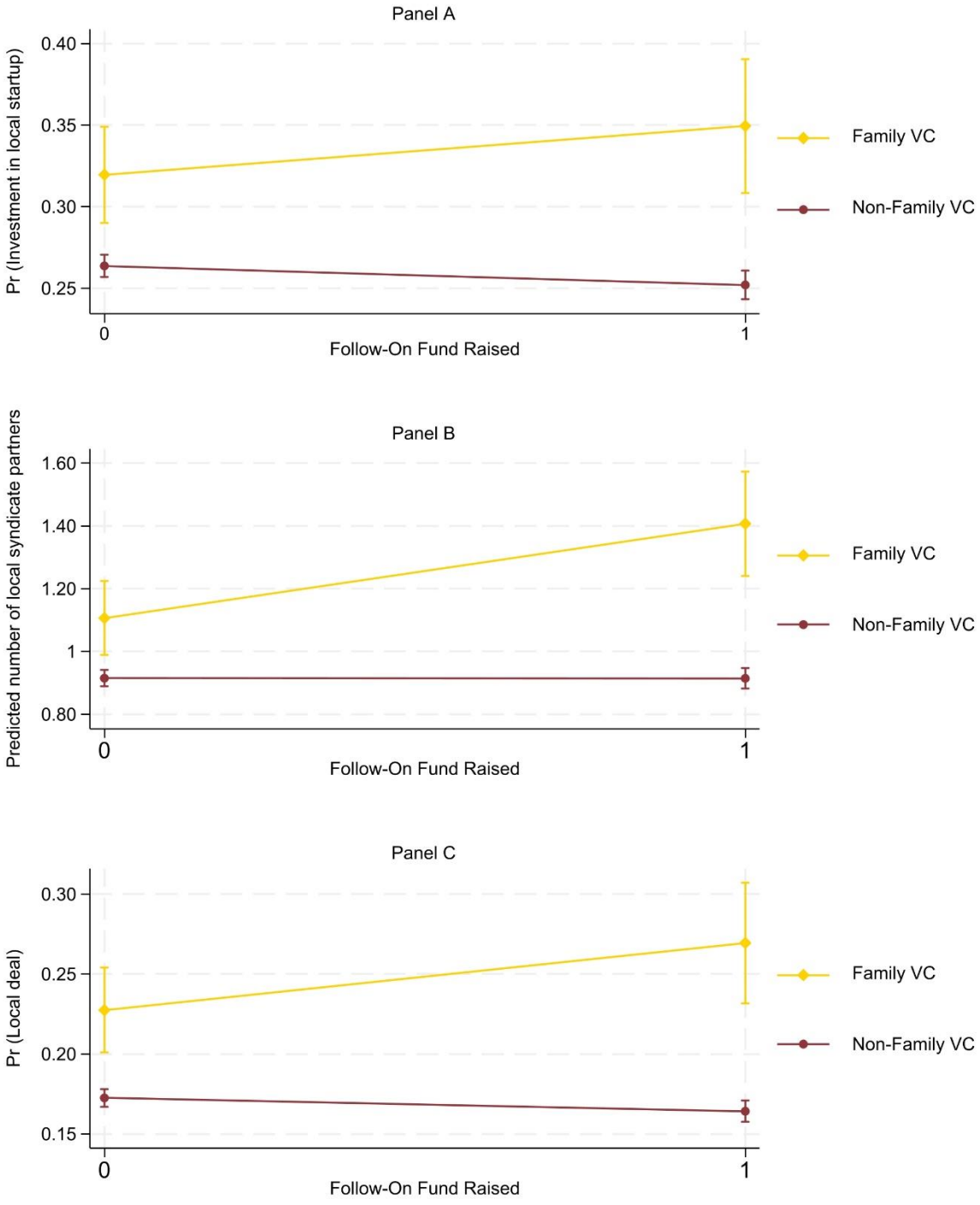
This figure depicts the relationship between *Market Heat* and the propensity to invest in local startups (Panel A), syndicate with local investors (Panel B), and complete local deals (Panel C), plotting the results estimated from Columns 1, 2, and 3, respectively, of Table 7. The shaded area reports 95% confidence intervals.

Figure 4



This figure depicts the relationship between *Recent Exits* and the propensity to invest in local startups (Panel A), syndicate with local investors (Panel B), and complete local deals (Panel C), plotting the results estimated from Columns 1, 2, and 3, respectively, of Table 9. The shaded area reports 95% confidence intervals.

Figure 5



This figure depicts the relationship between *Follow-On Fund Raised* and the propensity to invest in local startups (Panel A), syndicate with local investors (Panel B), and complete local deals (Panel C), plotting the results estimated from Columns 1, 2, and 3, respectively, of Table 11. 95% confidence intervals are reported in brackets.

Table 1. Variable Description

	Panel A: Fund-Startup Level Characteristics
Family VC	Dummy variable taking the value of 1 if family members account for at least 25% of the fund managers. This variable also takes a value of 1 if the fund was co-founded by two family members or a relative of the founder serves as a fund manager. Otherwise, it takes a value of 0.
Family VC – High Involvement	Dummy variable taking the value of 1 if the VC fund is a Family VC, as previously defined, and family members are significantly engaged in the fund's decision-making process. Family members are considered significantly involved in the decision-making process if they have collectively led at least as many deals as lead partners for deals completed by the fund as the most active non-family member within the fund. It takes a value of 0 otherwise.
Family VC – Low Involvement	Dummy variable taking the value of 1 if the VC fund is a Family VC, as previously defined, and family members are not significantly engaged in the fund's decision-making process. Family members are considered not significantly involved in the decision-making process if they have collectively led fewer deals as lead partners for deals completed by the fund than the most active non-family member within the fund. It takes a value of 0 otherwise.
Local Startup	Dummy variable taking the value of 1 if the VC fund's headquarters is located within 25 kilometers of the startup, and 0 otherwise.
N. Local Syndicate Partners	Count of syndicate partners (including both other funds and other types of investors) located within 25 kilometers of the VC fund.
Local Deal	Dummy variable taking the value of 1 if the VC fund's headquarters is located within 25 kilometers of the startup and the deal was syndicated with at least one syndicate partner within 25 kilometers of the VC fund. It takes a value of 0 otherwise.
Market Heat	Natural logarithm of the ratio between the total number of VC funds raised in the year in the country where the VC fund is based (multiplied by 3) and the total number of VC funds raised in the previous three years in the same country. A limited number of observations would have missing values because of zeros in the numerator, the denominator, or both. In such circumstances, imputations are handled as follows: Numerator = 0, denominator > 0: When no VC funds were raised in the focal year, but funds were raised in the previous three years, the market experienced a significant decrease. In these cases, I impute the minimum value observed for this variable in other observations. Denominator = 0, numerator > 0: When no VC funds were raised in the previous three years, but VC funds were raised in the focal year, the market experienced a significant increase. In these cases, I impute the maximum value observed for this variable in other observations. Numerator = 0, denominator = 0: When no VC funds were raised in either the previous three years or the focal year, the market remained stable. In these cases, I impute a value of 0. The variable is winsorized at the 1% level.
Recent Exits	Variable measuring the extent to which recent performance exceeds that of competitors. To compute it, I first calculate the number of successful exits (IPOs and M&As) achieved by the firm that raised the VC fund in the two years preceding the investment. In cases where two or more firms raised the fund, I use the median number of successful exits. Next, I calculate the median number of successful exits during the same period for all firms that raised VC funds in the same country in my sample. Recent Exits represents the difference between the two former numbers, with higher values indicating better recent performance relative to competitors. When the difference is negative, the variable is set to 0. The variable is winsorized at the 1% level.
Follow-On Fund Raised	Dummy variable taking a value of 1 if the firm that raised the VC fund completing the deal had raised a follow-on VC fund by the year in which the VC fund completed the deal. In the case that the VC fund was raised by two or more firms, it takes a value of 1 if all of them had raised a follow-on VC fund. It takes a value of 0 otherwise.
Fund Maturity	Variable counting the number of years that have elapsed since the fund's vintage year. When the information on the fund vintage year is missing, Fund Maturity is computed as the number

	of years since the first investment completed by the fund. This variable is winsorized at the 1 percent level.
N. Syndicate Partners	Count of syndicate partners involved in the deal. In the regression analyses, I exclude the local syndicate partners to prevent counting the local ones in both variables.
Total Amount Raised	$ amount raised by the startup before the deal. In the regression analyses, I take the logarithm of 1 + the $ amount raised by the startup.
Number of Rounds	Number of financing rounds obtained by the startup before the deal.
Successful Exit	Dummy variable taking the value of 1 if the investment in the startup resulted in a successful exit through an IPO or M&A; 0 otherwise.
	Panel B: VC Fund Characteristics
Eponymy	Dummy taking the value of 1 if the last name of a VC fund manager is part of the fund's name or of the firm that raised the fund. It takes a value of 0 otherwise.
Fund Size	Size of the fund in $ millions. In the regression analyses, I take the logarithm of the fund size.
Fund Team Experience	Cumulative number of deals completed as lead partners by the fund managers before the vintage year of the fund. If the vintage year is not available, I considered the deals completed before the year the VC fund completed its first VC deal. In the regression analyses, I take the logarithm of one plus the cumulative number of deals completed.
Entrepreneurial Intensity Area	Proxy for the entrepreneurial intensity of the area where the VC fund is based. To measure it, as a first step, a panel was constructed for each city housing the VC funds in the dataset. This panel counts the total number of VC financing rounds secured by startups within a 25-kilometer radius over the preceding three years. To ensure comparability, this variable has been standardized annually, yielding an average of zero and a standard deviation of one within each year. The value presented in the table represents the entrepreneurial intensity of the area where the VC fund is situated as of its vintage year (or the year when it completed its first investment when the information on the fund's vintage year was missing).
LP dummies	Variables assuming a value of 1 if the VC fund has a particular type of limited partner (LP). For example, "Bank LP" takes on the value of 1 if at least one bank is among the LPs of the VC fund; otherwise, it assumes a value of 0.
	Panel C: Startup Characteristics
Backed by Family VC	Dummy taking a value of 1 if the startup received support from at least one Family VC. Otherwise, it takes a value of 0.
Founding Team Size	Count of the number of founders associated with the startup. This variable has been winsorized at the 1% level.
Founding Team MBA	Dummy taking a value of 1 if at least one of the startup's founders pursued an MBA. Otherwise, it takes a value of 0.
Founding Team Elite Education	Dummy taking the value of 1 if at least one of the founders of the startup studied at a university ranked among the top 30 universities according to the inaugural version of the QS Ranking, published in 2004. Otherwise, it takes a value of 0.
Founding Team Serial Founder	Dummy taking the value 1 if at least one of the startup's founders has previously founded other startups before initiating the current one. Otherwise, it takes on a value of 0.

Table 2. Summary Statistics

	Obs.	Mean	s.d.	Median
Panel A. Fund-Startup Level Characteristics				
Family VC	148,785	0.037	0.189	0
Family VC – High Involvement	147,929	0.028	0.166	0
Family VC – Low Involvement	147,929	0.009	0.096	0
Local Startup	148,785	0.262	0.440	0
N. Local Syndicate Partners	148,785	0.928	1.601	0
Local Deal	148,785	0.172	0.378	0
Market Heat	148,785	0.169	0.354	0.229
Recent Exits	148,785	4.159	7.810	0
Follow-On Fund Raised	148,785	0.373	0.484	0
Fund Maturity	148,785	2.097	2.082	2
N. Syndicate Partners	148,785	5.216	5.678	4
Total Amount Raised	148,785	38.441	221.046	6.700
Number of Rounds	148,785	1.968	2.197	1
Successful Exit	148,785	0.287	0.452	0
Panel B. VC Fund Characteristics				
Eponymy	7,091	0.030	0.171	0
Fund Size	7,091	191.147	1394.135	69.724
Fund Team Experience	7,091	27.819	55.869	8
Entrepreneurial Intensity Area	7,091	1.384	1.893	0.476
Bank LP	7,091	0.062	0.242	0
Corporate LP	7,091	0.090	0.286	0
Corporate Pension Fund LP	7,091	0.167	0.373	0
Direct Investment LP	7,091	0.075	0.263	0
Economic Development Agency LP	7,091	0.049	0.215	0
Endowment LP	7,091	0.097	0.296	0
Family Office LP	7,091	0.023	0.150	0
Foundation LP	7,091	0.155	0.362	0
Fund of Funds LP	7,091	0.215	0.411	0
Government LP	7,091	0.059	0.235	0
High-Net-Worth Individual LP	7,091	0.027	0.164	0
Insurance LP	7,091	0.095	0.293	0
Investment Advisor LP	7,091	0.021	0.143	0
Money Management Firm LP	7,091	0.043	0.203	0
Other LP	7,091	0.014	0.116	0
Private Investment Fund LP	7,091	0.020	0.140	0
Public Pension Fund LP	7,091	0.173	0.378	0
Sovereign Walth Fund LP	7,091	0.039	0.194	0
Union Pension Fund LP	7,091	0.040	0.197	0
Wealth Management Firm LP	7,091	0.025	0.157	0
Panel C. Startup Characteristics				
Backed by Family VC	62,456	0.076	0.265	0
Founding Team Size	62,456	2.015	1.313	2
Founding Team MBA	62,456	0.181	0.385	0
Founding Team Elite Education	62,456	0.266	0.442	0
Founding Team Serial Founder	62,456	0.157	0.363	0

Table 3. Differences Family VCs Vs. Non-Family VCs

Panel A. Fund-Startup Level	Family VC	Non-Family VC	Difference: Family VC-Non Family VC
Local Startup	0.329	0.259	0.069
			(0.006)
N. Local Syndicate Partners	1.375	0.911	0.464
			(0.022)
Local Deal	0.250	0.169	0.081
			(0.005)
Market Heat	0.184	0.168	0.016
			(0.005)
Recent Exits	5.617	4.103	1.514
			(0.107)
Follow-On Fund Raised	0.389	0.373	0.016
			(0.007)
Fund Maturity	1.847	2.107	-0.260
			(0.028)
N. Syndicate Partners	6.134	5.180	0.954
			(0.078)
Total Amount Raised	25.985	38.923	-12.938
			(3.026)
Number of Rounds	1.740	1.977	-0.237
			(0.030)
Successful Exit	0.313	0.286	0.027
			(0.006)

Panel B. VC Fund Level	Family VC	Non-Family VC	Difference: Family VC-Non Family VC
Eponymy	0.120	0.027	0.093
			(0.012)
Fund Size	132.700	192.983	-60.283
			(96.341)
Fund Team Experience	30.908	27.722	3.186
			(3.861)
Entrepreneurial Intensity Area	1.549	1.379	0.170
			(0.131)
Bank LP	0.070	0.062	0.007
			(0.017)
Corporate LP	0.084	0.090	-0.007
			(0.020)
Corporate Pension Fund LP	0.135	0.168	-0.034
			(0.026)
Direct Investment LP	0.065	0.075	-0.010
			(0.018)
Economic Development Agency LP	0.042	0.049	-0.007
			(0.015)
Endowment LP	0.074	0.098	-0.024
			(0.021)
Family Office LP	0.046	0.022	0.024
			(0.011)
Foundation LP	0.153	0.155	-0.003
			(0.025)
Fund of Funds LP	0.190	0.216	-0.026
			(0.029)
Government LP	0.033	0.060	-0.027
			(0.017)
High-Net-Worth Individual LP	0.033	0.028	0.005
			(0.011)
Insurance LP	0.102	0.095	0.007
			(0.021)
Investment Advisor LP	0.009	0.021	-0.012
			(0.010)
Money Management Firm LP	0.046	0.043	0.004
			(0.014)
Other LP	0.014	0.013	0.000
			(0.008)
Private Investment Fund LP	0.033	0.019	0.013
			(0.009)
Public Pension Fund LP	0.176	0.173	0.004
			(0.026)
Sovereign Walth Fund LP	0.023	0.040	-0.017
			(0.013)
Union Pension Fund LP	0.033	0.041	-0.009
			(0.013)
Wealth Management Firm LP	0.033	0.025	0.007
			(0.011)

Table 4. Local Strategy

Dependent variable:	Local Startup		N. Local Syndicate Partners		Local Deal	
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	0.066	0.072	0.391	0.300	0.078	0.075
	(0.018)	(0.015)	(0.083)	(0.053)	(0.017)	(0.014)
Fund Maturity		-0.001		-0.001		-0.000
		(0.001)		(0.005)		(0.001)
Fund Size		-0.022		-0.032		-0.014
		(0.003)		(0.010)		(0.002)
Fund Team Experience		-0.003		0.015		0.001
		(0.003)		(0.011)		(0.002)
Observations	148,785	148,785	148,785	148,785	148,785	148,785
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	No	Yes	No	Yes	No	Yes
LP Types Dummies	No	Yes	No	Yes	No	Yes

This table reports the results of OLS regressions in Columns 1, 2, 5, and 6. It reports Poisson regressions in Columns 3 and 4. Variables are described in Table 1. All specifications include investment year and startup industry fixed effects. Columns 2, 4, and 6 also include fund city and LP types fixed effects. To control for the presence of various LPs I introduced the set of dummies presented in Panel B of Table 2. Funds with missing info on their LPs are grouped into a missing LP dummy. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table 5. Family Involvement, Eponymy, and Local Strategy

Dependent variable:	Local Startup		N. Local Syndicate Partners		Local Deal	
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC – High Involvement	0.087		0.344		0.086	
	(0.017)		(0.055)		(0.016)	
Family VC – Low Involvement	0.027		0.111		0.041	
	(0.026)		(0.117)		(0.024)	
Family VC – Eponymous		0.169		0.450		0.158
		(0.035)		(0.069)		(0.039)
Family VC – Non-Eponymous		0.052		0.260		0.057
		(0.015)		(0.064)		(0.014)
Fund Maturity	-0.001	-0.001	-0.000	-0.001	-0.000	-0.000
	(0.001)	(0.001)	(0.005)	(0.005)	(0.001)	(0.001)
Fund Size	-0.022	-0.022	-0.032	-0.032	-0.014	-0.014
	(0.003)	(0.003)	(0.010)	(0.010)	(0.002)	(0.002)
Fund Team Experience	-0.003	-0.003	0.018	0.014	0.001	0.001
	(0.003)	(0.003)	(0.011)	(0.011)	(0.002)	(0.002)
Observations	147,929	148,785	147,929	148,785	147,929	148,785
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table reports the results of OLS regressions in Columns 1, 2, 5, and 6. It reports Poisson regressions in Columns 3 and 4. Variables are described in Table 1. All specifications include investment year, startup industry fixed, fund city, and LP types fixed effects. To control for the presence of various LPs I introduced the set of dummies presented in Panel B of Table 2. Funds with missing info on their LPs are grouped into a missing LP dummy. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table 6. Transition from Non-Family to Family VCs within VC firms

Dependent variable:	Local Startups			N. Local Syndicate Partners			Local Deal		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Family VC	0.049			0.108			0.038		
	(0.014)			(0.052)			(0.012)		
Family VC – High Involvement		0.060			0.139			0.052	
		(0.015)			(0.061)			(0.014)	
Family VC – Low Involvement		0.026			-0.056			0.010	
		(0.021)			(0.085)			(0.018)	
Family VC – Eponymous			0.073			0.156			0.046
			(0.032)			(0.060)			(0.037)
Family VC – Non-Eponymous			0.044			0.095			0.036
			(0.015)			(0.065)			(0.013)
Fund Maturity	-0.007	-0.006	-0.006	-0.011	-0.008	-0.010	-0.002	-0.001	-0.001
	(0.004)	(0.004)	(0.004)	(0.015)	(0.015)	(0.015)	(0.003)	(0.003)	(0.003)
Fund Size	-0.014	-0.015	-0.015	-0.031	-0.031	-0.030	-0.014	-0.014	-0.014
	(0.007)	(0.007)	(0.007)	(0.024)	(0.025)	(0.024)	(0.007)	(0.007)	(0.007)
Fund Team Experience	-0.013	-0.012	-0.012	0.035	0.042	0.035	-0.002	-0.001	-0.002
	(0.012)	(0.012)	(0.012)	(0.036)	(0.035)	(0.035)	(0.010)	(0.010)	(0.010)
Observations	8,415	8,413	8,415	8,415	8,413	8,415	8,415	8,413	8,415
VC Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investment Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fund City FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

This table reports the results of OLS (Columns 1-3 and 7-9) and Poisson (Columns 4-6) regressions. Variables are described in Table 1. All specifications include investment year, startup industry fixed, and fund city fixed effects. To control for the effect stemming from the VC firm coordinating the VC fund, all specifications include fixed effects at the VC firm level. Deals completed by VC funds raised and coordinated by VC firms that have raised only family or only non-Family VC funds have been dropped. Additionally, VC funds that are coordinated by multiple firms have been dropped. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table 7. Market heat and local strategy

Dependent variable:	Local Startup	N. Local Syndicate Partners	Local Deal
	(1)	(2)	(3)
Family VC	0.061	0.246	0.066
	(0.015)	(0.048)	(0.013)
Market heat	-0.005	0.026	-0.009
	(0.006)	(0.030)	(0.006)
Family VC * Market heat	0.059	0.237	0.046
	(0.024)	(0.119)	(0.024)
Fund Maturity	-0.001	-0.001	-0.000
	(0.001)	(0.005)	(0.001)
Fund Size	-0.022	-0.032	-0.014
	(0.003)	(0.010)	(0.002)
Fund Team Experience	-0.003	0.014	0.001
	(0.003)	(0.011)	(0.002)
Observations	148,785	148,785	148,785
Investment Year Dummies	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes

This table reports the results of OLS (Columns 1 and 3) and Poisson (Column 2) regressions. Variables are described in Table 1. All specifications include investment year, startup industry, fund city, and LP types fixed effects. To control for the presence of various LPs I introduced the set of dummies presented in Panel B of Table 2. Funds with missing info on their LPs are grouped into a missing LP dummy. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table 8. Market heat and performance of FVCs' local strategy

Dependent variable: Successful Exit	Sample: Cold market			Sample: Hot market		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.026	-0.016	-0.019	0.033	0.031	0.028
	(0.016)	(0.015)	(0.015)	(0.013)	(0.013)	(0.013)
Local Startup	0.014			0.011		
	(0.005)			(0.005)		
Family VC * Local Startup	0.093			-0.020		
	(0.021)			(0.020)		
N. Local Syndicate Partners		0.008			0.005	
		(0.002)			(0.001)	
Family VC * N. Local Synd. Partn		0.016			-0.004	
		(0.006)			(0.004)	
Local Deal			0.019			0.029
			(0.006)			(0.006)
Family VC * Local Deal			0.090			-0.014
			(0.022)			(0.024)
Fund Maturity	0.002	0.002	0.002	0.000	0.000	0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Fund Size	0.005	0.005	0.005	0.009	0.009	0.009
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Fund Team Experience	0.002	0.002	0.002	0.003	0.003	0.003
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
N. Syndicate Partners	0.003	0.002	0.003	-0.000	-0.001	-0.000
	(0.001)	(0.001)	(0.001)	(0.000)	(0.000)	(0.000)
Total Amount Raised	0.050	0.050	0.050	0.048	0.047	0.047
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Number of Rounds	0.001	0.001	0.001	0.006	0.006	0.006
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Founding Team MBA	0.014	0.014	0.014	0.011	0.011	0.011
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Founding Team Elite Education	0.006	0.006	0.006	0.007	0.007	0.006
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Founding Team Serial Founder	0.006	0.005	0.006	0.005	0.004	0.005
	(0.007)	(0.007)	(0.007)	(0.006)	(0.006)	(0.006)
Observations	46,867	46,867	46,867	49,135	49,135	49,135
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table reports the results of OLS regressions. Columns 1-3 include only VC deals completed by VC funds in cold markets (i.e., below the median of market heat). Columns 4-6 include only VC deals completed by VC funds in hot markets (i.e., equal to or above the median of market heat). Variables are described in Table 1. All specifications include investment year, startup industry, startup country, fund city, LP types, and founding team size fixed effects. To control for the presence of various LPs I introduced the set of dummies presented in Panel B of Table 2. Funds with missing info on their LPs are grouped into a missing. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table 9. Recent exits and local strategy

Dependent variable:	Local Startup	N. Local Syndicate Partners	Local Deal
	(1)	(2)	(3)
Family VC	0.049	0.190	0.051
	(0.016)	(0.055)	(0.015)
Recent Exits	-0.003	-0.007	-0.002
	(0.001)	(0.003)	(0.000)
Family VC * Recent Exits	0.004	0.018	0.005
	(0.001)	(0.004)	(0.001)
Fund Maturity	0.000	0.001	0.000
	(0.001)	(0.005)	(0.001)
Fund Size	-0.022	-0.034	-0.014
	(0.003)	(0.010)	(0.002)
Fund Team Experience	0.002	0.027	0.005
	(0.003)	(0.013)	(0.002)
Observations	148,785	148,785	148,785
Investment Year Dummies	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes

This table reports the results of OLS (Columns 1 and 3) and Poisson (Column 2) regressions. Variables are described in Table 1. All specifications include investment year, startup industry, fund city, and LP types fixed effects. To control for the presence of various LPs I introduced the set of dummies presented in Panel B of Table 2. Funds with missing info on their LPs are grouped into a missing LP dummy. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table 10. Recent exits and performance of FVCs' local strategy

Dependent variable: Successful Exit	Sample: Recent exits below competitors			Sample: Recent exits above competitors		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	0.001	0.005	0.007	0.010	0.015	0.008
	(0.019)	(0.016)	(0.017)	(0.015)	(0.014)	(0.015)
Local Startup	0.008			0.018		
	(0.006)			(0.005)		
Family VC * Local Startup	0.062			0.014		
	(0.024)			(0.021)		
N. Local Syndicate Partners		0.005			0.006	
		(0.002)			(0.002)	
Family VC * N. Local Synd. Partn.		0.013			-0.002	
		(0.006)			(0.004)	
Local Deal			0.026			0.024
			(0.006)			(0.006)
Family VC * Local Deal			0.058			0.021
			(0.023)			(0.023)
Fund Maturity	0.002	0.002	0.002	0.001	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Fund Size	0.009	0.009	0.009	0.008	0.008	0.008
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
Fund Team Experience	0.005	0.005	0.005	-0.001	-0.001	-0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
N. Syndicate Partners	0.002	0.001	0.002	-0.000	-0.001	-0.000
	(0.001)	(0.001)	(0.001)	(0.000)	(0.001)	(0.000)
Total Amount Raised	0.045	0.044	0.044	0.052	0.052	0.052
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Number of Rounds	0.006	0.006	0.006	0.003	0.003	0.003
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Founding Team MBA	0.007	0.008	0.008	0.016	0.016	0.016
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)
Founding Team Elite Education	0.004	0.004	0.004	0.009	0.009	0.009
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Founding Team Serial Founder	0.006	0.006	0.006	0.005	0.004	0.005
	(0.007)	(0.007)	(0.007)	(0.006)	(0.006)	(0.006)
Observations	41,456	41,456	41,456	54,588	54,588	54,588
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table reports the results of OLS regressions. Columns 1-3 include only VC deals completed by VC funds coordinated by firms that have experienced fewer exits than competitors in the two years preceding the deal. Columns 4-6 include only VC deals completed by VC funds coordinated by firms that have experienced more exits than (or as many as) competitors in the two years preceding the deal. Variables are described in Table 1. All specifications include investment year, startup industry, startup country, fund city, LP types, and founding team size fixed effects. To control for the presence of various LPs I introduced the set of dummies presented in Panel B of Table 2. Funds with missing info on their LPs are grouped into a missing. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table 11. Follow-on fund raised and local strategy

Dependent variable:	Local Startup	N. Local Syndicate Partners	Local Deal
	(1)	(2)	(3)
Family VC	0.056	0.190	0.055
	(0.015)	(0.056)	(0.014)
Follow-On Fund Raised	-0.012	-0.000	-0.008
	(0.006)	(0.022)	(0.004)
Family VC * Follow-On Fund Raised	0.042	0.241	0.050
	(0.021)	(0.075)	(0.019)
Fund Maturity	0.000	-0.003	0.000
	(0.001)	(0.006)	(0.001)
Fund Size	-0.022	-0.032	-0.014
	(0.003)	(0.010)	(0.002)
Fund Team Experience	-0.002	0.013	0.001
	(0.003)	(0.011)	(0.002)
Observations	148,785	148,785	148,785
Investment Year Dummies	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes

This table reports the results of OLS (Columns 1 and 3) and Poisson (Column 2) regressions. Variables are described in Table 1. All specifications include investment year, startup industry, fund city, and LP types fixed effects. To control for the presence of various LPs I introduced the set of dummies presented in Panel B of Table 2. Funds with missing info on their LPs are grouped into a missing LP dummy. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table 12. Follow-on fund raised and performance of FVCs' local strategy

Dependent variable: Successful Exit	Sample: Follow-On fund not raised			Sample: Follow-On fund raised		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.006	0.001	-0.004	0.022	0.031	0.023
	(0.014)	(0.014)	(0.013)	(0.018)	(0.018)	(0.018)
Local Startup	0.013			0.013		
	(0.004)			(0.007)		
Family VC * Local Startup	0.039			0.027		
	(0.019)			(0.025)		
N. Local Syndicate Partners		0.005			0.006	
		(0.001)			(0.002)	
Family VC * N. Local Synd. Partn.		0.004			-0.001	
		(0.007)			(0.005)	
Local Deal			0.027			0.021
			(0.005)			(0.007)
Family VC * Local Deal			0.044			0.025
			(0.024)			(0.028)
Fund Maturity	0.002	0.002	0.002	0.002	0.002	0.002
	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
Fund Size	0.007	0.007	0.008	0.009	0.009	0.009
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
Fund Team Experience	0.004	0.004	0.004	-0.000	-0.000	-0.000
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
N. Syndicate Partners	0.001	0.000	0.001	0.001	0.000	0.001
	(0.000)	(0.000)	(0.000)	(0.001)	(0.001)	(0.001)
Total Amount Raised	0.047	0.047	0.047	0.053	0.052	0.052
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
Number of Rounds	0.005	0.005	0.005	0.002	0.002	0.002
	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
Founding Team MBA	0.017	0.017	0.017	0.004	0.004	0.004
	(0.005)	(0.005)	(0.005)	(0.007)	(0.007)	(0.007)
Founding Team Elite Education	0.008	0.008	0.008	0.003	0.003	0.003
	(0.005)	(0.005)	(0.005)	(0.006)	(0.006)	(0.006)
Founding Team Serial Founder	0.005	0.004	0.004	0.006	0.006	0.006
	(0.005)	(0.005)	(0.005)	(0.008)	(0.008)	(0.008)
Observations	65,010	65,010	65,010	31,048	31,048	31,048
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table reports the results of OLS regressions. Columns 1-3 include only VC deals completed by VC funds coordinated by firms that had already raised a follow-on fund by the year the deal was completed. Columns 4-6 include only VC deals completed by VC coordinated by firms that had not raised a follow-on fund by the year the deal was completed. Variables are described in Table 1. All specifications include investment year, startup industry, startup country, fund city, LP types, and founding team size fixed effects. To control for the presence of various LPs I introduced the set of dummies presented in Panel B of Table 2. Funds with missing info on their LPs are grouped into a missing. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table 13. Follow-on fund raised, market heat, and performance of FVCs' local strategy

Dependent variable: Successful Exit	Sample: Follow-On fund not raised & Hot market			Sample: Follow-On fund not raised & Cold market		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.037	-0.032	-0.029	0.034	0.033	0.027
	(0.019)	(0.018)	(0.018)	(0.018)	(0.017)	(0.017)
Local Startup	0.016			0.009		
	(0.006)			(0.006)		
Family VC * Local Startup	0.107			-0.038		
	(0.028)			(0.024)		
N. Local Syndicate Partners		0.010			0.003	
		(0.002)			(0.002)	
Family VC * N. Local Synd. Partn.		0.023			-0.008	
		(0.007)			(0.006)	
Local Deal			0.025			0.028
			(0.007)			(0.007)
Family VC * Local Deal			0.106			-0.025
			(0.031)			(0.030)
Fund Maturity	0.001	0.001	0.001	0.000	0.000	0.000
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Fund Size	0.006	0.006	0.006	0.009	0.009	0.009
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Fund Team Experience	0.002	0.002	0.002	0.005	0.005	0.005
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
N. Syndicate Partners	0.003	0.002	0.003	-0.000	-0.001	-0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Total Amount Raised	0.049	0.048	0.048	0.044	0.044	0.044
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Number of Rounds	0.001	0.001	0.002	0.008	0.008	0.008
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Founding Team MBA	0.016	0.017	0.016	0.019	0.019	0.019
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Founding Team Elite Education	0.006	0.006	0.006	0.008	0.008	0.008
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Founding Team Serial Founder	0.005	0.004	0.005	0.006	0.005	0.005
	(0.009)	(0.009)	(0.009)	(0.007)	(0.007)	(0.007)
Observations	33,363	33,363	33,363	31,554	31,554	31,554
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table reports the results of OLS regressions. Only deals completed by VC funds coordinated by firms that had not raised a follow-on fund by the year the deal was completed were retained. Columns 1-3 include only VC deals completed by VC funds in cold markets (i.e., below the median of market heat). Columns 4-6 include only VC deals completed by VC funds in hot markets (i.e., equal to or above the median of market heat). Variables are described in Table 1. All specifications include investment year, startup industry, startup country, fund city, LP types, and founding team size fixed effects. To control for the presence of various LPs I introduced the set of dummies presented in Panel B of Table 2. Funds with missing info on their LPs are grouped into a missing. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table 14. Follow-on fund raised, recent performance, and performance of FVCs' local strategy

Dependent variable: Successful Exit	Sample: Follow-On fund not raised & Recent exits below competitors			Sample: Follow-On fund not raised & Recent exits above competitors		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.004	-0.003	0.003	-0.006	-0.001	-0.009
	(0.020)	(0.018)	(0.018)	(0.020)	(0.018)	(0.019)
Local Startup	0.009			0.021		
	(0.006)			(0.006)		
Family VC * Local Startup	0.077			-0.018		
	(0.028)			(0.028)		
N. Local Syndicate Partners		0.004			0.007	
		(0.002)			(0.002)	
Family VC * N. Local Synd. Partn.		0.020			-0.009	
		(0.007)			(0.006)	
Local Deal			0.025			0.031
			(0.007)			(0.008)
Family VC * Local Deal			0.080			-0.010
			(0.031)			(0.031)
Fund Maturity	0.002	0.002	0.002	0.002	0.002	0.002
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Fund Size	0.010	0.010	0.010	0.006	0.006	0.006
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Fund Team Experience	0.006	0.006	0.006	0.002	0.002	0.002
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
N. Syndicate Partners	0.002	0.001	0.002	-0.001	-0.001	-0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Total Amount Raised	0.044	0.044	0.044	0.050	0.049	0.049
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Number of Rounds	0.005	0.005	0.005	0.004	0.004	0.004
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Founding Team MBA	0.011	0.011	0.011	0.024	0.024	0.024
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Founding Team Elite Education	0.003	0.003	0.003	0.013	0.013	0.013
	(0.006)	(0.006)	(0.006)	(0.007)	(0.007)	(0.007)
Founding Team Serial Founder	0.006	0.005	0.006	0.002	0.001	0.002
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Observations	33,474	33,474	33,474	31,478	31,478	31,478
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table reports the results of OLS regressions. Only deals completed by VC funds coordinated by firms that had not raised a follow-on fund by the year the deal was completed were retained. Columns 1-3 include only VC deals completed by VC funds coordinated by firms that have experienced fewer exits than competitors in the two years preceding the deal. Columns 4-6 include only VC deals completed by VC funds coordinated by firms that have experienced more exits than (or as many as) competitors in the two years preceding the deal. Variables are described in Table 1. All specifications include investment year, startup industry, startup country, fund city, LP types, and founding team size fixed effects. To control for the presence of various LPs I introduced the set of dummies presented in Panel B of Table 2. Funds with missing info on their LPs are grouped into a missing. Robust standard errors clustered at the VC fund level are reported in parentheses.

APPENDIX

Identification of Family Connections

Following established scholarly practices (Amore et al., 2014; Belenzon et al., 2016), I employed surname affinity as an indicator of family ties. While it is acknowledged that shared surnames do not always imply familial relationships, the relatively low number of VC fund managers (with an average of 4.6 individuals per fund and a median of 3) mitigates the probability of coincidental surname matches. However, it is essential to acknowledge potential sources of error. For instance, in countries like China, a few surnames are exceedingly common and shared by a substantial portion of the population. To address this concern, I excluded funds based in six countries where this issue is particularly relevant (China, Hong Kong, Korea, India, Singapore, and Taiwan). Furthermore, I identified the 50 most common Asian surnames listed in Pitchbook, as individuals sharing very common Asian surnames are prevalent not only in Asia but also in other regions. If a VC fund was designated as a family VC solely due to one of these surnames, it was excluded from the analysis. I also conducted robustness tests by removing the top 100 Asian surnames, and the results were consistent with the findings presented in this paper.

When the VC fund is managed by married people, I was able to classify the fund as a family VC only when one of the two took the surname of the spouse. While I might slightly underestimate the family VC phenomenon, given that 79% (5%) of women (men) change their surname after marriage, while 6% hyphenate their name with that of the spouse, I should be able to identify 90% of the funds managed by spouses. [12] While I am not particularly concerned about missing some family relationships as this would imply that I might be slightly underestimating the importance of family VCs and have an attenuation bias in my analysis, I leveraged AI techniques to identify additional instances of family connections that were not identifiable via surname affinity. In particular, I created two distinct datasets:

1) A dataset containing the name of the fund and the full name of all individuals working in it
2) A dataset containing the name of the fund and the combinations of all individuals working in the fund

I formulated the following query when using the first dataset:

- Is (Fullname individual) family-related with any employee of (Fundname)?

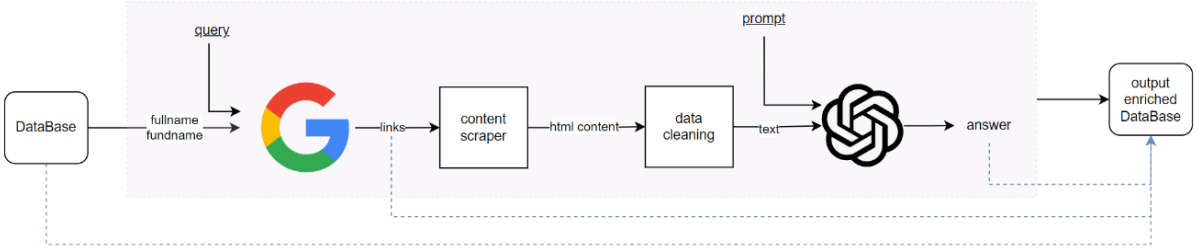
I formulated the following query when using the second dataset:

- Are (Fullname individual 1) and (Fullname individual 2) who work at (Fundname) family-related?

The process consisted of 4 sequential steps:

12 See https://www.forbes.com/sites/kimelsesser/2023/09/07/8-in-10-women-married-to-men-still-take-husbands-last-name-according-to-new-survey/?sh=99986af428f9

1) Use of Google Custom Search JSON API (https://developers.google.com/custom-search/v1/introduction?hl=en) to automate Google searches in order to obtain the most relevant links for the provided query, for each row in the input database
2) Automatic scraping of the content from websites obtained through Google searches
3) Orchestrator for requests to ChatGPT via the Chat Completions API (https://platform.openai.com/docs/api-reference/chat). The goal was to extract the response relevant to this study by providing a short answer, a detailed explanation, and a justification supporting the first two. In the request, the extracted content from the relevant websites was included alongside the prompt.
4) Finalization of output files by including, for each row, the Google links and ChatGPT's responses



In simpler terms, I automated Google searches to extract and analyze website content and generate a structured response via ChatGPT. When the latter suggested a potential family connection, I looked into the websites provided by these automated Google searches to manually verify whether a family connection really existed. These additional steps allowed me to identify a few additional family relationships formed by husband and wife teams such as:

- Miriam Rivera and Kilnt Korver (ULU Ventures)
- Seth Bannon and Ela Madej (Fifty Years VC)
- Micheal Velings and Amy Novogratz (Aqua Spark)
- Chamath Palihapitiya and Brigette Lau (Social Capital Partnership)
- Caterina Fake and Jyri Engeström (Yes VC)

Additionally, I also identified additional family relationships such as:

- Cousins: Sasha Kaletsky and Caspar Lee (Creator Ventures)
- Sons-in-law: Shari Redstone and Jason Ostheimer (Advancit capital)

For the sake of transparency, it is worth mentioning that it is possible (and admittedly likely) that I am still missing some family relationships because there is no public information available on other family relationships or because the automated Google searches might have failed to identify certain public information disclosing family relationships

Table A1

	Family VCs	Family Offices	CVC arms of Family Firms
Capital source	External (LPs)	Internal (family's wealth)	Internal (company's liquidity)
Investment motivation	Financial returns	Wealth preservation and growth Pursuit of family values	Strategic (to benefit the parent company)
Pressures to generate financial returns	Very high (LPs demand high returns) Generally higher when the fund is raised by an independent VC as low returns might hinder future	Moderate	Moderate, mostly strategic goals
Investment Horizon	Defined 10+2 years	Long-term	Long-term
Family involvement in VC operations	Yes, by definition	Often delegated to professionals	Generally delegated to professionals

This table briefly summarizes the key differences between family VCs, family offices, and CVC arms of family businesses across five relevant dimensions

Table A2

Step	Description of the filtering process	Deals dropped	Remaining deals
1	Original dataset of all investments, matching each fund to completed deals	-	374,928
2	Retained only investments classified as "Venture Capital" deals (*dealclass* variable)	14,914	360,014
3	Retained deals completed by funds classified as "*Venture – General*", "*Venture Capital - Early Stage*", and "*Venture Capital - Late Stage*" in the "*Fundtype*" variable (Yimfor & Garfinkel, 2023)	35,785	324,229
4	Dropped investments with missing completion date information	6,563	317,666
5	Retained only the first investment a fund made in each startup	73,257	244,409
6	Retained only deals completed between 2000 and 2022	5,475	238,934
7	Dropped investments made by funds based in China, India, South Korea, Singapore, Taiwan, and Hong Kong	35,560	203,374
8	Dropped investments with missing information on either the fund (933) or startup locations (1,174)	1,667	201,707
9	Dropped investments with missing fund size information	25,216	176,491
10	Dropped investments with missing management team information or only a fund manager listed	27,215	149,276
11	Dropped investments completed by funds that were considered family VCs because of common surnames	476	148,800
12	Dropped singleton observation	15	148,785

This table illustrates the steps followed to construct the dataset used in the analyses reported in the paper (and the number of observations dropped at each step of the process). The original dataset linking each fund (Pitchbook's "*Fund"* dataset) to the universe of deals completed by the latter (Pitchbook's "*FundinvestmentRelation"* dataset) included 374,942 investments. In the second step of the data construction process, I merged the latter dataset with Pitchbook's "*Deal"* dataset and retained only VC deals (i.e., those labeled as "*Venture Capital*" in the Pitchbook's "*dealclass"* variable). Then, following (Yimfor and Garfinkel (2023), I retained only those deals completed by funds classified as "*Venture – General*", "*Venture Capital - Early Stage*", and "*Venture Capital - Late Stage*" in Pitchbook's "*Fundtype*" variable (from Pitchbook's "*Fund"* dataset). Next, I dropped investments with unavailable information on their completion date considering Pitchbook's *dealdate* variable (from Pitchbook's "*Deal"* dataset). Using the same variable in the following steps, I first retained only the first investment completed by a fund in a certain startup and then retained only deals completed between the year 2000 and the year 2022. In the seventh step, I dropped deals completed by VC funds based in China, India, South Korea, Singapore, Taiwan, and Hong Kong (such funds were identified considering Pitchbook's "*fundcountry"* variable contained in the "*Fund*" dataset). Next, I dropped investments completed (received) by VC funds (startups) with missing information on their location (considering Pitchbook's "*fundlocation"* (from the "*Fund*" dataset) and "*hqlocation*" (from the "*Company*" dataset) respectively. Then in the ninth step, I dropped investments completed by VC funds with unavailable information on their fund size (considering Pitchbook's "*fundsize"* variable contained in the "*Fund*" dataset). Next, I dropped investments completed by VC funds with missing management team information or only a fund manager (considering Pitchbook's "*FundTeamRelation*" dataset. Finally, I dropped VC funds considered as Family VCs because of very common surnames as well as singleton observations.

Table A3

Country	Deals completed by Family VCs	Deals completed by Non-Family VCs	Overall Deals Completed
United States	3,823	98,498	102,321
United Kingdom	774	8,019	8,793
Japan	112	4,534	4,646
France	26	4,092	4,118
Germany	12	4,036	4,048
Israel	368	3,211	3,579
Canada	37	3,444	3,481
Ireland	56	1,827	1,883
Switzerland	179	1,267	1,446
Netherlands	28	1,270	1,298
Others	128	13,044	13,172

This table reports the number of VC deals completed by Family and non-Family VCs based in the 10 largest countries (according to the number of VC deals completed in my dataset).

Table A4

Dependent variable:	Local Startup		Local Deal	
	(1)	(2)	(3)	(4)
Family VC	0.202	0.224	0.284	0.264
	(0.055)	(0.044)	(0.057)	(0.045)
Fund Maturity		-0.003		-0.002
		(0.004)		(0.004)
Fund Size		-0.069		-0.053
		(0.009)		(0.009)
Fund Team Experience		-0.010		0.003
		(0.008)		(0.008)
Observations	148,785	145,168	148,785	140,887
Investment Year Dummies	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes
Fund City Dummies	No	Yes	No	Yes
LP Types Dummies	No	Yes	No	Yes

This table replicates the analyses reported in Columns 1, 2, 5, and 6 of Table 3. However, a Probit model has been employed. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A5

Dependent variable: Local Startup					
Threshold for FVC	At least 2 Family Members	10%	20%	25%	Continuous Share
	(1)	(2)	(3)	(4)	(5)
Family VC	0.058	0.060	0.066	0.079	0.128
	(0.014)	(0.015)	(0.018)	(0.017)	(0.028)
Fund Maturity	-0.001	-0.001	-0.001	-0.001	-0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Fund Size	-0.022	-0.022	-0.022	-0.022	-0.022
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Fund Team Experience	-0.003	-0.003	-0.003	-0.002	-0.002
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Observations	148,468	148,688	148,744	148,785	148,468
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 2 of Table 4. However, different thresholds have been used to determine whether the VC fund is a family VC. Only the criterion based on the share of family members has been used. In Column 1 the VC fund is considered a family VC if there are at least two family members in the fund. In Column 2 the VC fund is considered a family VC if family members make up at least 10% of the fund managers. In Column 3 the VC fund is considered a family VC if family members make up at least 20% of the fund managers. In Column 4 the VC fund is considered a family VC if family members make up at least 25% of the fund managers. In Column 5 a continuous variable indicating the share of the fund managers belonging to the same family has been used as the main explanatory variable. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A6

Dependent variable: N. Local Syndicate Partners					
Threshold for FVC	At least 2 Family Members	10%	20%	25%	Continuous Measure
	(1)	(2)	(3)	(4)	(5)
Family VC	0.232	0.228	0.290	0.311	0.464
	(0.052)	(0.053)	(0.055)	(0.054)	(0.084)
Fund Maturity	-0.001	-0.001	-0.001	-0.001	-0.001
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Fund Size	-0.033	-0.033	-0.032	-0.032	-0.032
	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Fund Team Experience	0.014	0.014	0.014	0.015	0.017
	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)
Observations	148,468	146,688	148,744	148,785	148,468
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 4 of Table 4. However, different thresholds have been used to determine whether the VC fund is a family VC. Only the criterion based on the share of family members has been used. In Column 1 the VC fund is considered a family VC if there are at least two family members in the fund. In Column 2 the VC fund is considered a family VC if family members make up at least 10% of the fund managers. In Column 3 the VC fund is considered a family VC if family members make up at least 20% of the fund managers. In Column 4 the VC fund is considered a family VC if family members make up at least 25% of the fund managers. In Column 5 a continuous variable indicating the share of the fund managers belonging to the same family has been used as the main explanatory variable. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A7

Dependent variable: Local Deal					
Threshold for FVC	At least 2 Family Members	10%	20%	25%	Continuous Measure
	(1)	(2)	(3)	(4)	(5)
Family VC	0.058	0.059	0.072	0.079	0.124
	(0.013)	(0.013)	(0.016)	(0.015)	(0.025)
Fund Maturity	-0.000	-0.000	-0.000	-0.000	-0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Fund Size	-0.014	-0.014	-0.014	-0.014	-0.014
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Fund Team Experience	0.001	0.001	0.001	0.001	0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Observations	148,468	148,688	148,744	148,785	148,468
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 6 of Table 4. However, different thresholds have been used to determine whether the VC fund is a family VC. Only the criterion based on the share of family members has been used. In Column 1 the VC fund is considered a family VC if there are at least two family members in the fund. In Column 2 the VC fund is considered a family VC if family members make up at least 10% of the fund managers. In Column 3 the VC fund is considered a family VC if family members make up at least 20% of the fund managers. In Column 4 the VC fund is considered a family VC if family members make up at least 25% of the fund managers. In Column 5 a continuous variable indicating the share of the fund managers belonging to the same family has been used as the main explanatory variable. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A8

Dependent variable:	Fund-Startup Same City	Fund-Startup within 10 Km	Fund-Startup within 50 Km	Fund-Startup Same Country	Fund-Startup Same Country Excluding Startups within 25 Km	Ln (Km Fund-Startup)	Ln (Km Fund-Startup) Excluding Startups within 25 Km
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Family VC	0.060	0.064	0.074	0.030	-0.001	-0.548	-0.050
	(0.014)	(0.014)	(0.016)	(0.015)	(0.019)	(0.124)	(0.067)
Fund Maturity	-0.001	-0.001	-0.001	0.000	0.001	0.008	0.003
	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.011)	(0.006)
Fund Size	-0.017	-0.019	-0.023	-0.019	-0.016	0.204	0.078
	(0.003)	(0.003)	(0.003)	(0.004)	(0.004)	(0.026)	(0.012)
Fund Team Experience	-0.001	-0.002	-0.003	-0.005	-0.002	0.028	0.011
	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)	(0.022)	(0.011)
Observations	148,785	148,785	148,785	148,785	109,786	148,781	109,786
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 2 of Table 4. However, different thresholds have been used to determine whether the VC fund and the startup are geographically proximate. In Column 1 the dependent variable is a binary variable taking the value of 1 if the VC fund's headquarters is located in the same city where the startup is based, and 0 otherwise. In Column 2 the dependent variable is a binary variable taking the value of 1 if the VC fund's headquarters is located within 10 kilometers of the startup, and 0 otherwise. In Column 3 the dependent variable is a binary variable taking the value of 1 if the VC fund's headquarters is located within 50 kilometers of the startup, and 0 otherwise. In Column 4 the dependent variable is a dummy taking a value of 1 if the VC fund and the startup are based in the same country, and 0 otherwise. In Column 5 the dependent variable is a dummy taking a value of 1 if the VC fund and the startup are based in the same country, and 0 otherwise. However, in Column 5 investments made in startups within 25 kilometers have been dropped. In Column 6 the dependent variable is the natural logarithm of one plus the distance in kilometers between the VC fund and the startup. In Column 7 the dependent variable is the natural logarithm of one plus the distance in kilometers between the VC fund and the startup. However, in Column 7 investments made in startups within 25 kilometers have been dropped. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A9

Dependent variable:	N. Syndicate partners same city	N. Syndicate partners within 10 Km	N. Syndicate partners within 50 Km	Ln (Km Fund-Closest syndicate partner)	Ln (Km Fund-Closest synd partner excluding those within 25 Km)	N. Syndicate partners within 25 Km	N. Syndicate partners within 25 Km
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Family VC	0.338	0.308	0.280	-0.491	-0.122	0.275	0.233
	(0.056)	(0.056)	(0.048)	(0.116)	(0.061)	(0.049)	(0.048)
Fund Maturity	0.000	-0.000	-0.001	0.006	0.002	-0.001	0.000
	(0.006)	(0.005)	(0.005)	(0.011)	(0.005)	(0.005)	(0.005)
Fund Size	-0.041	-0.035	-0.016	0.157	0.023	-0.036	-0.020
	(0.012)	(0.011)	(0.010)	(0.028)	(0.011)	(0.010)	(0.009)
Fund Team Experience	0.017	0.016	0.010	0.008	0.004	0.013	0.015
	(0.013)	(0.011)	(0.010)	(0.023)	(0.012)	(0.010)	(0.009)
N. Syndicate Partners						0.034	
						(0.001)	
Local Startup							0.805
							(0.015)
Observations	148,785	148,785	148,785	131,453	121,413	148,785	148,785
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 4 of Table 4. However, different thresholds have been used to determine whether the VC fund and its syndicate partners are geographically proximate. In Column 1 the dependent variable is the count of syndicate partners (including both other funds and other types of investors) located in the same city of the VC fund. In Column 2 the dependent variable represents the count of syndicate partners (including both other funds and other types of investors) located within 10 kilometers of the VC fund. In Column 3 the dependent variable represents the count of syndicate partners (including both other funds and other types of investors) located within 50 kilometers of the VC fund. In Columns 4 and 5 the dependent variable is the natural logarithm of one plus the distance in kilometers between the VC fund and its closest syndicate partner. However, in Column 5 syndicate partners within 25 kilometers have been excluded. The number of observations diminishes in Column 4 (and 5) as the dependent variable is missing when the deal was not syndicated. In Column 6 I replicate Column 4 of Table 4. However, I also control for the number of non-geographically proximate syndicate partners (i.e., syndicate partners distant more than 25 kilometers). In Column 7 I replicate Column 4 of Table 4. However, I also control for whether the investment supported a geographically proximate startup including as a control variable the dependent variable used in Column 2 of Table 4. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A10

Panel A. Matching

	Family VC	Non-Family VC	Difference Family - Non-Family
Local Startup	0.329	0.265	0.064
			(0.012)
N. Local Syndicate Partners	1.375	1.033	0.341
			(0.045)
Local Deal	0.250	0.181	0.069
			(0.010)

Deals completed by family VCs are matched with those completed by non-family VCs by means of one-to-ten propensity score matching on the entrepreneurial intensity of the area where the VC funds are based at the time of the deal and the year the deals were completed. This procedure effectively equates the entrepreneurial intensity of the cities where family and non-family VCs are based and the years the deals were completed.

Table A11

Dependent variable:	Local Startup	N. Local Syndicate Partners	Local Deal
	(1)	(2)	(3)
Family VC	0.069	0.305	0.074
	(0.015)	(0.049)	(0.014)
Fund Maturity	-0.001	-0.001	-0.001
	(0.001)	(0.005)	(0.001)
Fund Size	-0.026	-0.024	-0.015
	(0.003)	(0.010)	(0.002)
Fund Team Experience	-0.004	0.025	-0.000
	(0.003)	(0.010)	(0.002)
VC Area Entrepreneurial Intensity	0.026	0.278	0.030
	(0.002)	(0.008)	(0.001)
Observations	148,785	148,785	148,785
Investment Year Dummies	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes
Fund Country Dummies	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes

This table replicates the analyses reported in Columns 2, 4, and 6 of Table 4. However, the fund city fixed effects have been replaced with fund country fixed effects. Additionally, I am now including a control for the entrepreneurial intensity of the area where the VC fund is based by including the variable "*Entrepreneurial Intensity Area*". Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A12

Dependent variable: Local Startup					
Macro-Region:	United States	United Kingdom	Japan	France	Germany
	(1)	(2)	(3)	(4)	(5)
Family VC	0.065	0.073	0.180	0.063	0.254
	(0.018)	(0.037)	(0.040)	(0.041)	(0.044)
Fund Maturity	-0.002	0.001	-0.002	-0.004	0.003
	(0.001)	(0.004)	(0.010)	(0.006)	(0.007)
Fund Size	-0.020	-0.032	0.011	-0.044	-0.019
	(0.003)	(0.011)	(0.019)	(0.015)	(0.029)
Fund Team Experience	0.004	-0.013	-0.040	-0.018	-0.003
	(0.003)	(0.011)	(0.023)	(0.016)	(0.020)
Observations	102,320	8,792	4,643	4,115	4,044
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 2 of Table 4. However, the sample was split according to the country where the VC fund is based. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A13

Dependent variable: N. Local Syndicate Partners					
Macro-Region:	United States	United Kingdom	Japan	France	Germany
	(1)	(2)	(3)	(4)	(5)
Family VC	0.270	0.268	0.109	0.456	0.763
	(0.061)	(0.092)	(0.161)	(0.124)	(0.253)
Fund Maturity	-0.004	0.024	-0.006	-0.002	-0.061
	(0.006)	(0.013)	(0.017)	(0.016)	(0.038)
Fund Size	-0.023	-0.013	0.026	-0.014	0.015
	(0.011)	(0.025)	(0.047)	(0.049)	(0.074)
Fund Team Experience	0.023	0.058	-0.096	0.003	-0.022
	(0.012)	(0.031)	(0.039)	(0.033)	(0.047)
Observations	102,320	8,792	4,643	4,115	4,044
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 4 of Table 4. However, the sample was split according to the country where the VC fund is based. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A14

Dependent variable: Local Deal					
Macro-Region:	United States	United Kingdom	Japan	France	Germany
	(1)	(2)	(3)	(4)	(5)
Family VC	0.065	0.073	0.067	0.138	0.155
	(0.017)	(0.032)	(0.059)	(0.039)	(0.035)
Fund Maturity	-0.001	0.003	-0.005	-0.002	-0.003
	(0.001)	(0.004)	(0.007)	(0.006)	(0.005)
Fund Size	-0.011	-0.016	0.005	-0.016	-0.013
	(0.002)	(0.010)	(0.014)	(0.014)	(0.017)
Fund Team Experience	0.005	0.004	-0.050	-0.004	-0.002
	(0.002)	(0.010)	(0.017)	(0.014)	(0.011)
Observations	102,320	8,792	4,643	4,115	4,044
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 6 of Table 4. However, the sample was split according to the country where the VC fund is based. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A15

Dependent variable: Local Startup				
Macro-Region:	Americas	Asia	Europe	Oceania
	(1)	(2)	(3)	(4)
Family VC	0.064	0.123	0.068	0.071
	(0.018)	(0.045)	(0.026)	(0.081)
Fund Maturity	-0.002	-0.007	-0.001	0.010
	(0.001)	(0.006)	(0.003)	(0.011)
Fund Size	-0.021	-0.004	-0.023	-0.017
	(0.003)	(0.013)	(0.006)	(0.016)
Fund Team Experience	0.004	-0.054	-0.014	-0.036
	(0.003)	(0.012)	(0.006)	(0.027)
Observations	107,454	9,342	30,034	1,468
Investment Year Dummies	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 2 of Table 4. However, the sample was split according to the continent on which the VC fund is based. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A16

Dependent variable: N. Local Syndicate Partners				
Macro-Region:	Americas	Asia	Europe	Oceania
	(1)	(2)	(3)	(4)
Family VC	0.271	0.249	0.325	0.263
	(0.061)	(0.129)	(0.085)	(0.357)
Fund Maturity	-0.004	-0.010	-0.002	0.059
	(0.005)	(0.013)	(0.010)	(0.023)
Fund Size	-0.026	0.016	-0.012	-0.013
	(0.011)	(0.037)	(0.022)	(0.062)
Fund Team Experience	0.022	-0.118	0.020	-0.059
	(0.012)	(0.034)	(0.020)	(0.066)
Observations	107,454	9,342	30,034	1,468
Investment Year Dummies	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 4 of Table 4. However, the sample was split according to the continent on which the VC fund is based. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A17

Dependent variable: Local Deal				
Macro-Region:	Americas	Asia	Europe	Oceania
	(1)	(2)	(3)	(4)
Family VC	0.065	0.096	0.081	-0.005
	(0.017)	(0.034)	(0.023)	(0.091)
Fund Maturity	-0.001	-0.005	-0.001	0.012
	(0.001)	(0.004)	(0.002)	(0.008)
Fund Size	-0.012	-0.002	-0.011	-0.012
	(0.002)	(0.010)	(0.006)	(0.015)
Fund Team Experience	0.004	-0.043	-0.000	-0.029
	(0.002)	(0.009)	(0.005)	(0.022)
Observations	107,454	9,342	30,034	1,468
Investment Year Dummies	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes

This table replicates the analyses reported in Column 6 of Table 4. However, the sample was split according to the continent on which the VC fund is based. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A18

Dependent variable:	Local Startup		Local Deal	
	(1)	(2)	(3)	(4)
Family VC – High Involvement	0.260		0.292	
	(0.049)		(0.050)	
Family VC – Low Involvement	0.100		0.169	
	(0.086)		(0.089)	
Family VC – Eponymous		0.494		0.512
		(0.085)		(0.097)
Family VC – Non-Eponymous		0.164		0.207
		(0.046)		(0.047)
Fund Maturity	-0.003	-0.003	-0.001	-0.002
	(0.004)	(0.004)	(0.004)	(0.004)
Fund Size	-0.069	-0.070	-0.053	-0.053
	(0.009)	(0.009)	(0.009)	(0.009)
Fund Team Experience	-0.009	-0.011	0.004	0.002
	(0.008)	(0.008)	(0.009)	(0.008)
Observations	144,348	145,168	140,055	140,842
Investment Year FE	Yes	Yes	Yes	Yes
Startup Industry FE	Yes	Yes	Yes	Yes
Fund City FE	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes

This table replicates the findings reported in Columns 1, 2, 5, and 6 of Table 5. However, in this table, a Probit model has been employed. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A19

Dependent variable:	Local Startup			Local Deal		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	0.178			0.158		
	(0.051)			(0.055)		
Family VC – High Involvement		0.215			0.211	
		(0.056)			(0.063)	
Family VC – Low Involvement		0.079			-0.001	
		(0.089)			(0.092)	
Family VC – Eponymous			0.199			0.127
			(0.119)			(0.152)
Family VC – Non-Eponymous			0.173			0.166
			(0.057)			(0.056)
Fund Maturity	-0.024	-0.023	-0.024	-0.008	-0.006	-0.008
	(0.017)	(0.017)	(0.017)	(0.015)	(0.015)	(0.015)
Fund Size	-0.062	-0.063	-0.062	-0.061	-0.062	-0.061
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)
Fund Team Experience	-0.047	-0.048	-0.046	-0.011	-0.017	-0.012
	(0.048)	(0.049)	(0.048)	(0.046)	(0.044)	(0.046)
Observations	8,092	8,090	8,092	7,998	7,996	7,998
VC Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Investment Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Fund City FE	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Columns 1-3 and 6-9 of Table 6 employing a Probit model. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A20

Dependent variable: Successful Exit	Sample: Full sample		
	(1)	(2)	(3)
Family VC	0.004	0.012	0.006
	(0.012)	(0.011)	(0.011)
Local Startup	0.012		
	(0.004)		
Family VC * Local Startup	0.035		
	(0.016)		
N. Local Syndicate Partners		0.006	
		(0.001)	
Family VC * N. Local Synd. Partn.		0.002	
		(0.004)	
Local Deal			0.025
			(0.004)
Family VC * Local Deal			0.035
			(0.018)
Fund Maturity	0.002	0.002	0.002
	(0.001)	(0.001)	(0.001)
Fund Size	0.008	0.008	0.008
	(0.002)	(0.002)	(0.002)
Fund Team Experience	0.003	0.003	0.003
	(0.001)	(0.001)	(0.001)
N. Syndicate Partners	0.001	0.000	0.001
	(0.000)	(0.000)	(0.000)
Total Amount Raised	0.050	0.049	0.049
	(0.002)	(0.002)	(0.002)
Number of Rounds	0.004	0.004	0.004
	(0.001)	(0.001)	(0.001)
Founding Team MBA	0.012	0.012	0.012
	(0.004)	(0.004)	(0.004)
Founding Team Elite Education	0.007	0.007	0.007
	(0.004)	(0.004)	(0.004)
Founding Team Serial Founder	0.005	0.005	0.005
	(0.004)	(0.004)	(0.004)
Observations	96,096	96,096	96,096
Investment Year Dummies	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes

This table replicates the performance analyses shown in Tables 8, 10, and 12 considering the full sample. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A21

Dependent variable:	Local Startup	Local Deal	Local Startup	Local Deal	Local Startup	Local Deal
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	0.193	0.238	0.148	0.178	0.176	0.193
	(0.044)	(0.044)	(0.047)	(0.048)	(0.047)	(0.044)
Market heat	-0.021	-0.050				
	(0.020)	(0.024)				
Family VC * Market heat	0.165	0.135				
	(0.075)	(0.082)				
Recent Exits			-0.010	-0.009		
			(0.002)	(0.002)		
Family VC * Recent Exits			0.016	0.018		
			(0.004)	(0.003)		
Follow-On Fund Raised					-0.043	-0.038
					(0.018)	(0.018)
Family VC * Follow-On Fund Raised					0.122	0.158
					(0.063)	(0.062)
Fund Maturity	-0.003	-0.002	0.001	0.002	0.001	-0.003
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Fund Size	-0.069	-0.053	-0.071	-0.055	-0.070	-0.069
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Fund Team Experience	-0.010	0.002	0.009	0.019	-0.007	-0.010
	(0.008)	(0.008)	(0.009)	(0.009)	(0.009)	(0.008)
Observations	145,168	140,887	145,168	140,887	145,168	140,887
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Columns 1 and 3 of Table 7 in Columns 1 and 2. It replicates the findings reported in Columns 1 and 3 of Table 9 in Columns 3 and 4. It replicates the findings reported in Columns 1 and 3 of Table 11 in Columns 5 and 6. However, in this table, a Probit model has been employed. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A22

Dependent variable: Successful Exit	Sample: Cold market			Sample: Hot market		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.081	-0.048	-0.056	0.104	0.099	0.091
	(0.048)	(0.045)	(0.044)	(0.039)	(0.038)	(0.039)
Local Startup	0.039			0.032		
	(0.016)			(0.016)		
Family VC * Local Startup	0.285			-0.061		
	(0.062)			(0.058)		
N. Local Syndicate Partners		0.023			0.014	
		(0.006)			(0.004)	
Family VC * N. Local Synd. Partn.		0.048			-0.012	
		(0.017)			(0.011)	
Local Deal			0.058			0.088
			(0.018)			(0.017)
Family VC * Local Deal			0.270			-0.049
			(0.066)			(0.069)
Fund Maturity	0.004	0.005	0.004	-0.001	-0.001	-0.001
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Fund Size	0.018	0.018	0.018	0.028	0.029	0.029
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Fund Team Experience	0.004	0.005	0.004	0.006	0.006	0.006
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
N. Syndicate Partners	0.010	0.008	0.010	0.000	-0.002	-0.000
	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)
Total Amount Raised	0.151	0.149	0.149	0.141	0.140	0.140
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Number of Rounds	0.000	-0.000	0.000	0.017	0.017	0.017
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Founding Team MBA	0.046	0.047	0.047	0.036	0.036	0.036
	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
Founding Team Elite Education	0.021	0.021	0.021	0.024	0.023	0.022
	(0.016)	(0.016)	(0.016)	(0.015)	(0.015)	(0.015)
Founding Team Serial Founder	0.022	0.021	0.022	0.016	0.014	0.015
	(0.021)	(0.021)	(0.021)	(0.018)	(0.018)	(0.018)
Observations	46,277	46,277	46,277	48,671	48,671	48,671
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Table 8 employing a Probit model. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A23

Dependent variable: Successful Exit	Sample: Recent exits below competitors			Sample: Recent exits above competitors		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.001	0.015	0.020	0.033	0.051	0.030
	(0.056)	(0.047)	(0.049)	(0.044)	(0.042)	(0.043)
Local Startup	0.021			0.053		
	(0.017)			(0.015)		
Family VC * Local Startup	0.183			0.046		
	(0.070)			(0.061)		
N. Local Syndicate Partners		0.013			0.018	
		(0.005)			(0.004)	
Family VC * N. Local Synd. Partn.		0.037			-0.006	
		(0.015)			(0.012)	
Local Deal			0.077			0.073
			(0.019)			(0.016)
Family VC * Local Deal			0.162			0.062
			(0.066)			(0.067)
Fund Maturity	0.003	0.003	0.003	0.002	0.002	0.002
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Fund Size	0.027	0.028	0.028	0.030	0.029	0.030
	(0.007)	(0.007)	(0.007)	(0.008)	(0.008)	(0.008)
Fund Team Experience	0.015	0.014	0.014	-0.005	-0.005	-0.005
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
N. Syndicate Partners	0.006	0.004	0.006	0.000	-0.002	0.000
	(0.002)	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)
Total Amount Raised	0.132	0.132	0.131	0.154	0.153	0.153
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Number of Rounds	0.015	0.015	0.015	0.005	0.005	0.005
	(0.005)	(0.005)	(0.005)	(0.004)	(0.004)	(0.004)
Founding Team MBA	0.025	0.026	0.026	0.050	0.051	0.050
	(0.017)	(0.017)	(0.017)	(0.016)	(0.016)	(0.016)
Founding Team Elite Education	0.016	0.016	0.015	0.029	0.030	0.029
	(0.016)	(0.016)	(0.016)	(0.015)	(0.015)	(0.015)
Founding Team Serial Founder	0.021	0.020	0.021	0.017	0.016	0.017
	(0.021)	(0.021)	(0.021)	(0.018)	(0.018)	(0.018)
Observations	41,036	41,036	41,036	54,227	54,227	54,227
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Table 10 employing a Probit model. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A24

Dependent variable: Successful Exit	Sample: Follow-On fund not raised			Sample: Follow-On fund raised		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.017	0.008	-0.009	0.070	0.098	0.074
	(0.041)	(0.042)	(0.039)	(0.053)	(0.051)	(0.052)
Local Startup	0.038			0.037		
	(0.013)			(0.020)		
Family VC * Local Startup	0.119			0.075		
	(0.055)			(0.072)		
N. Local Syndicate Partners		0.014			0.019	
		(0.004)			(0.006)	
Family VC * N. Local Synd. Partn.		0.009			-0.004	
		(0.018)			(0.014)	
Local Deal			0.082			0.062
			(0.015)			(0.022)
Family VC * Local Deal			0.123			0.067
			(0.067)			(0.081)
Fund Maturity	0.003	0.003	0.003	0.005	0.005	0.005
	(0.004)	(0.004)	(0.004)	(0.005)	(0.005)	(0.005)
Fund Size	0.024	0.024	0.024	0.028	0.028	0.028
	(0.006)	(0.006)	(0.006)	(0.009)	(0.009)	(0.009)
Fund Team Experience	0.009	0.009	0.009	-0.002	-0.002	-0.002
	(0.005)	(0.005)	(0.005)	(0.008)	(0.008)	(0.008)
N. Syndicate Partners	0.003	0.001	0.002	0.003	0.001	0.003
	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
Total Amount Raised	0.140	0.139	0.139	0.158	0.156	0.157
	(0.006)	(0.006)	(0.006)	(0.009)	(0.009)	(0.009)
Number of Rounds	0.012	0.012	0.012	0.005	0.005	0.005
	(0.004)	(0.004)	(0.004)	(0.005)	(0.005)	(0.005)
Founding Team MBA	0.054	0.055	0.054	0.015	0.016	0.015
	(0.014)	(0.014)	(0.014)	(0.020)	(0.020)	(0.020)
Founding Team Elite Education	0.028	0.028	0.027	0.012	0.012	0.012
	(0.013)	(0.013)	(0.013)	(0.019)	(0.019)	(0.019)
Founding Team Serial Founder	0.018	0.017	0.017	0.020	0.019	0.020
	(0.016)	(0.016)	(0.016)	(0.023)	(0.023)	(0.023)
Observations	64,547	64,547	64,547	30,737	30,737	30,737
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Table 12 employing a Probit model. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A25

Dependent variable: Time to successful exit	Sample: Cold market			Sample: Hot market		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.082	-0.066	-0.063	0.157	0.141	0.142
	(0.052)	(0.048)	(0.048)	(0.050)	(0.045)	(0.049)
Local Startup	0.058			0.048		
	(0.018)			(0.020)		
Family VC * Local Startup	0.257			-0.099		
	(0.068)			(0.077)		
N. Local Syndicate Partners		0.027			0.019	
		(0.006)			(0.004)	
Family VC * N. Local Synd. Partn.		0.055			-0.013	
		(0.019)			(0.012)	
Local Deal			0.086			0.112
			(0.020)			(0.021)
Family VC * Local Deal			0.251			-0.090
			(0.078)			(0.087)
Fund Maturity	0.005	0.006	0.005	0.002	0.002	0.001
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Fund Size	0.019	0.019	0.019	0.035	0.036	0.036
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Fund Team Experience	0.007	0.008	0.007	0.011	0.010	0.010
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
N. Syndicate Partners	0.013	0.010	0.013	-0.001	-0.003	-0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Total Amount Raised	0.143	0.140	0.141	0.145	0.145	0.144
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Number of Rounds	-0.001	-0.001	-0.001	0.014	0.014	0.014
	(0.005)	(0.005)	(0.005)	(0.004)	(0.005)	(0.004)
Founding Team MBA	0.049	0.051	0.050	0.052	0.053	0.052
	(0.019)	(0.019)	(0.019)	(0.021)	(0.021)	(0.021)
Founding Team Elite Education	0.020	0.021	0.020	0.029	0.029	0.028
	(0.017)	(0.017)	(0.017)	(0.019)	(0.019)	(0.019)
Founding Team Serial Founder	0.016	0.013	0.015	0.022	0.020	0.021
	(0.024)	(0.024)	(0.024)	(0.022)	(0.022)	(0.022)
Observations	46,891	46,891	46,891	49,164	49,164	49,164
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Table 8 employing the Cox hazard model where the logarithm of one plus the time (in months) to the successful exits is used as a dependent variable. The time to exit is censored for investments that were not successfully exited by December 2022. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A26

Dependent variable: Time to successful exit	Sample: Recent exits below competitors			Sample: Recent exits above competitors		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	0.009	-0.001	0.027	0.045	0.058	0.040
	(0.072)	(0.060)	(0.065)	(0.050)	(0.045)	(0.048)
Local Startup	0.033			0.069		
	(0.020)			(0.017)		
Family VC * Local Startup	0.195			0.026		
	(0.082)			(0.070)		
N. Local Syndicate Partners		0.016			0.020	
		(0.005)			(0.005)	
Family VC * N. Local Synd. Partn.		0.059			-0.006	
		(0.019)			(0.012)	
Local Deal			0.103			0.091
			(0.023)			(0.019)
Family VC * Local Deal			0.182			0.040
			(0.078)			(0.076)
Fund Maturity	0.004	0.004	0.004	0.004	0.004	0.004
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Fund Size	0.030	0.031	0.032	0.033	0.033	0.030
	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)	(0.009)
Fund Team Experience	0.019	0.018	0.018	0.000	0.001	0.019
	(0.008)	(0.008)	(0.008)	(0.009)	(0.009)	(0.008)
N. Syndicate Partners	0.006	0.004	0.006	0.001	-0.002	0.006
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Total Amount Raised	0.138	0.138	0.137	0.152	0.150	0.138
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Number of Rounds	0.010	0.010	0.010	0.004	0.004	0.010
	(0.005)	(0.005)	(0.005)	(0.004)	(0.004)	(0.005)
Founding Team MBA	0.035	0.036	0.036	0.061	0.062	0.035
	(0.021)	(0.021)	(0.021)	(0.018)	(0.018)	(0.021)
Founding Team Elite Education	0.026	0.025	0.023	0.027	0.028	0.026
	(0.020)	(0.020)	(0.020)	(0.017)	(0.017)	(0.020)
Founding Team Serial Founder	0.018	0.015	0.017	0.025	0.023	0.018
	(0.026)	(0.026)	(0.026)	(0.021)	(0.021)	(0.026)
Observations	41,464	41,464	41,464	54,591	54,591	54,591
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Table 10 employing the Cox hazard model where the logarithm of one plus the time (in months) to the successful exits is used as a dependent variable. The time to exit is censored for investments that were not successfully exited by December 2022. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A27

Dependent variable: Time to successful exit	Sample: Follow-On fund not raised			Sample: Follow-On fund raised		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.015	0.006	-0.009	0.101	0.127	0.099
	(0.048)	(0.046)	(0.046)	(0.062)	(0.056)	(0.062)
Local Startup	0.053			0.054		
	(0.016)			(0.023)		
Family VC * Local Startup	0.117			0.060		
	(0.061)			(0.081)		
N. Local Syndicate Partners		0.018			0.020	
		(0.004)			(0.007)	
Family VC * N. Local Synd. Partn.		0.012			-0.006	
		(0.017)			(0.014)	
Local Deal			0.104			0.079
			(0.018)			(0.025)
Family VC * Local Deal			0.117			0.065
			(0.072)			(0.097)
Fund Maturity	0.003	0.004	0.003	0.010	0.010	0.010
	(0.004)	(0.004)	(0.004)	(0.006)	(0.006)	(0.006)
Fund Size	0.027	0.027	0.028	0.035	0.035	0.035
	(0.007)	(0.007)	(0.007)	(0.011)	(0.011)	(0.011)
Fund Team Experience	0.013	0.013	0.012	0.001	0.002	0.001
	(0.006)	(0.006)	(0.006)	(0.010)	(0.010)	(0.010)
N. Syndicate Partners	0.003	0.000	0.003	0.004	0.001	0.003
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Total Amount Raised	0.142	0.142	0.141	0.156	0.155	0.155
	(0.007)	(0.007)	(0.007)	(0.010)	(0.010)	(0.010)
Number of Rounds	0.008	0.008	0.009	0.002	0.002	0.002
	(0.004)	(0.004)	(0.004)	(0.006)	(0.006)	(0.006)
Founding Team MBA	0.069	0.070	0.069	0.017	0.017	0.017
	(0.017)	(0.017)	(0.017)	(0.024)	(0.024)	(0.024)
Founding Team Elite Education	0.027	0.027	0.025	0.025	0.025	0.024
	(0.016)	(0.016)	(0.016)	(0.022)	(0.022)	(0.022)
Founding Team Serial Founder	0.010	0.007	0.009	0.042	0.040	0.041
	(0.020)	(0.020)	(0.020)	(0.027)	(0.027)	(0.027)
Observations	65,000	65,000	65,000	31,055	31,055	31,055
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Table 8 employing the Cox hazard model where the logarithm of one plus the time (in months) to the successful exits is used as a dependent variable. The time to exit is censored for investments that were not successfully exited by December 2022. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A28

Dependent variable: Successful Exit Strict	Sample: Cold market			Sample: Hot market		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.040	-0.019	-0.029	0.021	0.024	0.017
	(0.014)	(0.014)	(0.013)	(0.012)	(0.012)	(0.012)
Local Startup	0.004			0.009		
	(0.005)			(0.005)		
Family VC * Local Startup	0.102			-0.011		
	(0.019)			(0.019)		
N. Local Syndicate Partners		0.005			0.005	
		(0.002)			(0.001)	
Family VC * N. Local Synd. Partn.		0.009			-0.005	
		(0.005)			(0.004)	
Local Deal			0.006			0.026
			(0.006)			(0.006)
Family VC * Local Deal			0.090			-0.007
			(0.022)			(0.023)
Fund Maturity	0.002	0.002	0.002	-0.000	-0.000	-0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Fund Size	0.005	0.005	0.005	0.006	0.007	0.007
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Fund Team Experience	0.001	0.001	0.001	0.001	0.001	0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
N. Syndicate Partners	0.003	0.002	0.003	-0.000	-0.001	-0.000
	(0.001)	(0.001)	(0.001)	(0.000)	(0.000)	(0.000)
Total Amount Raised	0.047	0.046	0.047	0.048	0.047	0.047
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Number of Rounds	0.002	0.002	0.002	0.007	0.007	0.008
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Founding Team MBA	0.010	0.010	0.010	0.003	0.003	0.003
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)
Founding Team Elite Education	-0.004	-0.004	-0.004	0.011	0.011	0.011
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Founding Team Serial Founder	0.013	0.012	0.013	0.001	0.000	0.000
	(0.007)	(0.007)	(0.007)	(0.005)	(0.006)	(0.005)
Observations	46,867	46,867	46,867	49,135	49,135	49,135
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Table 8. However, the dependent variable no longer takes a value of one if the investor exited via M&A with a reported value below $100 million. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A29

Dependent variable: Successful Exit Strict	Sample: Recent exits below competitors			Sample: Recent exits above competitors		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.003	0.006	0.004	-0.003	0.010	-0.002
	(0.017)	(0.016)	(0.015)	(0.013)	(0.012)	(0.013)
Local Startup	0.005			0.009		
	(0.005)			(0.005)		
Family VC * Local Startup	0.053			0.020		
	(0.022)			(0.020)		
N. Local Syndicate Partners		0.002			0.006	
		(0.002)			(0.001)	
Family VC * N. Local Synd. Partn.		0.008			-0.004	
		(0.005)			(0.004)	
Local Deal			0.017			0.017
			(0.006)			(0.005)
Family VC * Local Deal			0.047			0.030
			(0.024)			(0.024)
Fund Maturity	0.000	0.000	0.000	0.001	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Fund Size	0.007	0.007	0.007	0.007	0.007	0.007
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
Fund Team Experience	0.004	0.004	0.004	-0.003	-0.003	-0.003
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
N. Syndicate Partners	0.001	0.001	0.001	-0.000	-0.001	-0.000
	(0.001)	(0.001)	(0.001)	(0.000)	(0.001)	(0.000)
Total Amount Raised	0.044	0.044	0.044	0.050	0.049	0.049
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Number of Rounds	0.007	0.007	0.007	0.004	0.004	0.004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Founding Team MBA	0.001	0.001	0.001	0.010	0.010	0.010
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)
Founding Team Elite Education	0.005	0.005	0.005	0.004	0.004	0.004
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Founding Team Serial Founder	0.005	0.005	0.005	0.006	0.005	0.005
	(0.007)	(0.007)	(0.007)	(0.006)	(0.006)	(0.006)
Observations	41,456	41,456	41,456	54,588	54,588	54,588
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Table 10. However, the dependent variable no longer takes a value of one if the investor exited via M&A with a reported value below $100 million. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A30

Dependent variable: Successful Exit Strict	Sample: Follow-On fund not raised			Sample: Follow-On fund raised		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.019	-0.006	-0.016	0.017	0.033	0.022
	(0.013)	(0.013)	(0.012)	(0.015)	(0.014)	(0.016)
Local Startup	0.005			0.013		
	(0.004)			(0.007)		
Family VC * Local Startup	0.053			0.021		
	(0.019)			(0.022)		
N. Local Syndicate Partners		0.004			0.006	
		(0.001)			(0.002)	
Family VC * N. Local Synd. Partn.		0.003			-0.005	
		(0.006)			(0.005)	
Local Deal			0.016			0.019
			(0.005)			(0.007)
Family VC * Local Deal			0.056			0.009
			(0.022)			(0.028)
Fund Maturity	0.002	0.002	0.002	0.000	0.000	0.000
	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
Fund Size	0.006	0.006	0.007	0.007	0.007	0.007
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
Fund Team Experience	0.003	0.003	0.003	-0.003	-0.003	-0.003
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
N. Syndicate Partners	0.000	-0.000	0.000	0.001	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.001)	(0.001)	(0.001)
Total Amount Raised	0.045	0.045	0.045	0.051	0.051	0.051
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
Number of Rounds	0.006	0.006	0.006	0.003	0.003	0.003
	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
Founding Team MBA	0.008	0.009	0.008	0.002	0.003	0.002
	(0.005)	(0.005)	(0.005)	(0.007)	(0.007)	(0.007)
Founding Team Elite Education	0.007	0.007	0.007	-0.002	-0.002	-0.002
	(0.004)	(0.004)	(0.004)	(0.006)	(0.006)	(0.006)
Founding Team Serial Founder	0.007	0.007	0.007	0.002	0.001	0.002
	(0.005)	(0.005)	(0.005)	(0.007)	(0.007)	(0.007)
Observations	65,010	65,010	65,010	31,048	31,048	31,048
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates the findings reported in Table 12. However, the dependent variable no longer takes a value of one if the investor exited via M&A with a reported value below $100 million. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A31

Dependent variable:	Local Startup	N. Local Syndicate Partners	Local Deal
	(1)	(2)	(3)
Family VC	0.050	0.191	0.052
	(0.016)	(0.056)	(0.015)
Recent Exits (3 Years)	-0.002	-0.005	-0.001
	(0.000)	(0.002)	(0.000)
Family VC * Recent Exits (3 Years)	0.003	0.013	0.003
	(0.001)	(0.003)	(0.001)
Fund Maturity	0.000	0.001	0.001
	(0.001)	(0.005)	(0.001)
Fund Size	-0.022	-0.034	-0.014
	(0.003)	(0.010)	(0.002)
Fund Team Experience	0.002	0.027	0.005
	(0.003)	(0.013)	(0.002)
Observations	148,785	148,785	148,785
Investment Year Dummies	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes

This table replicates Table 9. However, a 3-year window has been employed to assess the investors' relative performance. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A32

Dependent variable: Successful Exit	Sample: Recent exits below competitors (3 Years)			Sample: Recent exits above competitors (3 Years)		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	0.002	0.009	0.010	0.009	0.014	0.007
	(0.018)	(0.016)	(0.016)	(0.015)	(0.015)	(0.015)
Local Startup	0.007			0.018		
	(0.005)			(0.005)		
Family VC * Local Startup	0.057			0.018		
	(0.023)			(0.021)		
N. Local Syndicate Partners		0.004			0.007	
		(0.002)			(0.002)	
Family VC * N. Local Synd. Partn.		0.010			-0.001	
		(0.006)			(0.005)	
Local Deal			0.026			0.024
			(0.006)			(0.006)
Family VC * Local Deal			0.047			0.030
			(0.023)			(0.024)
Fund Maturity	0.002	0.002	0.002	0.001	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Fund Size	0.009	0.009	0.009	0.009	0.009	0.009
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
Fund Team Experience	0.006	0.005	0.006	-0.001	-0.001	-0.001
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
N. Syndicate Partners	0.002	0.001	0.002	-0.000	-0.001	-0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Total Amount Raised	0.044	0.043	0.043	0.053	0.053	0.053
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Number of Rounds	0.006	0.006	0.006	0.002	0.002	0.002
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Founding Team MBA	0.008	0.008	0.008	0.015	0.016	0.015
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.006)
Founding Team Elite Education	0.006	0.006	0.006	0.007	0.007	0.007
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Founding Team Serial Founder	0.001	0.000	0.000	0.009	0.008	0.009
	(0.007)	(0.007)	(0.007)	(0.006)	(0.006)	(0.006)
Observations	42,820	42,820	42,820	53,233	53,233	53,233
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates Table 10. However, a 3-year window has been employed to assess the investors' relative performance (and consequently split the sample). Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A33

Dependent variable:	Local Startup	N. Local Syndicate Partners	Local Deal
	(1)	(2)	(3)
Family VC	0.057	0.234	0.059
	(0.015)	(0.051)	(0.014)
Recent Exits (Historical)	-0.004	-0.002	-0.002
	(0.001)	(0.005)	(0.001)
Family VC * Recent Exits (Historical)	0.010	0.032	0.010
	(0.004)	(0.011)	(0.003)
Fund Maturity	-0.001	-0.002	-0.000
	(0.001)	(0.005)	(0.001)
Fund Size	-0.022	-0.031	-0.014
	(0.003)	(0.010)	(0.002)
Fund Team Experience	-0.001	0.013	0.001
	(0.003)	(0.011)	(0.002)
Observations	148,785	148,785	148,785
Investment Year Dummies	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes

This table replicates Table 9. However, rather than comparing the investor's recent performance with competitors, I compared it with the investor's recent history. "*Recent Exits (Historical)*" is the difference between the number of successful exits in the year preceding the investment (t-1) and the average number of successful exits in the two prior years (i.e., t-2 and t-3). When the VC fund was raised by two or more firms I took the median value, "*Recent Exits (Historical)*" takes a value of zero when the difference is negative. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A34

Dependent variable: Successful Exit	Sample: Recent exits below history			Sample: Recent exits above history		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	0.008	0.016	0.015	-0.000	0.004	-0.002
	(0.017)	(0.015)	(0.015)	(0.014)	(0.013)	(0.014)
Local Startup	0.009			0.016		
	(0.005)			(0.005)		
Family VC * Local Startup	0.065			0.015		
	(0.026)			(0.018)		
N. Local Syndicate Partners		0.005			0.006	
		(0.002)			(0.002)	
Family VC * N. Local Synd. Partn		0.010			-0.001	
		(0.007)			(0.004)	
Local Deal			0.024			0.025
			(0.006)			(0.006)
Family VC * Local Deal			0.056			0.024
			(0.029)			(0.021)
Fund Maturity	0.002	0.002	0.002	-0.000	-0.000	-0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Fund Size	0.005	0.005	0.005	0.011	0.011	0.011
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
Fund Team Experience	0.005	0.005	0.005	-0.002	-0.002	-0.002
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
N. Syndicate Partners	0.001	0.001	0.001	0.000	-0.001	0.000
	(0.001)	(0.001)	(0.001)	(0.000)	(0.001)	(0.000)
Total Amount Raised	0.046	0.046	0.046	0.053	0.052	0.052
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Number of Rounds	0.007	0.007	0.007	0.000	0.000	0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Founding Team MBA	0.009	0.009	0.009	0.015	0.016	0.015
	(0.005)	(0.005)	(0.005)	(0.006)	(0.006)	(0.006)
Founding Team Elite Education	0.004	0.004	0.004	0.008	0.008	0.008
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Founding Team Serial Founder	0.002	0.002	0.002	0.008	0.007	0.008
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Observations	48,371	48,371	48,371	47,671	47,671	47,671
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates Table 10. However, rather than comparing the investor's recent performance with competitors, I compared it with the investor's recent history. "*Recent Exits (Historical)*" is the difference between the number of successful exits in the year preceding the investment (t-1) and the average number of successful exits in the two prior years (i.e., t-2 and t-3). When the VC fund was raised by two or more firms I took the median value, Columns 1-3 consider deals completed by investors performing below (or in line with) their recent history, while Columns 4-6 consider deals completed by investors performing above their recent history. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A35

Dependent variable:	Local Startup	N. Local Syndicate Partners	Local Deal
	(1)	(2)	(3)
Family VC	0.087	0.352	0.087
	(0.019)	(0.054)	(0.017)
Time Since Previous Fundraising	0.001	-0.010	0.001
	(0.001)	(0.007)	(0.001)
Family VC * Time Since Previous Fundraising	-0.014	-0.058	-0.011
	(0.006)	(0.027)	(0.006)
Fund Maturity	-0.001	0.003	-0.000
	(0.001)	(0.005)	(0.001)
Fund Size	-0.022	-0.032	-0.014
	(0.003)	(0.010)	(0.002)
Fund Team Experience	-0.003	0.013	0.001
	(0.003)	(0.011)	(0.002)
Observations	148,785	148,785	148,785
Investment Year Dummies	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes

This table replicates Table 11. However, rather than considering whether a follow-on fund has been raised, I considered the number of years elapsed since the previous fundraising event. "*Time Since Previous Fundraising*" is the number of years that elapsed between the year the deal was completed and the year the firm raised the previous fund (based on the vintage year or the year the fund completed its first investment if the fund vintage year is missing). When the VC fund was raised by two or more firms I took the highest value. The variable was winsorized at the one percent level. Robust standard errors clustered at the VC fund level are reported in parentheses.

Table A36

Dependent variable: Successful Exit	Sample: Time since previous fundraising above median			Sample: Time since previous fundraising below median		
	(1)	(2)	(3)	(4)	(5)	(6)
Family VC	-0.003	0.001	0.002	0.016	0.022	0.013
	(0.016)	(0.015)	(0.015)	(0.016)	(0.014)	(0.015)
Local Startup	0.012			0.015		
	(0.005)			(0.006)		
Family VC * Local Startup	0.056			0.007		
	(0.022)			(0.021)		
N. Local Syndicate Partners		0.006			0.005	
		(0.001)			(0.002)	
Family VC * N. Local Synd. Partn.		0.010			-0.002	
		(0.006)			(0.005)	
Local Deal			0.023			0.029
			(0.005)			(0.007)
Family VC * Local Deal			0.051			0.015
			(0.025)			(0.024)
Fund Maturity	0.002	0.002	0.002	0.001	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
Fund Size	0.007	0.007	0.007	0.009	0.009	0.009
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Fund Team Experience	0.002	0.002	0.002	0.003	0.003	0.003
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
N. Syndicate Partners	0.001	0.001	0.001	0.000	-0.000	0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Total Amount Raised	0.051	0.050	0.050	0.048	0.048	0.048
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Number of Rounds	0.004	0.004	0.004	0.004	0.004	0.004
	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
Founding Team MBA	0.014	0.015	0.014	0.008	0.009	0.009
	(0.005)	(0.005)	(0.005)	(0.006)	(0.006)	(0.006)
Founding Team Elite Education	0.005	0.005	0.004	0.011	0.010	0.010
	(0.005)	(0.005)	(0.005)	(0.006)	(0.006)	(0.006)
Founding Team Serial Founder	0.006	0.006	0.006	0.004	0.003	0.003
	(0.006)	(0.006)	(0.006)	(0.007)	(0.007)	(0.007)
Observations	56,798	56,798	56,798	39,209	39,209	39,209
Investment Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Startup Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Fund City Dummies	Yes	Yes	Yes	Yes	Yes	Yes
LP Types Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Founding Team Size Dummies	Yes	Yes	Yes	Yes	Yes	Yes

This table replicates Table 12. However, the sample was split according to the number of years that elapsed since the previous fundraising event. Columns 1-3 include only deals completed by VC funds with time passed since the previous fundraising event equal to or above the median. Columns 4-6 include only deals completed by VC funds with time passed since the previous fundraising event below the median. Robust standard errors clustered at the VC fund level are reported in parentheses.