



2022 Semaphore Confidence Survey Highlights

[Click here for the 2021 results](#)

[Click here for the Semaphore Signals Blog with our commentary](#)

1. Choose one of the following descriptions that best represents you:

- a. 22% were from PE shops
- b. 27% were VCs
- c. 7% were Hedge Funds
- d. 9% were LPs
- e. 14% were operating executives
- f. 7% were Investment bankers
- g. 14% were third party vendors/advisors to the industry (lawyers, accountants, etc.)

2. Gender:

74% Male 24% Female 2% Gender X

3. In what top three industries did you make deals or work on in 2021?

- a. Health Care, FinTech and Enterprise Software are #1, #2 and #3
- b. Business Services was # 4 and Media was #5

4. In what top three industries do you expect to make deals or work on in 2022?

- a. Healthcare, FinTech and Enterprise Software #1, #2 and #3
- b. Business Services was # 4 and Life Science and Media were tied at #5

5. Please rate your confidence in ...

- a. 82% were confident in their own business and only 4% were not confident
- b. 63% believed similarly in their industry with 4% not confident
- c. 51% were confident in their competitors with 5% not confident
- d. 35% had confidence in the US National economy with 21% not confident
- e. 19% had confidence in the international economy with 22% not confident

6. Please rate your confidence in...

- a. 91% have confidence in themselves with 9% neutral
- b. 80% have confidence in their CEO/Managing Partner with 4% not confident
- c. 53% were confident in their competitors' CEO/Managing Partner and 5% not
- d. 27% express confidence in President Biden, 43% are not confident in the President
- e. 51% have no confidence in Biden's economic team against 27% who are confident
- f. 7% of respondents had confidence in Congress with 74% expressing no confidence

- g. 24% expressed confidence in Speaker Pelosi with 61% not confident
- h. 14% had confidence in Senate Majority Leader Schumer had 53% no confidence
- i. 14% had confidence in SEC Chair Gary Gensler, 27% not confident and 58% neutral
- j. 67% had little or no confidence in US national tax and spending policy with only 13% expressing confidence
- k. State Government and Legislatures earned 48% confidence and 28% no confidence
- l. International respondents were 9% confident in their governments with 46% expressing a lack of confidence

7. In 2021 I earned personally:

77% earned more than the prior year, 6% less and 17% the same as 2020

8. In 2022 I expect to earn personally:

65% expect to earn more than they did in 2021 with 19% expecting to earn less and 16% the same amount

9. Should currently favorable tax treatment of Carried Interest income be eliminated?

38% Yes 62% No

10. Did COVID-19 negatively influence my business activities in 2021?

37% Yes 63% No

11. Will COVID-19 negatively influence my business activities in 2022?

34% Yes 66% No

12. Should "Big Tech" platforms Amazon, Facebook and Google parent Alphabet be broken-up?

43% Yes 57% No

13. Is sexual misconduct, harassment and gender bias a problem in our industry?

66% Yes 34% No

14. Is structural racism an inherent problem in our industry?

54% Yes 46% No

15. Is the Theranos/Holmes saga an outlier in our industry?

52% Yes 48% No

16. Where our respondents live:

The top five states remained 22% California, 20% New York, 19% Massachusetts, 7% Texas, and Connecticut, Washington DC, Pennsylvania, Florida, Colorado and Illinois came in each at 2% and no other state represented more than 1%.

Canada represented 17% of international respondents, 15% UK, 8% Germany, 7% China, 6% India and 3% France, Italy, Israel, and Singapore, 2% Brazil and Australia. Multiple respondents in descending order from Philippines, Japan, Taiwan, Sweden, Russia, Spain, Luxembourg, Columbia, Viet Nam, Nigeria, and single responses from 13 other nations.

Below is a sampling of comments organized by topic

General comments:

Bias and prejudice is alive and well in VC, PE and Angel investing. It's horrific to see so many people committing felony crimes in the investment world and getting away with it. I'd like to see the industry as a whole take a much stronger stance toward investing with integrity, and most of all legal and ethical principles.

The industry could do a lot of things better, but it's not the evil empire that the anti-business, anti-capitalism, unions and self-serving politicians have successfully made it out to be in public perception. At some point they will find they have killed the Golden Goose that has done so much to sustain public and corporate employee pension plans around the world.

What goes up must come down

Valuations are too high - that will cool down

This is 1999/2007 all over ago. Multiples are out of the stratosphere from excess equity/cheap debt. Buyers are solving for lower returns (even if they don't say it...or even know it). Dying for a correction

Too much capital chasing too few good deals; future returns will suffer from expensive entry multiples.

Biden and company have accomplished NOTHING of significant value in year 1. Prove me wrong. Year 2, what is on the table of being accomplished that will have a huge POSITIVE impact on the American People? NOTHING. Prove me wrong. They can't even get their own party on board with anything whether it's putting blame on Machin, far-left progressive socialists are mad about something, etc.

Elections matter. The people got what they voted for.

Be careful of the great bubble

The tight candidate market will hamper growth

The venture market is hot and will only be slowed down by poor liberal leadership from the Biden-Harris administration and pathetic congress. Their policies are already having a negative impact on our country and their self-inflicted headwinds will only increase over the remainder of the Biden-Harris term.

Valuations need to be realistically examined.

Business management must be intentional in its business plan execution and adherence to core values so that the business is not distracted by passing ill thought out social trends.

My industry needs to stop virtue signaling.

Remember in March/April of 2020 we thought every fund portfolio would crash? The joke is on others not smart enough to be in our biz - not even a global pandemic can kill us.

Comments on Theranos/Holmes saga

Theranos is the tip of the iceberg - there are hundreds of VC funded startups that are illegitimate fake hacks

Little evidence of other such instances. Answer is more careful due diligence.

There's a lot of exaggeration and selective use of facts and data in the industry, but there aren't many outright liars and fabricators. Holmes purposely and knowingly lied repeatedly, which I believe to be "outlier" behavior and certainly not the norm.

Many companies are living on stories that may never come true. Theranos crossed the line in so many ways. They deserve to go to jail.

Seen a few more events with Nikola and Ginkgo. The situations have been handled, it all comes down to diligence from the investor. Do not rush into deals.

Probably like Enron

Board Director focus requires more scrutiny

Too much misleading in general, too normalized

No--whether it's Abraj or Leon Black, there are always bad actors. And in today's world where folks are spending more and doing less diligence, the risk is even greater

To that scale? Yes. In general? No.

I think this happens all the time

lol these founders go nuts, but I'm no expert

I believe she's clinically antisocial.

I don't believe some of the behaviors exhibited by Elizabeth Holmes (e.g., self-delusion, dishonesty) are uncommon in the venture business, however, I believe her saga was the perfect storm of (1) radical self-delusion and dishonesty, (2) taking and losing money from very litigious and U.S. government-related individuals, and (3) media frenzy. Taking risks where the odds are against you to succeed is what venture is about. We shouldn't discourage that or send people to jail for failing. We should, however, always be honest with one another, or else the whole system breaks.

she got caught, I've worked in Silicon Valley since 1982, lots of undetected fraud through the years

VC increasingly skipping DD

My industry is based on personal integrity.

She is a totally broken.

Outright fraud

Some get caught while others escape under the radar.

Same thing, on a much grander scale

I think it was handled appropriately. It was investigated and the fraudsters are being held accountable.

Falsifying records is criminal, Being too optimistic is not.

There are fraudulent players in any industry in all walks of life. Theranos was outright fraud - well beyond fake-it-until-you-make-it

This was a unique case of fraud on the part of management combined with incompetent investor willful ignorance.

1. She got caught. 2. She's female

She was a complete fraud

That she is a woman prosecuted is outlier. That platitude and lies lead business plans? No. Most investors do not due diligence before putting their money in. It is all based on who is running the deal and management and lead investors are often too close for objective truth.

Hubris is always in fashion

Comments received re. sexual misconduct, harassment, and gender bias:

No comment - I continue to reserve my rights under the 5th amendment.

America must stay a country of law and order applied fairly to everyone

Reports indicate it remains a problem. If LPs made its absence an investment criterion, it would disappear quickly.

Expectations and compensation are radically different based on gender and gender identity

Decreasing but not zero

I'm sure this exists in this industry, but no more so than in most other industries. We should continue to address the issue, but I don't believe it's so pervasive that the industry should be labeled as having a sexual misconduct problem.

Who cares

It is a problem more so on bias / limited opportunities and support driven by the misalignment around career trajectories and flexibility to raise families. Not having consistently uniform parental leave policies for men and women creates undue pressure and limits the appeal of PE to women interested in raising a family.

I have no first-hand experience, nor have I hear of any specific experiences in the industry. I have seen the broader topic being discussed.

Not aware of any issues

Remains a "old boys" network, I experience this on a regular basis being a woman

Bias yes - the other two no. But decreasing.

Ongoing issue.

More gender bias--still very few women in our industry

Continues

It blows my mind that it is. We're here to work, plain and simple

Probably, but I don't see it.

There are many programs (e.g., Women Who Invest, Beyond the 7%) that are making strong progress in promoting the next wave of women investors.

not at my firm, regrettably we have no female investment bankers

Ask a woman that entered the work force in the 80's.

Mostly wiped out

Not to me or the peeps with whom I interact

Power. Ethics of the team to be considered for funding. Signs are always there to read. People chose to ignore to make more money

While it does exist to some extent, it is way overblown by the media.

Not enough minorities, women in management and pay still unbalanced.

Only so much as it is a problem everywhere

Though there will always be individual instances, none of this is systemic in the US today.

not sure how best to address it but gender bias 100% still exists, whether intentional or unintentional

As a woman, I have been blessed to not experience blatant sexism, but it's hard to question the numbers when you look at where dollars are invested and who is doing the investing.

Men (of which I am one) in power believe any behavior is cute or appropriate and despite women telling us it isn't, men persist in saying and doing boundary crossing things.

and it will exist for the next generation, at least.

Comments on Carried Interest:

No longer needed

Would incentivize less long-term investment

It's labor income

It's no different than buying a business with your brains/time and my money and agreeing how we will split any gains we achieve. The tax result should be the same for each of us.

It should become more restrictive - 3 year minimum holding period

Benefits of PE outweigh costs (job creation, economic growth, etc.)

Helps investment

People have made career and spending decisions on the basis of the current tax rates for carry. The rule change also seems targeted given the small impact to the US budget and if PE/VC is targeted, why not agriculture subsidies, entertainment/film, athletics, etc.

Tax inequality is not sustainable long term

Governments need to spend less and do so more efficiently before raising any taxes. There is no rationale for continuing to burden business and creators with taxes that go into bureaucratic black holes. Let's agree on some priorities and then figure out how we'll fund it.

It's just fair

Carried interest is not guaranteed and rewards the large risk investors take

It's different than typical income so should be treated as such

It was originally passed for a reason. Why is that reason still not good?

I would pay more taxes, but I should pay more taxes

This is 100% selfish--it will impact me materially on a big part of my equity payout. Do I think carry should be treated that way...."no." Do I favor changing it...."no."

Not necessarily. But I am in favor of a less complex tax code, eliminating loopholes and perceived loopholes

Needs to be there

The incentive works and tax benefit is marginal

This is money taken out for investors as profits. This is just 1 way investments work, you know paying back investors

I've no information on this subject, but I always want more money in the founders pockets

Same as 1031, it's unfair. It panders to a subset of beneficiaries with large lobbies.

Carried interest is designed to be an incentive for investment performance and is not ordinary income. General Partners must risk their own capital (2% of the fund) to be eligible for this form of income.

long overdue

GP capital is put at risk to earn carried interest

it creates incentive to innovate

Ordinary income is ordinary income.

The driver of business.

I benefit from it but it is wrong

Tax breaks for wealthiest citizens must be revisited

Too politically charged; throw a bone to the peeps!

Fiscal Policy requires new sources of revenue

It will have a negative impact on overall investment which drives growth and expansion of our overall economy

Structurally unsound to eliminate it, but tax rates should change

It is the product of long-term enterprise value creation

Earned through risk management which includes downside risk.

All income should be taxed at the same level

This is the reward for risk capital, if you disincentivize risk/reward you'll have less risk-taking and less investment.

It is wages period. The argument every GP uses to base this nonfee fee is the effort they put in to manage the deal especially when they don't take a management fee.

Because it discourages investment, which is what maybe the liberal communists want.

Hah – good luck on that!

Comments on COVID-19 and Business:

Transaction volume down

Covid-19 is part of the Great Reset

Hard to work in person in teams or to meet clients live

We invest in technology which did exceptionally well

Global supply chain issues impacting timely parts/materials delivery

Shut down brick & mortar

Did not impact ability to raise money or buy/sell business and did not materially reduce the earnings of most software/tech firms.

VC grew more and more virtual in 2021 - the ecosystem adapted

Doesn't Affect investment

Supply chain disruptions in manufacturing oriented businesses and inability to travel for deal flow or source talent

Limited travel. Zoom is efficient but less effective than in-person with clients, prospective clients and colleagues.

Companies raised record amounts

flying was a pain

Reduced manpower due to illness

Slowed the process of financing

Hesitancy to meet in-person. Cancelled conferences

My clients are all WFH as well

In Tulsa, we were net winners, more startups our direction.

Results were up, but everyone is exhausted and disheartened. Also had several employees (at portfolio level) or affiliated family die due to vaccination refusal

I was not able to see many of my clients in person due to restrictions imposed by their employers. Supply chain issues and inflation were huge disruptors to my business.

Software boomed

Labor/staffing

Being we're a corporate company, it's not hard to do business remotely or in a hybrid environment

I quit my job to take some time for myself

Most people proved comfortable with WFH technology, zoom, etc.

COVID-19 continues to make it more difficult to meet with and evaluate entrepreneurs and conduct business travel.

Profitability OK, but negative travel, cost effects

2020 was a record year, 2021 exceeded by 30%, 2022 will be same YoY

Covid created problems my clients paid me to solve.

Business trips hindered.

biopharma saw headwinds and remote was fine for VC

Busier than prior year; lack of travel not an issue (although missed greatly on a personal level)

Investment activity is robust at an all time high

Zoom isn't quite as good as face-to-face, but it works

Lockdowns and office closures definitely slowed our pace of progress.

Reduced retail sales impacting supply chains

Limited in-person engagement in a people business

Less than desired customer face to face engagement and supply chain related delays, inflated manufacturing materials costs.

Impacted our sales efforts and the business of our customers / potential customers. Also had big negative impact on team morale and company culture

Much more difficult to develop new business given ups/downs of lockdowns, travel restrictions, lack of in person meetings. Further, our consumer related portfolio suffered from the supply chain problems.

I had more meetings, met many new people virtually and was more focused

vaxxed to the max

WEF is pushing overt social credit scoring, which includes vaccine passports

Already have made adjustments to accommodate

Global supply chain issues not going away in 2022

No vaccines and treatments will "normalize" Covid--similar to a seasonal flue.

Just closing major new fund - no issues doing it mostly virtual

Doesn't affect investment

VC funding will still continue to boom

flying is still a pain. Some idiots won't get vaccinated or wear masks

We have learned to live with it and operate in this new environment

Seems business activities are stabilizing

People are still hesitant, but I'm not. Time to move on and learn to live with it.

I'm worried about general malaise, inflation (from Covid bailout), and further resignations in tight job market

Boom in remote work

Supply Chain

I now have to work again

Not sure...Fed raising rates due to hot economy may or not be a headwind.

So long as we continue to be unable to prevent new variants, COVID will have a negative impact on business travel and frequent face-to-face meetings with investors, Boards, and entrepreneurs.

Cancellations, etc., for first couple months of year

travel bans are annoying

don't have a clue.

Face to face meetings hindered.

unless macroeconomics turn negative due to covid

Govts overreaction to omicron

Resource and Talent constraints

Zoom isn't quite as good as face-to-face, but it works

Lockdowns, vax mandates and work from home will continue to be a headwind. We're putting more focus on "open" states like TX, FL, AZ

Already changed trajectory of businesses and increased costs

Less than desired customer face to face engagement and supply chain related delays, inflated manufacturing materials costs.

Continued impact on customers and our team Supply chain disruption, uncertainty, inflation

Until the insanity stops, the fits/starts to the economy will carry on '21 issues.

Let the idiots die

Comments on Racism in the industry:

Racism is pushed by Democrat Communists to divide and conquer American freedom

More a situational problem, no longer structural

Society has spent hundreds of years reinforcing a dominant culture worldview that embeds discrimination. It will take a long time to unlearn and reset the table

Decreasing but not zero

Every firm I know is trying very hard to create more racial diversity within their organization. If there is structural racism at this point, it's not in the finance industry but rather in the educational system that fails to produce a racially diverse talent base.

education and opportunity needs to be increased for minorities. this is not the same as racism. our education system and teacher's unions have made it impossible to reform this system

Tired of everything being racist

Proactive recruiting and professional development to attract people into the industry

I deal with it, at my fund. It's not blatant, but there is favoritism towards my white colleague (I am black)

Humans have issues with racism but in US there are not racist structures or laws today. I say that as a member of a multi-racial family

We are not racist and treat everyone equally

Remains a "old boys" network

I think people actively want to improve and do the right thing. I think many companies though are completely lost as to how to fix the issues. Not racism exactly but the outcome remains a problem.

All the data supports this.

I don't see much inherent racism but the industry, the employee base, and the folks I'm competing with all look like me with my background (white, highly educated male)

I'm sick of it, feel the message/intent is lost, and feel it has gotten way out of proportion. I was in fact CHALLENGED for using minorities as diverse even though that is classified as diverse on a daily basis. The conclusion to how that happened, because I'm a white male.

Joe Lonsdale's "woke diversity" tweets are the explanation, those were spoken about very casually in the office - excusing his behaviour. It should be addressed loudly in every context possible. I think the people being hurt by it are better suited to comment on how they'd like it addressed

I don't see it, but maybe it exists.

Structural racism is prevalent in the lack of ethnic diversity among VCs. It's very difficult to address and starts with education and exposure to entrepreneurship and investing at an early age and catalyzing the celebration of members of underrepresented who have "made it" as role models for the subsequent generation.

Legacy problems

Racism, a physical stigma created by slavery has been a problem since about 2000 BC and there is little that can be done quickly about that.

The human nature

I see no evidence

Implicit Bias. One small step at a time. Can't be changed overnight.

Need to have more diverse internship programs

The seed of racial problems started long ago. We have only perpetuated and codified it.

Absolutely not. Life is not always fair and not always easy, but the root of our problems are not structural racism.

Endemic to our society, therefore our industry

Though there will always be individual instances, none of this is systemic in the US today.

As in gender issues, there is opportunity for all, people need to work at finding/attracting people that don't look like them.

How many boards have non white men? And if they do how many have more than one?

And it will exist for the next 100 years

Commentary on the breakup of Big Tech:

Far too much money and power in these high tech platforms

Would not help the economy

Yes and no. Need a better regulated marketplace and more competition

Powerful companies, but shouldn't be broken up for being big

They are monopolies

They are a major contributor to US leadership in these fields and reducing their market position will cede the advantage to offshore competitors.

Competition will manage this over time

They ate the strength of our economy

They are too dominant

Too powerful and their size makes it more difficult to start competing biz

They have innovative ideas behind the acquisitions they make, they add value - look at Whole Foods, I can get discounts because I am a prime member. That's value.

Probably but not totally convinced

Need more competition less concentrated accumulation of personal data

Not broken up, as there are economies of scale. But regulated. All other industries of that size have some sort of oversight. Self-regulation almost never works.

Too big, too few players.

More concerned with FB and Alphabet--the use of data, suppression of competition, and propagation of fake news is disheartening

Why should they be?

Who cares. I have not seen any justifiable reasons to break them up. Is this how it will always be, a company is too big in someone else's view so they need to be broken up? Now they break the law, stricter penalties but breaking them up won't change anything

They will still be controlled by a single party - and harder to keep track of if they're broken up.

They're not generally anti competitive. Indeed, they invest in innovation.

We should allow market forces to unseat these businesses from power, rather than through government intervention. Each face competition from the next wave of disruptors Shopify (Amazon), ByteDance (Facebook), Alphabet (DuckDuckGo).

Let the market decide.

long overdue, poor regulation previously, a lot to catch-up on

Big is not bad. The problem is government granted monopolies - patents.

The driver of innovation.

but limits on dealmaking (FAANG acquisition) should be put in place

Benefits far outweigh costs

breadth and reach is crowding out small biz / start-ups

does not solve problems - need right policies to manage

Too much power concentration

They are dangerous monopolies and limit competition and free speech.

Silly to blame them for their effect, just enforce existing regulations

Creative destruction will take care of that..

They have competition. However they should not be allowed to continue to buy many types of companies to maintain their market power.

Too much concentration of power and data

No reason to break them up

They control too much of society.

Only if in shareholders best interest.

Sure, like that will happen

Semaphore takes over troubled Private Equity, Venture Capital, and Hedge funds on behalf of Limited Partners. Semaphore currently holds fiduciary obligations as General Partner for eleven funds, is a New Markets Tax Credit provider, and advises General and Limited Partners around the world. Semaphore's corporate headquarters are in Boston with principal offices in Barcelona, Dallas, London, Luxembourg and New York.