



1. General Information

Course Subject	FINA
Course Number	3337
Course Title	Venture Capital and Private Equity
Academic Years	2024-2025
Grading Method	Letter

2. Instructors

Mr LAI, Marvin
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Subclasses: 2A

4. Course Description

Course Description	<p>The course covers the fundamentals of Venture Capital (VC) and Private Equity (PE) as well as the key elements within the ecosystem. VC and PE is one of the asset classes of alternative investments and is essential for financial investors to evaluate and understand the risk and return of this asset class. The course would be beneficial to students who are interested in the financial sector and in particular in investment in an alternative asset class including VC and PE in Hong Kong and the region. Hong Kong is the second largest Private Equity hub in Asia (outside of China which is a closed market, HK is the number one PE hub in the region indeed). As an asset class, alternative investments including PE is growing from single digit to double digit within the investors' portfolio asset allocations.</p> <p>The course will cover both academic and practical aspects. Students will learn the foundations of PE/VC which encompasses a broad array of knowledge including deal structure, different investment strategies, investment evaluation, risk and return analysis, middle and back office on monitoring and control as well as investor relations. We will also cover the role VC and PE plays in a given investor's portfolio as well as which types of investors would be open to which types of VC and PE and the rationale behind them. The performance of VC / PE and how to evaluate are also areas we will study. In addition, we will learn about the future of VC and PE as well as the variations of alternative investments to cover a broader scope of relevant knowledge for the student.</p> <p>Students will be assigned a case to work on which form the basis of the final assessment. They will be guided over the course as to writing of this private equity / VC sample case applying the analytical tools and concepts learnt. Industry practitioners in the VC/PE will be invited as guest speaker(s) so the students are connected with both the academia and the industry in this course as well.</p>
Prerequisites	FINA2320: Investments and Portfolio Analysis
Free Elective	Yes

5. Course Objectives

1. To understand the definitions of various stages and kinds of VC / PE
2. To be able to define various tasks and roles within a VC / PE fund and the scope of various roles

5. Course Objectives

3. To understand the specific mechanism of due diligence/ evaluation of a VC / PE deal, investment, management and exiting a portfolio company

4. To be able to structure a VC / PE fund (case study)

5. To learn various VC / PE fund's roles in investors' portfolios in the eyes of the East & the West Limited Partners ("LPs"). Study the performance aspects of VC / PE funds and how to evaluate as such

6. To understand the trends in VC / PE and potential future developments, regulations and changes that can impact the future of VC / PE

7. To identify other related alternative investment strategies i.e. Private credits / lending, infrastructure, real estate, and even metaverse and others.

6. Faculty Learning Goals

Goal 1: Acquisition and internalization of knowledge of the programme discipline

Goal 2: Application and integration of knowledge

Goal 3: Inculcating professionalism

Goal 4: Developing global outlook

Goal 5: Mastering communication skills

Goal 6: Cultivating leadership

7. Course Learning Outcomes

Course Teaching and Learning Activities	Aligned Faculty Learning Goals					
	1	2	3	4	5	6
CLO1. Define the various types and stages of VC and PE.	✓	✓				
CLO2. Conduct appropriate due diligence and evaluation on the VC / PE investments including identify investment opportunities, tools in portfolio management and exit strategies.	✓	✓	✓	✓	✓	
CLO3. Describe the ecosystem of VC and PE – the General Partners, Limited Partners, regulators, industry associations and the other stakeholders.	✓	✓	✓	✓	✓	✓
CLO4. Illustrate how a VC or PE fund is set up and focus from investment to investor relations, and evaluate the performance, risk and return of various types of VC and PE funds.	✓	✓	✓	✓		✓
CLO5. Analyze the future trends of VC and PE i.e. sectors such as metaverse, other frontier concepts.	✓	✓	✓	✓	✓	✓
CLO6. Identify variations of PE i.e. Private lending / credits strategy, infrastructure and real estate, etc.	✓	✓	✓	✓		

8. Course Teaching and Learning Activities

Course Teaching and Learning Activities #	Expected Study Hours	Study Load (% of study)
T&L1. Lectures	33	24.8

8. Course Teaching and Learning Activities

T&L2. Self-study, prepare mid-term exam	10	7.5
T&L3. Preparations for class/assignments/tutorial	30	22.6
T&L4. Preparation for case – final assessment	60	45.1
	Total: 133	Total: 100

9. Assessment Methods

Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. In class participation	In class quiz	15%	1,2,3,4,5,6
A2. Assignments	Brief homework assignment preparing for the case	15%	1,2,3,4,5,6
A3. Mid-term examination	In-class examination on topics taught	30%	1,2,3,4,5,6
A4. Final Assessment	Case written submission	40%	1,2,3,4,5,6

Assessment Rubrics

A2. Assignments	
A+,A,A-	Demonstrate superior ability to fulfill learning outcomes and make strong contributions in class and group activities
B+,B,B-	Demonstrate strong ability to fulfil learning outcomes, apply the knowledge effectively and make solid contributions in class and group activities
C+,C,C-	Make adequate contributions in class and group activities, and demonstrate mastery of the subject, but show gaps in understanding, or inconsistent application of the learning outcomes to practical examples
D+,D	Demonstrate evidence of familiarity of the subject with effort to contribute in class or group activities
F	Demonstrate limited evidence of basic familiarity with the subject and limited effort to contribute in class or group activities
A3. Mid-term examination	
A+,A,A-	Demonstrate superior ability to fulfill learning outcomes and make strong contributions in class and group activities
B+,B,B-	Demonstrate strong ability to fulfil learning outcomes, apply the knowledge effectively and make solid contributions in class and group activities
C+,C,C-	Make adequate contributions in class and group activities, and demonstrate mastery of the subject, but show gaps in understanding, or inconsistent application of the learning outcomes to practical examples
D+,D	Demonstrate evidence of familiarity of the subject with effort to contribute in class or group activities
F	Demonstrate limited evidence of basic familiarity with the subject and limited effort to contribute in class or group activities

Assessment Rubrics

A4. Final Assessment	
A+,A,A-	Demonstrate superior ability to fulfill learning outcomes and make strong contributions in class and group activities
B+,B,B-	Demonstrate strong ability to fulfil learning outcomes, apply the knowledge effectively and make solid contributions in class and group activities
C+,C,C-	Make adequate contributions in class and group activities, and demonstrate mastery of the subject, but show gaps in understanding, or inconsistent application of the learning outcomes to practical examples
D+,D	Demonstrate evidence of familiarity of the subject with effort to contribute in class or group activities
F	Demonstrate limited evidence of basic familiarity with the subject and limited effort to contribute in class or group activities

10. Course Grade Descriptors

A+,A,A-	Demonstrate superior ability to fulfill learning outcomes and make strong contributions in class and group activities
B+,B,B-	Demonstrate strong ability to fulfil learning outcomes, apply the knowledge effectively and make solid contributions in class and group activities
C+,C,C-	Make adequate contributions in class and group activities, and demonstrate mastery of the subject, but show gaps in understanding, or inconsistent application of the learning outcomes to practical examples
D+,D	Demonstrate evidence of familiarity of the subject with effort to contribute in class or group activities
F	Demonstrate limited evidence of basic familiarity with the subject and limited effort to contribute in class or group activities

11. Course Content and Tentative Teaching Schedule

Topic/ Session	Content
1	VC / PE – types and the relevant focuses of various types of VC & PE and potential mechanisms of exits
2	VC / PE – stages, due diligence, project evaluation and exit strategies.
3	VC / PE – the eco-system including the fund manager/the General Partner (“GPs”), investors (GPs and LPs), the investments/portfolio, the associations, regulators
4	VC/PE – deal structure, domicile (Limited Partners Fund scheme in HK, Cayman, etc) and benefits of various setups
5	Case studies – global and local private equity funds; co-inv deals, single SPVs, and IPOs
6	Investor relations – how to build up asset-under-management (AUM) by sourcing new prospective investors and cross-selling existing /old investors (Limited Partners)
7	Role of PE in each investment portfolio. How to evaluate PE funds relevant to various investors’ needs; study the performance of various VC / PE fund and compared to the public market and other strategies.
8	Mid-term exam

11. Course Content and Tentative Teaching Schedule

9	Business case / project – build your own VC / PE fund
10	Major trends and future of PE: new sectors (i.e. metaverse), and future potential developments
11	Alternative strategies: Private credits / lending, infrastructure, real estates, and metaverse.

12. Required/Recommended Readings & Online Materials

Reading	<ol style="list-style-type: none">1. Andonov, Aleksandar, and Joshua D. Rauh, 2020, The Return Expectations of Institutional Investors. Stanford University Graduate School of Business Research Paper No. 18-5.2. Clayton, William W, 2020, The Private Equity Negotiation Myth., Yale Journal on Regulation 37, 67– 115.3. Ivashina, Victoria, and Joshua Lerner, 2019, Patient Capital: The Challenges and Promises of LongTerm Investing. Ed. Princeton University Press.4. Lerner, Hardymon, Leamon, 2015, Venture Capital and Private Equity: A Casebook, John Wiley & Sons, Inc.5. Hong Kong Venture Capital Association (the “Resources” session on the web site): https://www.hkvca.com.hk/en/Annual-Report.aspx
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13. Means / Processes for Student feedback on Course

✓	Conducting mid-term survey in additional to SETL around the end of the semester
	Online response via Moodle site
	Others

14. Course Policy

Academic Honesty

Plagiarism (<http://aao.hku.hk/sy3/plan-of-study/exa-and-ass/>)

“Plagiarism is defined as the unacknowledged use, as one’s own, of work of another person, whether or not such work has been published. It is a very serious academic offence and the University does not allow or tolerate plagiarism. Any student who commits plagiarism is liable to disciplinary action which can result in serious consequences – including expulsion from the University.

You are strongly advised to read the booklets “What is Plagiarism” and “Plagiarism and How to Avoid It” and to consult your teachers if you have any questions about how to avoid plagiarism.”

Cheating

Cheating is another very serious academic offence. Any student who commits cheating on homework assignments or midterm or final examination will receive a grade “F” for the whole course. In addition, the case will be reported to the relevant Board of Examiners and/or the Senate of the University for further actions.

To maximize learning experience, students are strongly recommended to attend all the lectures, submit the homework assignments on time and participate actively in class and tutorials. The work load of this course is quite heavy and students are expected to spend at least 133 contact/study hours as described above.

Class Conduct

The guiding principle governing class conduct is mutual respect. All mobile phones must be switched off or on silent mode. No eating or drinking is allowed. Students should not disturb others in class.

15. Additional Course Information

Penalty for Late Submission of Assignments and Term Project

Any late submission of homework assignments / project will be subject to a 50% penalty deduction of the respective total marks per calendar day after 11:59 pm of the due date, unless prior written permission is obtained from the Instructor under special circumstances, e.g. medical leave.