

## **Fireside chat – Global Venture Capital Outlook**

The Fireside Chat on Global Venture Capital Outlook was hosted by Mr Chris Shen, Founder and Managing Partner, Project M, who introduced the three panelists, Mr Ehud Moshe Levy, General Partner, Canaan Partners Israel, Venture Partner, Lenovo Capital, Mr Eric Woo, Head of Institutional Capital, AngelList, and Ms Mei Ni Yang, Head of Asia Private Equity, Mercer.

Mr Chris Shen started by asking what the biggest trend is for 2020 and beyond and Mr Ehud Moshe Levy replied “2019 was a year when we saw a major shift globally from consumer to enterprise. The last 10 years, consumer technologies have been about 75 per cent of total venture investment. This year is the first year enterprise surpasses consumers.” Mr Levy noted that in recent years, we have seen a huge influx of consumer behaviour and now these technologies will be coming into enterprise.

He explained that \$1.5 trillion have been invested in tech companies and so this year we are likely to see a little drop. Basically, the slowdown in China has been offset by the rise in Latin America and Israel.

In terms of tech and sectors, Mr Levy predicts the continued rise of AI. He pointed out that AI is a general term and believes that sustainable AI will be a strong trend. Other industries that will profit are digital health, connected care, sensors and textile computing. Last year, fintech was a big trend. Using AI for hyper-automation and 5G will benefit more and more applications.

Ms Mei Ni Yang noted that her company tries to avoid the middle to late stages of trends, because “you are taking a higher tech risk then.” On the liquidity front, she has seen a surge of huge VC-backed IPOs. This positive momentum of returns has led to strong distribution of LPs and this trend has also gone on to encourage the participation of non-traditional VCs. “All the trends we are seeing have created a compelling backdrop for continuous large deal-making,” she said, concluding that we will see more mega-deals this year.

Mr Eric Woo believes “the rotation of capital has created a completely brand new dynamic. As a result, as this new mainstream capital enters, investors are looking to spend billions of dollars in an asset class,” so his company is looking to create automation. It has a data set that says its better to index everything because you’re trying to capture the outliers. He feels this is interesting because it does not exist in other asset classes.

Mr Shen then asked what the panel thought about Hong Kong going forward and Mr Levy responded "I have a number of Mainland China investors and family offices from Hong Kong. Everyone has a Hong Kong entity that is registered with my fund, so Hong Kong is the key to access the Mainland." He believes the Stock Exchange in Hong Kong will become more and more popular. The strategy will be to open it to more international companies. Mr Levy believes this means more IPOs will come on the Hong Kong side.

Ms Mei Ni Yang said "There is no doubt that Hong Kong will remain a financial hub and a gateway to investment in China." She feels that the Hong Kong Exchange is an important listing venue for Chinese tech companies and referred to Alibaba's secondary listing late last year. In terms of IPOs, she believes there are compelling reasons for more top brand names to consider Hong Kong in the future.

Mr Eric Woo said that the universal truth for promoting entrepreneurial endeavours is global reach. As the world is becoming more aware, people will look closer to home and capital will flow domestically before it flows out. In his opinion, angel investors and early VC need to connect, so Hong Kong must play a role in these geographies.