

Annum Capital Whitepaper

Early Bird

A Practical Guide for Asian
Family Offices Investing
in Technology Through
Private Markets

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FOREWORD



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TECHNOLOGY & CAPITAL

We live in an era defined by technology innovation happening on a global scale. It is reshaping economies, industries, markets and the society as a whole at an unprecedented pace.

Capital plays a critical role in funding and scaling that innovation. In the process, it provides investors with access to breakthrough companies and technologies with the potential to define the next phase of global growth.

EARLY BIRDS

However, as tech companies remain private for longer, a greater share of value creation now occurs before public market listing.

For sophisticated investors such as family offices, the challenge is not identifying today's established technology leaders. It is about identifying and backing the "game changing" companies of tomorrow.

In short, investors have to be true "early birds" – taking a long-term view and maintaining a global perspective on opportunities.

WHAT IT TAKES

Investors must have patience, conviction in the themes driving future innovation, and a disciplined approach to investing through the cycle.

Critically, strong relationships with top-tier managers are needed to help investors tap into the world's leading innovation ecosystems.

As an example, Schroders Capital was an early backer of many of the most recognisable venture success stories, such as Google, Facebook or Tesla – as well as ones currently on the "IPO radar" such as SpaceX, Revolut, ByteDance, RedNote (Xiaohongshu), OpenAI and Anthropic.

PARTNERSHIP IN TECH INVESTING

This report comes at a timely moment. Rapid advances across artificial intelligence, software, infrastructure, healthcare and deep technology are creating a compelling backdrop for private market investing.

Leading global managers like Schroders Capital, working alongside client advisors such as Annum Capital, are delighted to partner with Asian family offices and investors, to help them re-imagine the world a decade from now and discover the companies and innovations that will define the next era of technological advancement.

Enjoy the read!

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EXECUTIVE SUMMARY

Technology investing has entered a new phase.

Many of the world's most important companies are staying private for longer, raising capital from selected investors, and creating substantial value before public markets have access.

For Asian family offices, this creates both opportunity and challenge. Private market exposure can provide access to category-defining companies before they become widely available.

But in private markets, money alone is not enough.

Investors must compete for allocation, understand complex structures, underwrite limited information, manage fee layers, and plan for liquidity before investing.

This research report maps the major investable technology themes, explains the main access routes, highlights the silent competition for allocation, and offers a practical framework for diligence and exit planning.

The central message is simple: the best private market investors do not merely chase access. They build the capability to evaluate, enter, manage, and exit opportunities intelligently.



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MAPPING VALUE ACCRUAL ACROSS THE PRIVATE AI STACK

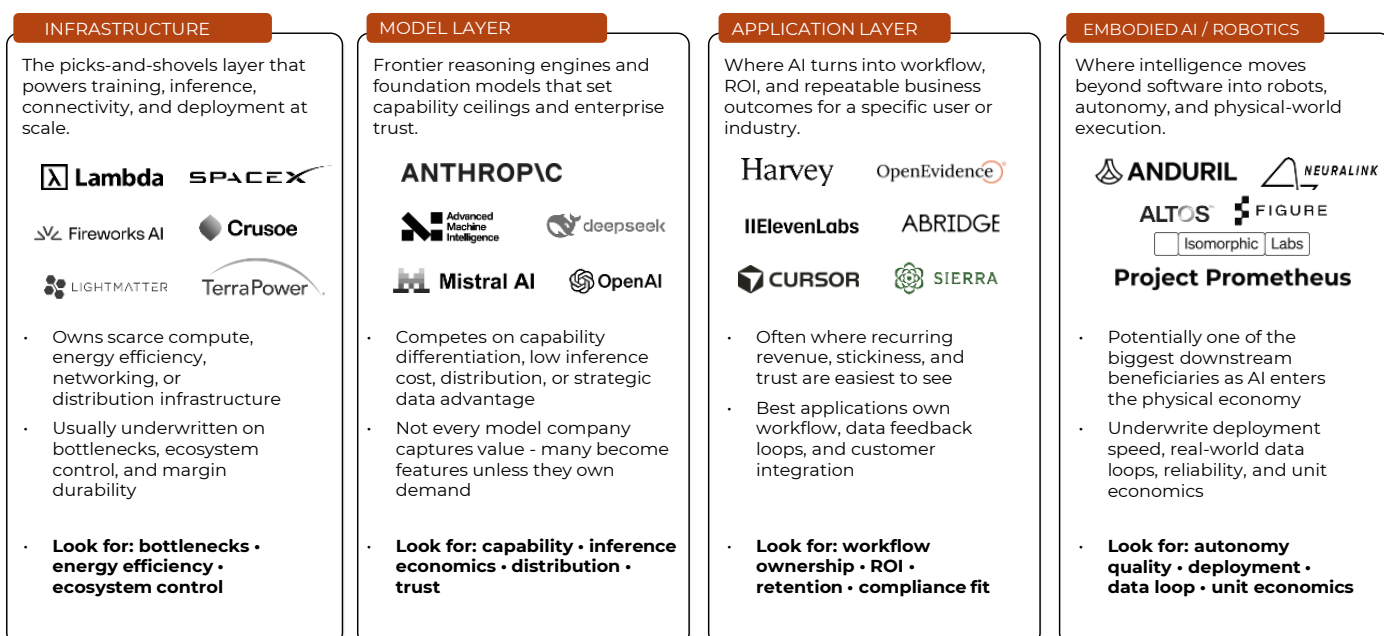




FOR ASIAN FAMILY OFFICES, capturing true technology "alpha" means moving away from public stock volatility. Instead, the key is understanding how value is distributed across the private AI market, using targeted tools like secondary markets, Special Purpose Vehicles (SPVs), and direct co-investments to secure high-conviction opportunities.

To invest wisely, you must understand

THE FOUR DISTINCT LAYERS OF THE AI STACK



1 INFRASTRUCTURE - AI FACTORIES, COMPUTE, AND POWER

The Value Accrual Thesis: Value at this layer accrues to the physical and digital foundations required to scale, power, and connect the next generation of intelligence. As traditional hyperscaler access tightens, institutional capital is flowing to alternative compute providers, specialized networking hardware, and the massive energy architecture required to sustain AI data centers.

Institutional Private Market Examples:

- Compute and Cloud Deployment: Lambda, Crusoe, and Nscale (specialized AI cloud and alternative compute infrastructure).

- Hardware Innovation and Networking: Fireworks AI (inference optimization), Lightmatter (photonic computing), and d-Matrix (low-power inference chips).
- Connectivity and Scale: SpaceX (critical orbital connectivity and secure network infrastructure).
- Power Generation: TerraPower (next-generation nuclear energy to sustain AI factory power demands).
- Public Comparables (For Benchmarking Only): Nvidia, TSMC, ASML, CoreWeave, Cerebras.

② MODEL LAYER - REASONING, AND WORLD MODELS

The Value Accrual Thesis: The foundation layer remains a high-stake, capital-intensive arena where value concentrates around frontier capabilities, advanced reasoning, multimodal outputs, and spatial intelligence. The focus here has shifted from basic text generation to building complex "world models" capable of understanding physical dynamics and context.

Institutional Private Market Examples:

- Frontier and Foundation Models: OpenAI, Anthropic, and Mistral (leading the global race in foundational intelligence).
- Spatial Intelligence and Reasoning: World Labs (spatial intelligence and 3D world models) and AMI Labs.

③ APPLICATION AND VERTICAL AI

The Value Accrual Thesis: We have entered an execution phase where measurable enterprise ROI drives the bottom line. Value here accrues to highly defensible, vertical specific software stacks that integrate deeply into professional workflows, utilizing proprietary data loops that cannot be easily replicated by generic foundation models.

Institutional Private Market Examples:

- Professional Services: Harvey (generative AI for legal enterprises) and OpenEvidence (AI for medicine and clinical decision-making).
- Enterprise Voice and Interaction: ElevenLabs (advanced audio/voice synthesis) and Sierra (conversational AI for customer experience).
- Healthcare and Coding Efficiency: Abridge (medical documentation automation) and Cursor / Anysphere (AI-powered software development).

④ AI SCIENCE, BIOLOGY, AND HUMAN AUGMENTATION

The Value Accrual Thesis: The convergence of AI and biology represents a massive shift from probabilistic text to deterministic science. Value is forming rapidly where machine learning shortens the drug discovery lifecycle, decodes neural pathways, and establishes "Longevity" and neurotechnology as high-conviction, venture-backed asset classes.

Institutional Private Market Examples:

- AI Drug Discovery and Biology: Isomorphic Labs (AI-driven digital biology and therapeutic design).
- Physical AI and Embodied Intelligence: Project Prometheus (advanced physical/embodied AI systems).
- Neurotechnology and Human Augmentation: Neuralink (brain-computer interfaces) and Altos Labs (cellular rejuvenation and longevity).
- Public Comparables (For Benchmarking Only): Recursion Pharmaceuticals. **PAGE 7**

Chapter 2

THE SHIFT IN VALUE CREATION – WHY THE BEST COMPANIES STAY PRIVATE LONGER



THE TRADITIONAL INVESTMENT LIFECYCLE HAS FUNDAMENTALLY SHIFTED

An IPO was once the primary gateway for investors to capture a company’s high-growth phase.

Today, for many category-defining companies, the IPO has been reframed: it is no longer the starting point of growth investing, but a late-stage liquidity event occurring after years of private market value creation.

For modern family offices, understanding the structural reasons behind this delay is critical.

By the time a company lists on public exchanges, the steepest part of its growth curve has often already compounded behind closed doors.

THE DEATH OF THE GROWTH GATEWAY: THE IPO AS A LIQUIDITY EVENT

For decades, the standard playbook for a successful technology company was to scale to a modest size and IPO to raise the capital required for true mass-market expansion.

Today, category-defining companies are reaching massive scale, global ubiquity, and multi-billion-dollar valuations entirely within the private ecosystem.

When these entities finally do reach public markets, the dynamics have inverted.

Founders, early employees, and late-stage venture funds are often seeking an exit rather than expansion capital.

Consequently, public investors frequently act as the source of ultimate liquidity for these earlier stakeholders, buying in after the majority of the compounding has already occurred.

Traditional Lifecycle: Startup → Early Private Growth → IPO (Massive Public Growth and Value Creation)

Modern Lifecycle: Startup → Deep Private Growth and Value Compounding (90%+ Captured) → IPO (Liquidity Event)

WHY THE BEST COMPANIES STAY PRIVATE LONGER

The decision to delay a public listing is not arbitrary; it is driven by a fundamental shift in the global financial architecture.

The best companies are staying private longer due to four interconnected pillars:

- **Deep Private Capital Ecosystem:** The primary historical reason to go public, access to massive pools of capital, has been solved privately. The rise of mega-growth funds, sovereign wealth funds (SWFs), and large family offices means

THE STRUCTURAL SHIFT: CAPITAL ACCESS AND SECONDARY LIQUIDITY

MARKET METRIC	THE HISTORICAL NORM	THE MODERN REALITY
Primary Funding Source	Public Equity Markets	Growth Equity, SWFs, and Mega Family Offices
Secondary Market Volume	Minimal / Fragmented	~\$200B+ Annual Liquidity Ecosystem
Time to IPO	4–6 Years from Inception	10–14+ Years from Inception
Value Captured Privately	Minor (Early growth was public)	Supermajority (90%+ of growth is private)

that multi-billion-dollar private rounds are now commonplace. Companies can fund intensive R&D and global scaling without ever needing the public markets.

- **Mature Secondary Markets:** Historically, pressure from employees with stock options and early investors forced companies toward an IPO. Today, robust secondary markets allow insiders to cash out and monetize their shares every 12 to 24 months, effectively relieving the pressure for a formal public listing.
- **Retaining Founder Control:** Public markets often demand predictable quarterly earnings and can introduce activist shareholders. By remaining private, founders retain tight voting control and the operational freedom to execute long-term, high-risk visions without the fear of public market reprisal.
- **Avoiding Short-Term Public Pressure and Disclosure:** Public listings require intense regulatory scrutiny, continuous financial disclosures, and vulnerability to market volatility. For companies building highly sensitive, strategic technologies, keeping financials and intellectual property shielded from competitors and short-term public scrutiny is a distinct competitive advantage.

MODERN CASE STUDIES: VALUE CREATION BEHIND CLOSED DOORS

To understand this paradigm shift, we must look past older generations of tech giants and analyze the companies defining the current private market landscape.

THE DEEP-TECH AND FRONTIER MOAT:

This desire to control the shareholder base and protect sensitive strategic information is especially pronounced in AI, defense, biotech, and frontier technology. In these sectors, long-term R&D cycles do not align with quarterly public earnings calls, and keeping strategic roadmaps private is essential for national security and IP protection.

❖ Frontier AI and Deep Tech

Insilico Medicine

As a pioneer in generative AI for clinical drug discovery, Insilico Medicine operates on a fundamentally different timeline than traditional tech companies. Rather than funding immediate server compute for consumer software, it requires massive, sustained capital to bridge the gap between digital AI predictions and years of physical, binary FDA clinical trials. Because public markets routinely punish pre-revenue biotech firms for minor clinical delays, Insilico's reliance on deep-pocketed private investors allows it to shelter its long-term R&D from quarterly earnings pressures, proving that high-risk, AI-driven scientific breakthroughs can be incubated entirely outside the public eye.

PsiQuantum

Chasing the holy grail of fault-tolerant quantum computing, PsiQuantum represents a commercial paradigm that is still years away from monetization. Building

utility-scale quantum computers requires billions of dollars in capital expenditure to hijack existing semiconductor manufacturing lines, all without the safety net of short-term commercial revenues. While a public company could never justify a decade-long runway with zero product sales to public shareholders, PsiQuantum has successfully leveraged sovereign wealth and specialized deep-tech venture capital, demonstrating that hardware revolutions can be funded privately from the ground up.

❖ *Cross-Border and Private Scale*

Shein

For modern global supply chains, Shein is a masterclass in geopolitical and regulatory arbitrage. By weaponizing hyper-flexible manufacturing and cross-border trade loopholes (such as the de minimis customs exemption), it has achieved staggering global e-commerce dominance entirely within the private domain. Facing intense scrutiny over labor practices, environmental impact, and intellectual property, Shein uses private capital to absorb operational volatility and subsidize shipping costs. In doing so, it avoids the transparent, stringent ESG disclosures that would derail a traditional public listing.

Epic Games

Epic Games exemplifies how massive scale can be weaponized for ideological industry warfare when shielded from public markets. As the highly profitable creator of Fortnite and the Unreal Engine, Epic does not just operate within the tech ecosystem — it actively sues the gatekeepers (like Apple and Google) to dismantle their app store monopolies. Because CEO Tim Sweeney maintains majority voting control through private backing from strategic partners like Tencent and Sony, Epic can absorb costly legal battles and retaliatory platform bans. A publicly-listed Epic Games would have long succumbed to shareholder pressure to settle and protect quarterly dividends; staying private enables them to play a long-term, combative game.

KEY TAKEAWAY:

By the time a technology company becomes a household name on the NYSE or Nasdaq, its most lucrative wealth-creation phase has likely passed. For the modern family office seeking true alpha, the private market is no longer an 'alternative' asset class, it is the primary theater for growth.

Chapter 3

SIX WAYS TO ACCESS A PRIVATE TECHNOLOGY COMPANY



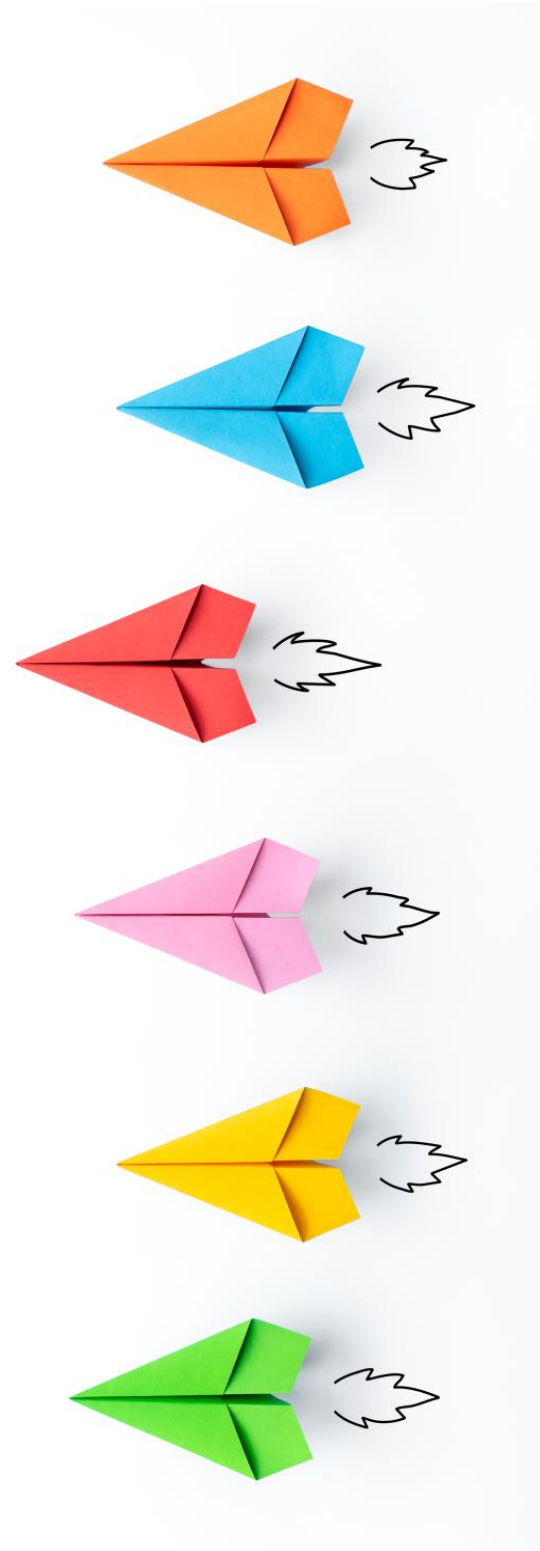
BEYOND FINANCIAL RETURNS: THE INVESTMENT CASE OF FAMILY OFFICES

For sophisticated family offices, early participation in selected private markets yields benefits that extend far beyond pure financial alpha:

- **Information Advantages and Emerging Signals:** Direct access to late-stage private companies and top-tier VCs provides early, uncorrupted signals on emerging technology trends (e.g., Vertical AI, sovereign defense tech, or advanced robotics) long before they are digested by public market analysts.
- **Institutional Pattern Recognition:** Witnessing the 'pre-IPO' operational hurdles, scaling pains, and regulatory challenges of a company like Databricks or Stripe provides invaluable pattern recognition when evaluating earlier-stage investments.
- **Generational Access and Pro-Rata Rights:** Success and partnership in early-stage private rounds frequently secure 'pro-rata' rights and preferred access, ensuring the family office is automatically positioned at the front of the queue for the next generation of high-growth deals.

ALL ROADS LEAD TO ROME

For an Asian family office, the "how" of investing is often as critical as the "why" and "what." Accessing elite private technology companies requires navigating a spectrum of entry points, each with distinct trade-offs in terms of cost, control, and complexity.



THE ACCESS MAP: COMPARISON OF ENTRY METHODS

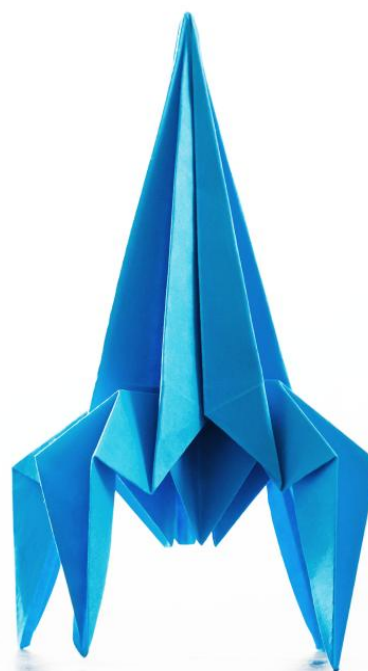
ENTRY METHOD	ACCESS DIFFICULTY	MIN. TICKET	DD VISIBILITY	FEE / LAYERS	LIQUIDITY	SUITABILITY
1. Direct Primary	Extreme: Requires top-tier network and brand.	High: Typically \$10M–\$50M+.	Full: Direct access to data room and management.	None: No management fees or carry.	Very Low: Locked until IPO or M&A.	Large, sophisticated family offices with dedicated VC teams.
2. Secondary Purchase	High: Requires specialized brokers and company approval.	Medium: \$5M–\$10M.	Low: Limited to public info and basic financials.	Low: Usually a one-time brokerage fee.	Low: Subject to Right of First Refusal (ROFR).	Excellent for building positions in "decacorns" when primary rounds are closed.
3. SPV / Feeder Fund	Moderate: Accessible via multi-family offices, wealth managers or platforms.	Low: \$500k–\$5M.	Moderate: Relies on the SPV manager's report.	Moderate to High.	Low: Tied to the specific asset's exit.	Ideal for smaller family offices or private investors testing a new sector with lower capital risk.
4. LP Interest (Existing)	Moderate: Found via secondary desks or GP intro.	Medium: \$1M–\$10M.	High: Access to full fund historical data.	Moderate to High.	Medium: Shorter remaining time to exit.	Good for family offices or private investors entering late in a fund's life to avoid the "J-Curve".
5. Continuation Fund	Moderate: Usually offered to existing LPs first.	Medium: Varies by fund size.	High: Asset is well-known to the GP.	High: Reset fees/carry for the new vehicle.	Low: Fresh 3–5 year lock-up.	For family offices that believe a specific "winner" has significant remaining upside.
6. Indirect Exposure	Easy: Purchase public shares of holding companies.	Very Low: Price of a single share.	Public: Standard regulatory filings only.	Varies.	High: Tradeable on public exchanges.	For family offices requiring maximum liquidity and committing minimal amounts while maintaining tech themes.

CASE STUDY:

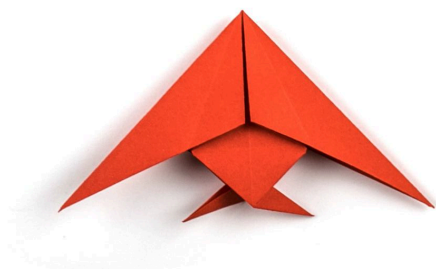
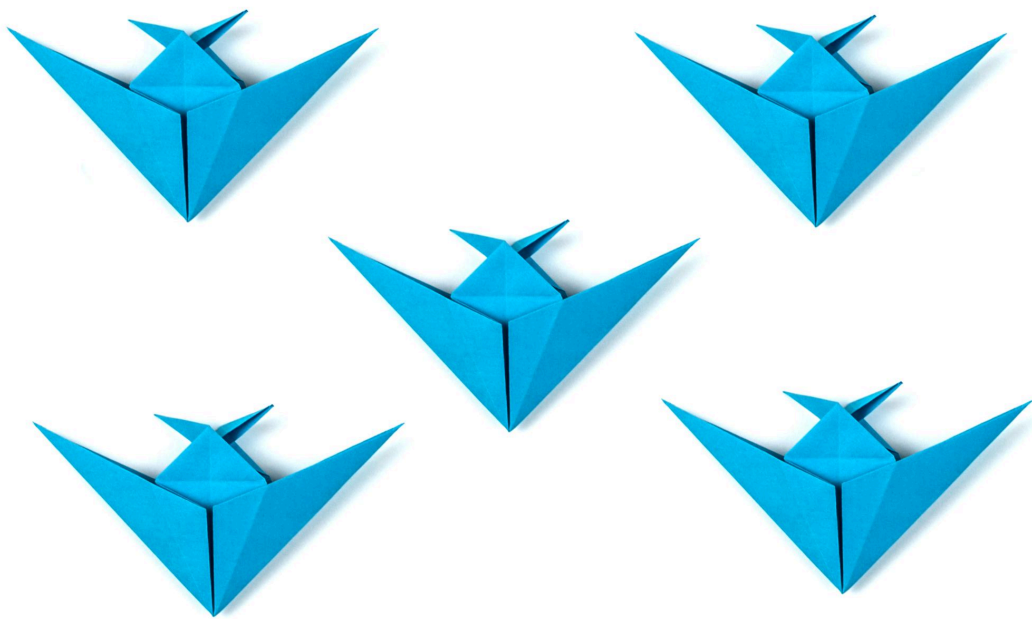
THE SPACEX "CAP TABLE" EVOLUTION

SpaceX serves as the ultimate example of how different investors utilized multiple paths to gain entry over two decades.

- Direct Primary: Early-stage VCs like Founders Fund and Draper Fisher Jurvetson (DFJ) entered via early direct rounds, securing significant board influence and low cost-basis.
- Secondaries: As the company reached "Centicorn" status (>\$100B), long-term employees and early angels sold portions of their equity to incoming family offices via private secondary desks.
- SPVs and Feeders: Numerous boutique firms created SpaceX-only SPVs, allowing smaller family offices to pool capital and meet the high minimums required for access.
- Continuation Funds: Some early VCs reached the end of their 10-year fund life but didn't want to sell their SpaceX stake; they moved the asset into continuation funds, allowing new LPs to buy in.
- Indirect Structures: Investors who could not access private rounds bought shares in Alphabet (Google) or Fidelity funds, which held multi-billion dollar private stakes in SpaceX.



WHY MONEY ALONE IS NOT ENOUGH: NAVIGATING ALLOCATION COMPETITION



ELITE PRIVATE MARKET DEALS ARE STRUCTURALLY SUPPLY-CONSTRAINED

In public markets, capital is a commodity.

It is largely anonymous, frictionless, and judged entirely by its volume and price.

In private markets, however, the power dynamic is inverted: the investor is also being underwritten.

Private market capital has an identity. A company, a founder, a General Partner (GP), or a Special Purpose Vehicle (SPV) sponsor cares deeply about who enters their capitalization table. They are not just evaluating a balance sheet; they are evaluating a partner.

Because elite private market deals are structurally supply-constrained, simply having the money to invest is no longer the barrier to entry. To secure access, investors must understand that they are entering an intense competition for allocation.

THE CORE PREMISE: PRIVATE MARKET CAPITAL HAS AN IDENTITY

High-quality companies do not optimize solely for price. They actively curate the quality of their shareholder base. This is especially true in highly sensitive, high-moat sectors such as Artificial Intelligence, defense, frontier biotechnology, and

national infrastructure. In these domains, the wrong name on a cap table can jeopardize future funding rounds, complicate government contracts, or invite crippling regulatory scrutiny.

Sellers and founders aren't just asking, "Is their money good?" They are asking:

- Can this investor close without friction?
- Will they maintain absolute confidentiality?
- Do they have a clean regulatory and political profile?
- Will they retrade the deal when economic winds shift?
- Do they add long-term institutional value, or are they just profit-seeking?

THE ALLOCATION HIERARCHY

When a high-quality round is over-subscribed, allocations are not handed out on a first-come, first-served basis. They flow down a strict, defensive hierarchy designed to protect the company's ecosystem. Unknown, passive capital sits at the absolute bottom of this waterfall.

To move up this hierarchy, an investor cannot rely on financial scale alone; they must prove they belong in the upper tiers of relevance and reliability.

PRIORITY TIER	INVESTOR TYPE / CATEGORY
1. Top Priority	Existing Shareholders (Pro-rata rights)
2. Institutional	Lead Institutional Investors and Top-Tier VCs
3. Strategic	Strategic Investors (Corporates, Industry Insiders)
4. Relationship	Known Family Offices (With proven sector track records) and Trusted Network Capital
5. Bottom Priority	Unknown Passive Capital

WHAT COMPANIES WANT IN PRIMARY ROUNDS

In primary funding rounds, where capital goes directly onto the company's balance sheet to fund growth, founders and management teams prioritize investors who can help de-risk the execution of their business plan. They look for:

- **Follow-on Capacity:** Companies favor investors who can support the business across multiple funding rounds, providing deep pocketed stability rather than a one-time cheque.
- **Strategic Support and Sector Credibility:** Capital that brings regional expansion expertise, customer introductions, or specialized domain credibility is heavily prioritized over passive money.
- **Clean Regulatory Profiles:** In an era of heightened geopolitical scrutiny (e.g., CFIUS regulations), a pristine and transparent compliance background is non-negotiable.
- **Long-Term Alignment:** Founders want "patient capital" that aligns with a 7~10-year growth horizon, rather than capital pressured by short-term fund lifecycle liquidations.

WHAT SELLERS WANT IN SECONDARY TRANSACTIONS

- The dynamics of secondary transactions (buying shares from existing employees, early angel investors, or departing funds) require a fundamentally different underwriting profile than primary rounds. Secondaries are less about operational value add and almost entirely about execution integrity. Sellers prioritize:

- **Velocity and Certainty of Closing:** Secondaries often occur against tight personal or corporate liquidity timelines. Speed is a premium asset.
- **Proof of Funds and Clean KYC:** Sellers require immediate, unambiguous evidence of liquidity and structured, regulatory-ready investment vehicles.
- **Zero Retrading:** The fastest way to be permanently blacklisted in secondary markets is to attempt to renegotiate deal terms or pricing late in the documentation process.
- **Absolute Confidentiality:** Secondary sales can disrupt company morale or signal false negatives to the wider market. Investors must operate with total discretion.

HOW FAMILY OFFICES CAN COMPETE AND WIN

- Family offices often lack the institutional brand equity of top-tier Venture Capital or Private Equity firms. However, they possess structural advantages that institutional funds cannot replicate. To win allocations against traditional funds, family offices must lean into these specific competitive levers:
- **Deploying Patient Capital:** Free from the rigid fund lifecycles of VCs, family offices can offer truly perpetual capital, aligning perfectly with long-term frontier tech horizons.
- **Agility and Fast Decision-Making:** Without the bureaucracy of multi-layered institutional investment committees, a family office can move from introduction to term sheet in a fraction of the time.

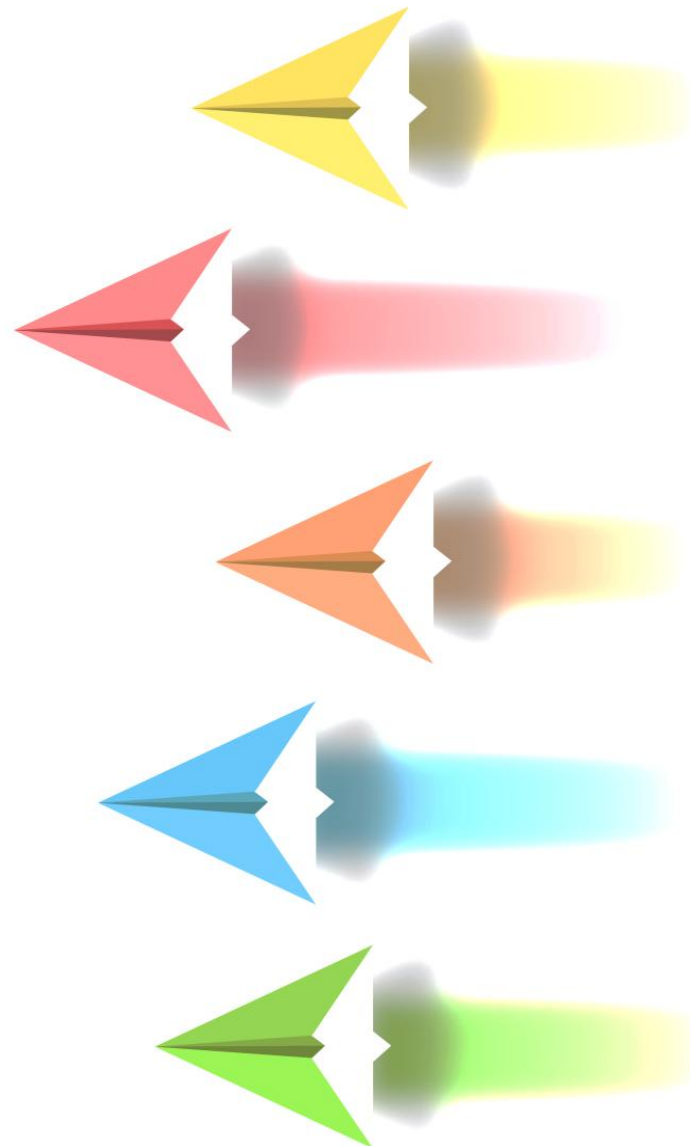
- Flexible Cheque Sizes: Family offices can comfortably fill awkward structural gaps, taking a smaller allocation in a primary round without demanding a board seat, or absorbing a highly specific carve-out in a secondary.
- Geographic and Regional Moats: For Western companies looking to expand into Asia, or vice versa, a family office with deep local regulatory relationships, distribution networks, and cultural infrastructure offers an invaluable beachhead.

THE LONG GAME: DEAL REPUTATION IS CUMULATIVE

Every single transaction a family office participates in functions as a marketing campaign for the next. In private markets, your past investment behavior directly dictates your future deal flow.

Behaving like a "tourist investor", leaking confidential details, dragging out legal documentation, or treating relationships transactionally, creates a reputational tax that impairs future access.

Conversely, establishing a track record of speed, discretion, and founder-alignment turns an unknown family office into a preferred partner. In the intense allocation competition, your reputation is your ultimate currency.





Chapter 5

UNDERWRITING WHEN INFORMATION IS LIMITED

PRIVATE MARKET DILIGENCE IS USUALLY DONE WITH INCOMPLETE INFORMATION

Investors may only receive public information, a broker deck, seller summary, limited cap table extract, or manager mark. The key is to build a reasonable investment view despite limited formal disclosure.

When assessing these opportunities, the investor is not only underwriting the company. They are also underwriting the seller, counterparty, structure, valuation, information gap, fee layers, transfer process, and exit path.

THE CORE PREMISE: BUILDING AN INVESTMENT MOSAIC ACROSS THE TECH STACK

When formal information rights are restricted, investors must look beyond traditional financial statements and construct a comprehensive mosaic using alternative data to validate a company's performance. Because different technology verticals generate vastly different digital footprints, investors should evaluate companies by looking at tailored, sector-specific data streams across the technology stack:

- **Infrastructure & Decentralized Networks (Web3 / Crypto)** For companies building on public ledgers or open-source infrastructure, data is highly transparent, real-time, and programmatically verifiable. Investors do not need a management deck to track underlying usage.
- **Enterprise Software & SaaS (B2B)** For cloud-based software and enterprise technology, value is driven by institutional adoption, land and expand dynamics, and industry reputation. Scaling this value relies heavily on the strategic allocation and capacity of account managers, whose relationship-building directly influences customer retention, upselling opportunities, and long-term contract renewals.
- **Consumer Tech & Digital Platforms (B2C)** For consumer-facing platforms, apps, and digital marketplaces, the primary indicators of health are user behavior, vitality, and digital engagement. Key metrics like the DAU/MAU ratio (Daily Active Users divided by Monthly Active Users) serve as a critical tracker for user retention and product stickiness, revealing how consistently a platform adds value to its audience's daily routines.
- **Deep Tech, Hardware & Regulated Industries** For capital-intensive sectors, such as defense tech, frontier AI, biotech, or hardware, where commercial traction may still be early, investors must underwrite technical defensibility and institutional alignment. In these domains, the volume and caliber of peer-reviewed papers published by the founding team serve as a critical proxy for technical validation, allowing investors to benchmark the company's proprietary IP against global academic and scientific standards.

SELLER DILIGENCE AND STRUCTURING

A famous company name does not automatically make a good investment. Thorough seller diligence is critical to ensure the asset can actually be acquired and transferred legally.

Investors must map the ownership chain and answer the following operational questions:

- Who legally owns the asset?
- Why is the seller exiting?
- Can they legally transfer the asset, or is company consent required?
- Does a Right of First Refusal (ROFR) apply?
- What happens if the transfer is ultimately rejected? etc.

Anthropic recently warned: unapproved transfers of its stock, or interests in its stock, are void and will not be recognized on its books. This is a perfect example of why investors must verify transfer approval, not just chase a hot AI name.

VALUATION DISCIPLINE AND SHARE ARCHITECTURE

Valuation discipline is essential in private markets. The guiding principle should always be: valuation is the headline; **PPS (Price Per Share) is the trade**. Investors must focus heavily on the exact price per share, share class, and share-count basis.

To accurately clarify dilution and the underlying valuation basis, investors must verify:

- Whether the share count is basic, diluted, or fully diluted.
- Whether options, RSUs, warrants, SAFEs, convertibles, and preferred conversions are included in the calculation.
- Whether the deal is priced on a pre-money or post-money basis.

CORE QUESTION FRAMEWORK:

Before committing capital, an investor must be able to clearly answer: What am I buying, at what PPS, through what structure, from which seller, with what transfer approval, what fees, what rights, and what realistic exit path?

Chapter 6

GETTING IN IS ONLY HALF THE TRADE



IN PRIVATE MARKETS, SECURING ACCESS TO A DEAL IS ONLY THE FIRST STEP

The architecture of the vehicle you use will ultimately dictate your net returns and control over liquidity.

Many investors focus heavily on getting into a hot company while ignoring the administrative layers, fees, and legal constraints wrapped around their investment. To maximize returns, an investor must underwrite the vehicle structure as rigorously as the underlying company.

STRUCTURE OPTIMIZATION AND MANAGER DILIGENCE

The design of an investment vehicle directly impacts transparency and asset visibility. Investors must scrutinize the layers between their capital and the company's cap table.

When evaluating investment vehicles, look for the following characteristics:

- **The Ideal Setup:** The best-case scenario is direct ownership or a clean, single-layer structure.
- **Structures to Avoid:** Avoid unnecessary feeder chains, random Special Purpose Vehicles (SPVs), and complex multi-layer structures where the investor cannot clearly see the underlying asset.
- **Manager Credentials:** If an SPV is necessary, it must be professionally managed. The manager should be reputable, preferably licensed or properly regulated, with a clear track record.
- **Operational Setup:** Ensure the manager has clean reporting, proper custody/admin arrangements, and proven experience handling exits.

MANAGING FEE DRAG AND EXIT CONTROL

Heavy layer costs can quickly erode the performance of an otherwise strong company, while restrictive governing documents can strip an investor of their autonomy during a liquidity event.

Investors should evaluate these economic and structural factors:

- **Fee Drag Minimization:** Fee drag matters significantly; no carry or low carry structures are highly preferred.
- **Identifying Hidden Costs:** Watch out for hidden economics that turn a good company into a weak net return investment.
- **Exit Authority:** Understand exactly who controls the exit. In many SPVs, feeders, and funds, the General Partner (GP) or manager decides when to sell.
- **Distribution Discretion:** The manager typically controls whether to distribute cash or shares and determines whether investors are permitted to exit before a formal liquidity event occurs.

TACTICAL TOOL: LEVERAGING SIDE LETTERS

Use side letters where possible to lock in specific investor protections. Key clauses to request from a manager include:

- **Distribution in-kind rights** after an Initial Public Offering (IPO).
- **No forced redemption** before a major liquidity event occurs.
- **Protection against a forced sale** at an unattractive or depressed time.
- **Clear, recurring reporting obligations.**

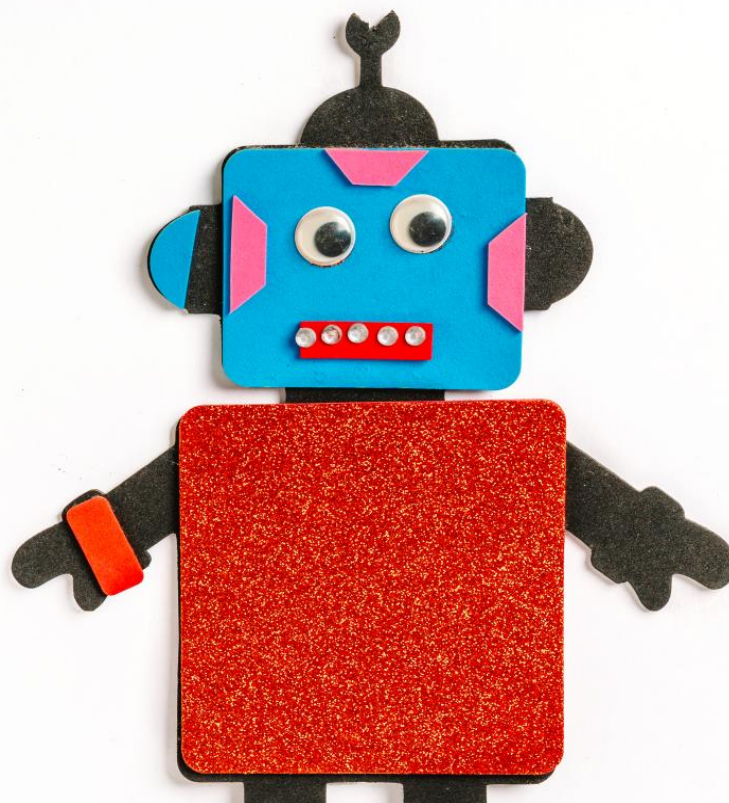
POST-IPO LIQUIDITY AND TAX FRICTION

An IPO is a major milestone, but it does not represent immediate liquidity for investors trapped in rigid structures or strict lock-up periods. Lock-up agreements vary, but most prevent insiders from selling for around 180 days. Investors must know whether the underlying shares, SPV, or manager are bound by these lock-up restrictions.

Investors should ask for tax implications upfront, and completely understand withholding tax, capital gains tax, offshore vehicle tax, estate/trust implications, FX conversion, custody setup, and whether distributions will be executed in cash or listed shares.

CORE QUESTION FRAMEWORK:

Before signing subscription documents, every investor must answer this central question: Can my structure actually participate in liquidity when it arrives, and do I have any control over timing, sale method, or distribution?



WHAT CAN GO WRONG AND HOW TO STAY INVESTABLE



ACCESS ON ANY TERMS

In private markets, a great company does not always mean a great deal. The exact same company can be highly attractive at one PPS and entirely unattractive at another.

Valuation discipline matters most exactly when the sector is hot. AI is attractive, but investors should not chase famous names at any Price Per Share (PPS). Sometimes the right decision is to wait rather than pay the peak scarcity premium.

RUSHED DUE DILIGENCE

Hot private deals often come with incredibly limited time horizons. When artificial urgency takes over, investors frequently cut corners and skip critical foundational checks.

To protect capital in high-demand environments, investors must systematically resist the temptation to bypass due diligence and proactively audit for these common blind spots:

- **Skipped Operational Checks:** Rushing causes investors to overlook critical seller checks, thorough legal reviews, and deep analysis of the underlying valuation basis.
- **Structural Pitfalls:** Compressed timelines lead to a failure to review transfer restrictions, fee structures, and reference checks.
- **Scams:** Fraudulent schemes increase dramatically around hot industry names. When market demand peaks, bad actors actively deploy fake allocations, unauthorized SPVs, forged documents, and deceptive "pre-IPO access" schemes.

MANAGER REPUTATION AND JURISDICTIONAL RISK

Before committing capital, an investor must thoroughly vet the intermediaries facilitating the trade. Furthermore, modern technology investing requires navigating a complex web of national security and regulatory frameworks that dictate who can legally own an asset.

Investors must actively investigate and answer critical background questions before deploying funds:

- **Sponsor & Broker Verification:** Conduct deep reference checks on the sponsor, broker, or SPV manager.
- **Track Record & Complaints:** Formally ask about their past deals, history of exits, reporting quality, licensing status, and any past investor complaints.
- **Counterparty Legitimacy:** Confirm whether credible, institutional counterparties actually know them and can validate their reputation.
- **Identity and Source of Funds:** Recognize that an investor's nationality, source of funds, and ultimate beneficial ownership can deeply matter. In sensitive sectors like AI, semiconductors, defense, space, data infrastructure, and biotech, these factors directly affect whether you are legally permitted to enter, hold, or exit the investment.

BEWARE OF THE SOVEREIGN HAND

Some examples:

- The Committee on Foreign Investment in the United States (CFIUS) has the authority to review certain foreign investments in US businesses specifically for national-security concerns.

- Effective January 2, 2025, strict U.S. Department of the Treasury rules target specific investments involving countries of concern within highly sensitive domains like semiconductors, quantum technologies, and AI.
- On April 27, 2026, China's National Development and Reform Commission (NDRC) ordered the unwinding of Meta's US\$2 billion acquisition of AI startup Manus on national security grounds. The world is closely watching how institutional investors who have already cashed out would be impacted.

THE INVESTOR FRAMEWORK FOR LONGEVITY

To be sustainable in the private markets over the long term, investors must shift their mindset away from pure deal discovery and focus heavily on structural execution.

To move from a speculative participant to an institutional-grade investor, family offices must ensure every trade meets these core requirements:

- Entry through the right, optimized legal structure.
- Strict adherence to a disciplined, mathematically sound PPS.
- Fully verified and legally binding transfer rights.
- Explicitly mapped, realistic liquidity and exit expectations.
- A market reputation strong enough to ensure high-quality deal flow continues to find you.

CORE MESSAGE:

Private market investing is not just about finding the right company. It is about entering through the right structure, at the right PPS, with verified transfer rights, realistic liquidity expectations, and a reputation strong enough to keep seeing good deals.

Chapter 8

THE HONG KONG ADVANTAGE



HONG KONG'S ADVANTAGE IS NOT SIMPLY THAT IT IS A FINANCIAL CENTER

For Asian family offices investing into private technology companies, its real value lies in information flow, structuring experience, and network density found in this city.

When a family office looks at a US AI primary, a ByteDance-related LP interest, a Cayman feeder that co-invests with a global GP, a single-asset SPV transacting with a VC fund, etc., the investor needs to understand the seller, valuation metrics, transfer rights, fee layers, tax implications, custody, reporting, and exit control. These tasks are heavily supported by institutional infrastructure in Hong Kong.

GOVERNMENTAL SUPPORT

The government's investment promotion arm InvestHK has been actively promoting the city as a premier hub for family offices and the incubator for the next generation of tech startups. The convergence of organized, patient private capital and ambitious, high-growth tech firms makes for a vibrant private market in tech investing.

Meanwhile, the Hong Kong Limited Partnership Fund (HKLPF) has emerged as a new, cost-efficient fund format for bridging capital and tech companies, rivalling more traditional vehicles domiciled in Cayman, BVI, and Singapore. There were anecdotes that HKLPF was preferred by AI companies in China when doing primary fund-raising internationally.

ECO-SYSTEM OF PROVIDERS

Hong Kong brings critical market participants into one ecosystem: rich families, banks, GPs, lawyers, trustees, fund administrators, brokers, licensed managers, and cross-border facilities. This concentrated network density enhances how private deals are evaluated and executed.

In particular, **multi-family offices (MFOs)** in Hong Kong play an interesting role in the deal process.

- MFOs usually hold SFC licenses and manage in-house fund vehicles, which make them trusted institutional-grade counterparties for tech companies and sellers.
- MFOs tend to have investment and due diligence teams, able to handle a large quantity of information and analytics against a tight timeline.
- Large MFOs have a strong network of custodians, lawyers, and advisors and can play the project coordination role for a sizable deal.
- MFOs of course retain the discretion and intimacy of a family advisor, explaining a deal to family decision makers and advising caution when needed.
- Also, MFOs are collaborative animals, exchanging market insights, warning against bad actors, pooling funding to syndicate a deal, and sometimes serve as local reference checks for an investor.

EQUAL EASE

Geographically and operationally, Hong Kong sits uniquely between two distinct global opportunity sets:

- Global Private Tech names such as Anthropic, SpaceX, and OpenAI
- China/Asia Technology names like ByteDance, DeepSeek, Unitree, Xiaohongshu and Moonshot AI

Treating Hong Kong as the hub of deal sourcing, deal review, and execution, Asian family offices can access the US- and China-centric deals with ease, and build a portfolio with geographical diversification, thematic variety, and cashflow synergies.

Core Message:

When deploying capital into private tech, Asian family offices can utilize the Hong Kong ecosystem to access global deals, performing due diligence, structuring participation, and planning for exits.





CONCLUSIONS AND CLOSING THOUGHTS

CONCLUSIONS



CHALLENGES: "MONEY ALONE IS NOT ENOUGH"

- **The Allocation Hierarchy:** High-quality deals are structurally supply-constrained. Unknown, passive capital sits at the bottom of the allocation waterfall, trailing existing shareholders, top-tier VCs, and strategic partners.
- **Information and Structure Complexity:** Diligence is often limited to incomplete formal disclosures. Multi-layer structures, excessive fees, lack of control over exit/distribution can heavily erode net returns.
- **Regulatory Headwinds:** US and China rules target core tech sectors like AI and semiconductors, meaning an investor's jurisdiction and beneficial ownership can impact deal entry or exit.

POTENTIALS: STRUCTURAL LEVERS TO WIN ALLOCATIONS

- **Patient, Perpetual Capital:** Free from rigid fund lifecycles, family offices can offer truly perpetual capital that aligns with long-term frontier tech horizons.
- **Agility and Speed:** Operating without multi-layered institutional approval regime allows family offices to move rapidly from introduction to a term sheet.
- **Professional Vehicles:** Family offices usually have the size to leverage fund vehicles to gain institutional trust and satisfy counterparty requirements.
- **Sizing Flexibility:** Family offices can comfortably absorb awkward structural gaps, taking smaller allocations in primary rounds or specific secondary carve-outs.

OPPORTUNITIES: VALUE CAPTURE AND STRATEGIC ACCESS

- **Value Capture:** Tech giants stay private for 10–14+ years, meaning the supermajority (90%+) of compounding happens before an IPO. Public listings are now late-stage liquidity events rather than growth gateways.
- **Strategic Positioning:** Early participation secures information advantages and pro-rata rights, positioning family offices at the front of the queue for the next generation of high-growth deals.
- **Hong Kong Advantage:** Hong Kong sits uniquely between Western giants (OpenAI, Anthropic, SpaceX) and Asian tech names (ByteDance, DeepSeek). Hong Kong unites the infrastructure, information, and advisory network to help family offices structure the access and execute the exit.

CLOSING THOUGHTS FROM THE CONTRIBUTORS



Rachel Troublaiewitch

Co-Founder & CEO | Gateway Private Markets

"We have witnessed a massive evolution across the private markets landscape, marked by a wave of global platforms, regional networks, and innovative intermediaries entering the direct secondary space. However, a major misconception remains that capital alone can buy access to the most in-demand, high-conviction tech names. Success in this mature market environment requires robust institutional due diligence, company approved structural validity, and a deep alignment with the distinct generation shifting priorities of single-family offices and specialised wealth advisors."

Diana Dai

Investment Director | Schroders Capital

"The next wave of value creation in private markets will come more from the ability to turn scientific progress into real-world impact. That is especially true in healthcare and life sciences sectors, where some of the most exciting opportunities are emerging at the intersection of biology, engineering, and data. For long-term investors, the attraction is not just about capturing growth. It is about backing businesses early enough to participate in the journey. In private markets, where so much value creation now happens before a company reaches the public markets, that early access matters."



Sueann Yeo

Head of Asia Pacific, Global Wealth Solutions | EQT

"Tech companies today increasingly rely on private capital to finance the early stages of their growth, allowing them to stay private longer and go public at a much later stage. For professional investors such as family offices and UHNW investors, the implication is clear: a growing share of value creation in tech is happening before companies reach public markets. EQT is uniquely positioned to capture these tailwinds, as one of the few private markets firms of scale and deep roots in Europe, with investment strategies spanning venture capital, growth equity, mid-market and large-cap buyout."

CLOSING THOUGHTS FROM THE CONTRIBUTORS



Franck Fayard

Head of Marex Financial Products APAC | Marex

"The expansion of the private markets is driving a highly creative and rapidly growing market segment, particularly as we see a surge in demand from external asset managers and multifamily offices. By leveraging enhanced structuring capabilities, we can now package institutional grade private markets deals into highly accessible, compliant structures. This shift allows professional investors, including a dynamic next generation of wealth, to participate in high-conviction pre-IPO opportunities with smaller, flexible ticket sizes."

Kenneth Ho

Founder and Managing Partner, Carret Private

Founder and Board Member, FOAHK

"Family office investing into private markets, specifically high-tech ventures, has been a major area of interest for single family offices and a major area of differentiation between multi family offices and private banks - who are generally not built to source and due diligence these types of investments. We have been seeing major interest in robotics, AI, mobility and the like. As such, we specifically teamed up with the University of Chicago to identify AI early-stage opportunities in the Greater China region."



Yves Roesti

Managing Partner & CEO | Synpulse Group

"In practice, many family offices focus too much on getting access to "hot" companies and overlook what really drives returns. It's not just about being in the deal - it's about the price you pay, how you build your overall portfolio, who you partner with, and how patient and disciplined you are over time. Private tech investing isn't an access game - it's an execution game. And because it's illiquid and uncertain, you need to get the basics right: spread your bets across different stages and time periods, stay disciplined on valuations, and actively manage your capital. Without that, even great deal flow can still lead to average results."



CLOSING THOUGHTS FROM THE CONTRIBUTORS



Steven Yang
Head of Global Venture Investments | Schroders Capital

"The structural reality of modern technology investing is that the IPO has been reframed from a growth gateway into a late stage liquidity event. For sophisticated Asian family offices, capturing true technology alpha no longer means managing public market volatility, it requires institutional grade access to the private markets where the steep part of the growth curve actually compounds. At Schroders Capital, we believe that navigating this landscape demands a shift from simple deal chasing from pre-IPO stage to rigorous structural underwriting and disciplined early stage entry and portfolio approach."

Shannon Chow
Chairperson of Private Markets Committee | Finex Club Hong Kong

"Private markets funds investment is one of the important strategies for investors' portfolio construction. Due to limited information or knowledge on private markets strategy, many family office investors still do not have exposure or allocation to private markets investments. So education on potential opportunities and risk of private markets strategy is important. As Chairperson of Private Markets Committee of Financial Executive Club, I am pleased to collaborate with our committee members and the industry folks on education and knowledge sharing about private markets strategy."



Alan Tse
CIO | AA Capital

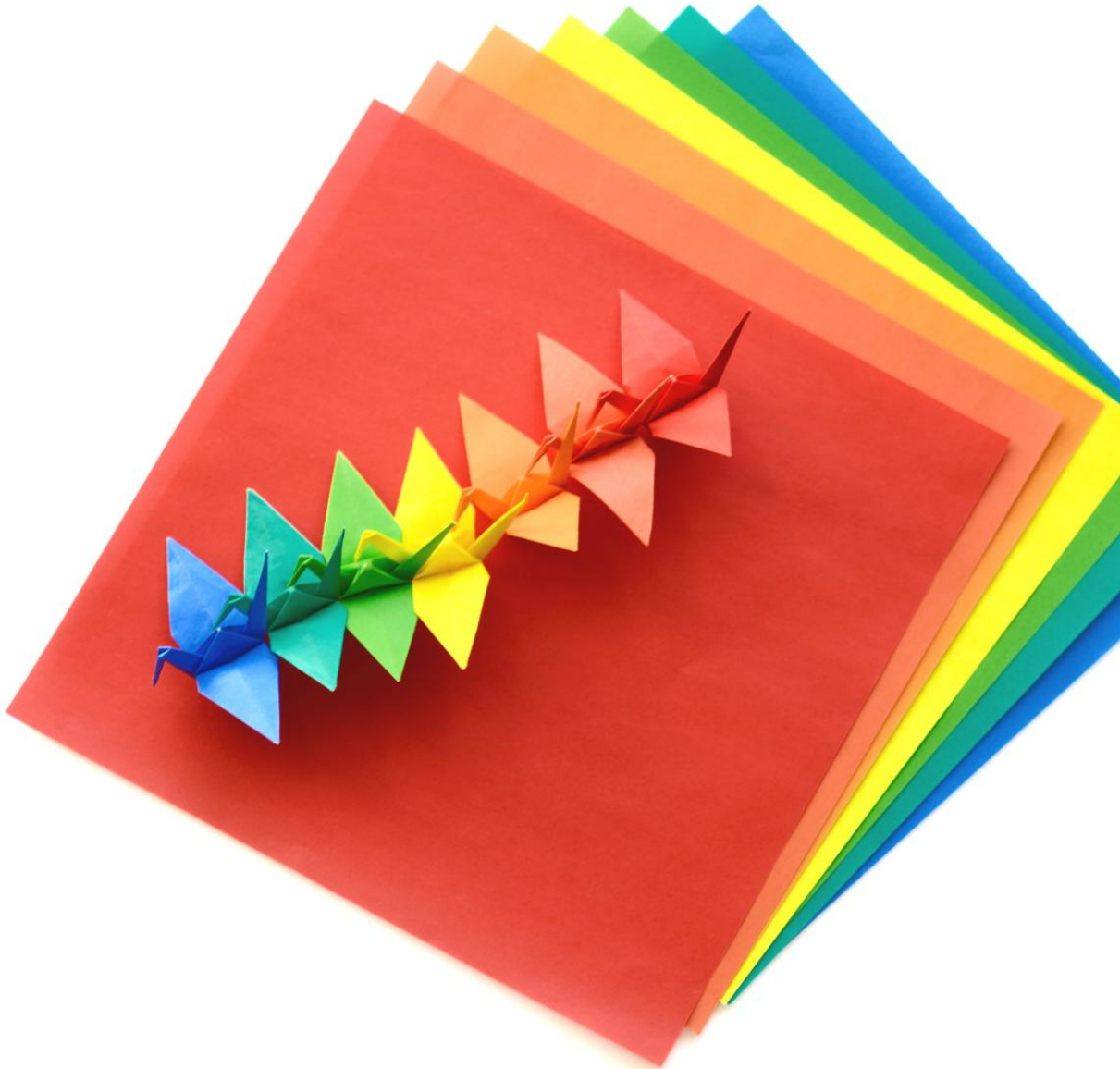
"The traditional, passive '2-and-20' fund models that lock up capital for ten years are being fundamentally challenged. Today, sophisticated family offices want to move away from blind pools; they want direct access, and they want to call their own shots when deploying capital into private tech. We are seeing a structural shift toward deal-by-deal direct co-investments and collaborative investment clubs where family offices can pool firepower while retaining execution autonomy."

Will Zhan
Vice President of Client Solutions | Hamilton Lane

"There are over 140,000 private companies globally with revenues exceeding \$100 million, compared to just 19,000 public companies. If an investor's mandate is to back sizable, high quality businesses, there are simply far more shots on goal in the private market than the public market. Capturing true technology alpha is no longer about chasing a handful of heavily hyped public listings; it is about building disciplined, institutional-grade access to this vast, compounding private ecosystem."



ABOUT THE AUTHORS



ABOUT THE AUTHORS



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Head of Asset Management
Annum Capital

Aaron leads the firm's award-winning fund management, private market, and custom index franchise. He is also a pioneer in unlocking AI for Hong Kong's family office sector. Aaron previously worked at Citi Private Bank and DBS Private Bank, with extensive experience across North Asia. He holds Vice Chair of the Hong Kong Limited Partnership Funds Association (HKLPFA) and shares his insights with local and international media.

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ANDREW DEANE

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Andrew Deane is the Founder of Deane Consulting. As an established expert in the wealth management industry, he has a background of 30 years in the industry. Through Deane Consulting, Andrew specializes in strategic development and thought leadership, focusing on the global wealth management industry, family offices and AI technology. He is an advisor to board level including foundations, asset managers and wealthtech. He organizes high level private market events and moderates industry panels, and has authored previous research on topics such as stablecoins.

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NICK WONG

Founder & CEO
Turoid



Nick is an AI fintech entrepreneur operating at the intersection of private markets, asset management, and next-generation financial infrastructure. He is the founder of Turoid, an agentic AI company re-architecting how family offices and private wealth institutions operate, turning fragmented documents, data, and workflows into intelligent, decision-ready systems. Previously, Nick built a Series B venture-backed AI fintech platform managing over US\$1B in AUM. He began his career at Macquarie Asset Management, one of the world's largest alternative asset managers.

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