The Impact of Patient Capital

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Abstract

We show that investor patience shapes venture-capital (VC) investment strategies and outcomes. Exploiting a 2014 Chinese reform that opened RMB-denominated VC funds to insurers, we compare treated RMB funds to unaffected USD-denominated funds managed by the same general partner (GP), both of which invest in Chinese startups. Insurer entry reshaped the limited partner (LP) base by displacing shorter-horizon investors such as individuals. Consequently, treated funds shifted strategy toward longer holding periods and earlier-stage investments, leading to improved portfolio company outcomes in terms of exits and innovation. These effects are not driven by a pure capital supply effect or unobserved market conditions. A randomized survey experiment with Chinese GPs corroborates the mechanism: managers explicitly tailor fund duration and project holding periods to the perceived horizons of their LP base. Our results highlight the importance of patient ultimate investors in building a successful VC ecosystem, and offer a cautionary note on the ongoing retailization of private markets.

JEL: E32, J22, J24, L26, M13

Keywords: Patient Capital, Investor Horizon, Insurance, Limited Partner, Venture Capital, Financial Intermediation, China

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"*How do you build patient capital? Only if the money raised from LPs is patient, can the LPs themselves be patient; and only when LPs are patient, can the GPs be patient.*"

– Lu Jiaqing, Senior Partner at CASH Capital, 7/7/2025

1 Introduction

Patient capital is widely regarded as a critical ingredient for innovation (Ivashina and Lerner, 2019). Its importance has grown in recent years as breakthroughs in biotech, clean energy, and deep tech demand longer development cycles and greater tolerance for uncertainty. At the same time, ongoing retailization efforts in private markets is shifting capital toward individual investors (Ewens and Faber, 2026; Howell et al., 2026), who are known to be impatient. Whether this shift would erode patience in capital depends on a central but underexplored question: when we observe "patience" in capital, where does it actually come from? Evidence from public markets links long-term investors to longer holding periods and reduced corporate myopia (Stein, 1989; Bushee, 1998; Coppola, 2025), suggesting that patience originates with ultimate investors. But most private capital flows through financial intermediaries—venture capital and private equity funds—that face their own objectives and constraints. These intermediation frictions can blunt the passthrough of (im)patience, making patience as much a feature of the intermediary as of the capital provider.

This paper studies the origins of patience in venture capital (VC), where general partners (GPs) intermediate between heterogeneous limited partners (LPs) and risky startups. We ask the following questions: Does the presence of long-term LPs translate into more patient VC investment strategies and better startup outcomes? If so, to what extent, and what shapes the strength of this passthrough? VC offers a compelling setting because intermediation frictions are particularly pronounced: GPs operate closed-end, fixed-duration funds, face interim performance pressures, and must time exits to market conditions. LPs delegate day-to-day asset management to GPs and are often seen as passive, yet ex-ante contracting and fundraising pressures give them leverage to influence GP behavior.

Empirically testing how patient capital affects VC investments and startup outcomes is challenging for several reasons. The first is identification. Few countries with a significant VC market have experienced a drastic shift in investor horizon. The US, for example, has always had long-term institution investors since the beginning of its VC industry, namely, endowments and foundations. Even if we can find a change in patient capital, it is often not random: greater allocations to VC by long-term LPs may simply reflect the types of startups or funds seeking capital, rather than an exogenous increase in the supply of patient investors. In addition, differences in fund strategies

may reflect the joint sorting of funds into deals and LPs into funds, making it difficult to isolate capital-supply effects from selection. The second challenge is data. Systematic information on the identities and types of LPs in VC funds is limited, especially outside of a handful of public LPs with disclosure mandates. Finally, we need to isolate mechanisms. Even with detailed LP-GP-startup data, we must understand how GP decision-making incorporates LP characteristics. This requires evidence on beliefs and expectations that are rarely observable in standard datasets, such as how GPs perceive and respond to LPs' horizons.

In this paper, we address these challenges by studying a regulatory reform in China, the second-largest venture capital market (Lerner et al., 2024). In 2014, a deregulation in the insurance industry allowed insurance companies—widely regarded as long-term investors—to invest in VC funds for the first time. The policy, named "*Notice of the China Insurance Regulatory Commission on Matters Concerning the Investment of Insurance Funds in Venture Capital Funds*", was stipulated by the China Insurance Regulatory Commission, which does not oversee the VC industry. Importantly, this policy only applies to Chinese VC funds denominated in RMB but not those denominated in USD, which allows us to exploit a unique dual-currency structure of the Chinese VC market: the same GP firm can raise both an RMB fund and a USD fund. Both types of funds invest in Chinese startups and face the same investment opportunities. Yet USD funds raise primarily from foreign LPs, while RMB funds raise from domestic LPs, which prior to the reform were dominated by relatively short-term investors such as individuals, local governments, and corporations. Such decoupling of LP base allows us to use USD funds managed by *the same GP firm* as the control group in a difference-in-differences (DID) design, to isolate the causal effect of patient capital supply on fund outcomes. Crucially, our within-GP DID holds constant a GP firm's ability, investment style, deal access, and network to LPs.

To overcome the data challenge, we assemble a unique dataset that captures the full spectrum of VC and LP investment activities in China. It combines the administrative business registry data from TianYanCha with the VC fundraising, investment, and exit records from Zero2IPO, PitchBook, and Preqin. TianYanCha provides detailed registration and ownership information on Chinese ventures and funds, including ownership history and transactions of stakes. Zero2IPO provides comprehensive coverage of RMB funds registered domestically in China, while PitchBook and Preqin offer stronger coverage of USD funds investing in Chinese ventures. We consolidate the four datasets at multiple levels, including LP, GP, and portfolio companies, which to our best knowledge is the first in the literature. The resulting dataset covers detailed financial commitments of various types of LPs, along with venture investment records for both RMB and USD VC funds from 2005 to 2019. The availability of granular LP information enables us to examine how changes in LPs' composition may affect VC investment strategy and their portfolio firm outcomes.

To understand mechanisms, we additionally conduct a randomized survey experiment of Chinese GPs. We present them with randomized, hypothetical LP compositions and ask them to formulate corresponding investment strategies, such as fund duration, project holding period, and stage preference. We also directly ask them about the rationales behind their choices and whether perceived LPs' preferences impact their decisions. Since LP composition is randomly assigned, differences in stated strategies can be causally attributed to the perceived characteristics of LPs rather than to GP style or deal flow. This allows us to pin down the LP influence or GP catering mechanisms, and to rule out the alternative explanation that insurer LPs select into patient GPs and enable their entry.

We begin our analysis by validating the assumption that insurers are long-term, patient investors. While this is a widely held perception, there is no rigorous, direct evidence. We leverage the unique data from TianYanCha on LP's secondary sales of fund interests before fund expiration to compare the horizons of different types of LP. We find that insurer LPs are least likely to exit funds early through secondary sales, followed by government, corporations, and then individuals. This pattern holds even across LPs *within the same fund* and controlling for their stake size. This directly validates the idea that insurers are indeed much more patient than government, corporations, and individuals— investors who dominated RMB funds before the reform.

We then document the "first-stage" effect of the policy: an increase in insurers' capital in RMB funds following the 2014 deregulation. We find that the share of RMB funds with insurer LPs were near zero before 2014, when RMB funds raised primarily from governments, corporations, and wealthy individuals—investors with relatively shorter horizons. However, after 2014, the share of RMB funds with insurer LPs increased significantly. A within-GP DID shows that, relative to the USD fund managed by the same GP, RMB funds' insurer commitment share increased by 3 p.p. after 2014, and their likelihood of having an insurer LP increased by 17 p.p.— magnitudes similar to insurer shares of USD funds before 2014.

Consistent with a supply-side increase in patient capital, insurer entry reshaped the investor composition of RMB funds. For RMB funds post-2014, the share of capital from wealthy individuals and family offices fell by 7.6 p.p., while the shares from government and corporate LPs fell by 5.4 p.p. and 3.2 p.p. respectively, though statistically insignificant. These results suggest that insurer commitments crowd out non-institutional investors typically associated with shorter horizons. As such, the policy represents a significant shock to the investor base of Chinese RMB VC funds, making their capital supply more patient.

Does the shift in LP composition translate to changes in fund structure and investment strategies? Theoretically, whether patience from LP can passthrough to influence GP's investment

strategies depends on intermediation frictions. For example, if the deregulation increases LP-side competition, GPs could have increased bargaining power vis-a-vis LPs and may not respond to LPs' preferences. GPs could also face frictions in adjusting their investment strategies. For example, the need to show interim performance to raise the next fund may discourage a patient investment strategy (Gompers, 1996; Chung et al., 2012); GPs may also have constrained access to early stage deals or may need to time exits to volatile secondary market conditions.

We then test the effect of the deregulation on fund investment strategies. We find that, relative to USD funds managed by the same GP firm, RMB funds start to back younger companies post reform: the average age of portfolio companies at the time of initial investment fell by 1.2 years, or 18% of the pre-2014 mean. RMB funds also shifted their investments toward early-stage: the share of angel, seed, or series A deals increased by 9.7 p.p. (18% of pre-2014 mean) post 2014. These results suggest that the supply of patient capital shifted funds' investment strategies towards earlier stage companies, who requires lengthier nurturing through their protracted R&D and commercialization (Hall and Lerner, 2010; Kerr and Nanda, 2015).

A shift to earlier-stage investments is consistent with a longer investment horizon by VC funds, but is not a sufficient condition. For example, funds could also exit earlier and less patiently, without a change in holding period. Willingness to bet on ventures with less track record may also reflect an increase in risk tolerance, not necessarily a longer horizon.[1] To further pin down the horizon effect, we examine funds' exit timing and holding period. We find that RMB funds demonstrated more patient investment horizon post-2014. The share of portfolio companies exiting more than five years after initial investment rose by 15.5 p.p. (41% of pre-reform mean), and the average holding period lengthened by roughly 0.75 years (15% of pre-2014 mean). Consistent with more patient exit strategies, we also find the share of investments exited through secondary sales in RMB funds decreased by 32%. Taken together, these patterns indicate that access to patient capital tilt VC funds toward earlier-stage investments with longer holding periods and more patient exit strategy.

What shapes the strength of patience passthrough from LPs to fund strategies? We show that GP's bargaining power vis-à-vis LPs play an important role. In particular, GPs with stronger bargaining power—those with better track record and larger AUM—adjust less toward longer holding periods and earlier-stage deals. This pattern is not driven by a weaker first-stage response among these GPs: they did not raise less insurer capital than GPs with weaker bargaining power. Rather, stronger bargaining position appears to insulate them from the need to adjust fund strategies to attract LPs.

[1] To be clear, holding constant the stochastic process of venture returns, a longer investment period does imply greater risk, but not vice versa.

Does a more patient investment approach lead to better portfolio firm outcomes? A priori, the answer is not clear. If GPs already optimized investment horizon before the reform, then influence by insurer LPs could distort performance. Longer holding period may also not translate to better returns if exits are time-sensitive and market conditions volatile. Greater patience by VCs could also lead to laxed monitoring, as VCs lengthen the lease and become more founder-friendly. Because we do not observe fund returns, we examine portfolio company exit outcomes and patenting to speak to performance. We find that, relative to USD funds managed by the same GP, RMB funds experienced a 55% increase in the exit rate of their portfolio companies through IPO or M&A, and a 69% increase in the number of patents produced by their portfolio companies. These results suggest that horizon is not just a sideshow, but it impacts real outcomes.

We rule out that the above results capture a pure capital supply effect that is orthogonal to horizon. Our main results are similar when controlling for fund size. Further, we exploit a subsample of funds that launched before 2014 but closed either before or after 2014. All these funds had fixed their target size by the time of the policy, and cannot deviate from the target much in final raised amount. This subsample helps us isolate a pure horizon effect holding constant fund size. Consistent with the absence of a size effect, we do not find that funds that closed after 2014 were larger than those closed before it, conditioning on launching before 2014. Yet our main results continue to go through in this subsample. This suggests that our results are not explained by a pure positive funding supply shock.

We also rule out that our results are driven by GP's endogenous currency choices for their funds. The deregulation could motivate more GPs to launch funds in RMB than in USD. If these responsive GPs also happen to be more patient GPs, then that could explain our main results. To address this concern, we conduct an "intent-to-treat" test, where we use a GP's pre-2014 RMB fund share to predict the actual currency of its post-2014 funds and use this predicted RMB propensity as the treatment variable. This "intent-to-treat" uses only ex-ante information and is thus free from any endogenous currency decision post the reform. In other words, we use a GP firm's pre-reform relationship with Chinese vs US LPs to predict the actual currency of its funds post reform. The results from this test remains similar.

We conduct several robustness tests of our main results. First, event studies show that RMB and USD funds trended similarly in various outcomes before 2014, even within the same GP. Second, our main findings are robust to GP $\times$ post-2014 or GP $\times$ RMB fixed effects. These tighter fixed effects account for GP-level unobservables that vary by time, such as their changing ability, deal access, or LP network, or those that vary by currency, such as differential ability to raise from USD vs RMB markets. Third, to further address time-varying differences across USD and RMB LP markets, we control for stock market returns, interests rates, and insurance sector returns in

respective markets, which capture LPs' performance and outside options in public assets. Fourth, our results are robust to controlling for funds' institutional LP share, suggesting that our results do not simply reflect the institutionalization of investors and the resulting resources they bring to GPs. Finally, a small number of RMB funds (around 5%) are potentially special purpose vehicles (SPV) set up by USD funds to invest in Chinese startups in RMB. These funds' ultimate LPs are foreign LPs, but could theoretically have domestic LPs in addition to the USD fund. Our findings are robust to dropping these funds that could traverse the two currencies.

Finally, to further establish causality and isolate mechanisms, we conduct a randomized survey experiment of 116 Chinese GPs. We present each respondent with four hypothetical fundraising scenarios in which the prospective fund's LP composition varies in weights across LP types, such as insurers, government, corporations, or individuals. For each scenario, respondents report intended investment strategies that best suit the LP base, in terms of fund duration, expected project holding period, industry focus, and stage preference, etc. We also elicit GPs' beliefs about the horizon of each LP type. Consistent with our evidence from LPs' secondary sale of fund stakes, GPs rank insurers as the most patient and individuals/family offices as the least patient, with governments and corporations in between. These elicited beliefs also allow us to compute a GP-specific perceived average LP horizon based on randomized LP weights. We find that a one standard deviation in perceived average LP horizon increases GP's chosen fund life by 0.48 years. Further, a 10% increase in insurer share increases chosen fund life by 0.15 years, while having an insurer share above 40% increases chosen fund life by 0.76 years. These results hold even after controlling for scenario fixed effects, which hold constant LP descriptions and only vary their shares. Respondents also rank the channels through which LP composition affects their investment strategies. LPs' time horizon, risk preferences, and return expectations are the most important factors, while governance influence and future fundraising are the least important.

Taken together, our results provide a causal mapping of the transmission of patience in venture capital. We show that the investment horizon of the ultimate investor reshapes how GPs intermediate and invest, which in turn affects portfolio company outcomes. This pass-through, however, is not uniform and depends on GPs' bargaining power vis-à-vis LPs. These findings highlight that enabling the entry of patient investors is key to building a successful VC ecosystem—a lesson that can inform similar reforms in India, Brazil, South Korea, and beyond.[2] Our results also carry a cautionary note for ongoing retailization efforts in private markets: investor impatience is costly.

[2]Recent reforms along these lines include India's Ministry of Finance gazette notification (Ministry of Finance, Government of India, 2021), which permitted domestic private retirement funds to allocate up to 5% of their investable surplus to SEBI-registered venture capital and private equity funds; Brazil's CMN Resolution 4661 (Conselho Monetário Nacional, 2018), which substantially liberalized investment limits for closed pension funds (EFPCs) in structured assets including private equity; and South Korea's National Pension Service doubling its annual VC commitments to domestic venture capital firms in 2025 (National Pension Service, 2025).

This paper contributes to several strands of literature. First, the paper speaks to the literature on the role of investor heterogeneity in corporate investment behaviors. Our findings complement theories on investor-induced myopia and blockholder governance (e.g., Stein, 1989; Shleifer and Vishny, 1997; Edmans, 2009) and empirical work tying institutional ownership to investment horizons and innovation (e.g., Bushee, 1998; Aghion et al., 2013; Derrien et al., 2013; Coppola, 2025). Unlike prior work, which mostly focuses on investors in arm's length public markets, we show how the identity of the ultimate capital supplier impacts patient investments in private equity, a market characterized by relationship-based intermediation and pronounced intermediation frictions. Our evidence, together with the survey experiment, shows how investor characteristics shape the investment strategies of delegated asset managers.

Second, this paper adds to the literature on LP-GP relationships and the real effects of VC contractual structures. Lerner and Schoar (2004) show that restrictions imposed by PE funds on their investors help select deep-pocket LPs, enabling investments in industries with longer cycles. Robinson and Sensoy (2013) and Cassel (2020) examine the impact of GP's compensation structure on PE fund performance and investment strategy. In the VC context, Kandel et al. (2011) and Barrot (2017) document that contractual horizons and fund age materially impact venture investment decisions, while Howell et al. (2026) document low but differential take-up of arm's length fundraising by GPs.[3] Several papers also examine LP shocks. Li (2024) shows that investor composition shapes PE investment dynamics in response to liquidity shocks. Chen and Ewens (2025) exploit a rule change that restricted banks' investment in VC and find that venture valuation fell and startups relocated out of affected states. Bhardwaj et al. (2025) use donations to private universities to establish a negative causal effect of fund size on returns. Mittal (2025) shows that underfunded pensions select into smaller PE funds with worse performance. Our paper departs from this literature by moving beyond a pure funding-supply-shock perspective to study the "color of money." We show that LP horizon directly influences VC investment strategy and portfolio outcomes, and that intermediation frictions shape the strength of this patience passthrough. Our results also inform the recent debate on the retailization of PE (Ewens and Faber, 2026; Balloch et al., 2025; Bates, 2026), which could impact the horizon of venture investments.

Finally, we contribute to the emerging literature on China's VC market (Huang and Tian, 2020; Chen, 2023), and more broadly, to the study of VC in emerging economies (Colonnelli et al., 2025; Lerner and Schoar, 2005; Andonov et al., 2025). Despite being the world's second-largest VC market, there is still relatively little academic research on China's VC market. Colonnelli et al. (2024) use a field experiment in China to elicit two-sided preferences over government-affiliated

[3]More broadly, our paper connects to research showing heterogeneity in LP skills and fund choices and corresponding performance differences (e.g., Lerner et al., 2007; Sensoy et al., 2014; Goyal et al., 2024).

investors and document private firms' aversion to investors with government ties. Lerner et al. (2023) show that individual Chinese LPs who invest in VC subsequently found more firms, consistent with a learning-by-investing channel after exposure to VC. Fei (2018) finds that government guidance funds can crowd in private capital, in which government funds serve a coordination role in nascent local markets. Lerner et al. (2024) draw on international evidence and show that developing countries benefit from more "appropriate" business and technology pioneered by China. Relative to prior work, we compile comprehensive LP-GP-startup-level data from multiple sources and exploit China's unique dual-currency VC market alongside a regulatory shock that differentially expanded access to patient LPs (insurers). Our results reveal the substitution margins in the LP base when long-term institutional investors enter. More broadly, our findings underscore the potential of relaxing institutional access in developing the venture market in emerging economies.

2 Institutional Background: The Chinese VC Market and The 2014 Deregulation

China's venture capital market is relatively young, emerging in the late 1990s and accelerating after 2005 with regulatory reforms that legalized limited partnerships and clarified fund governance. Despite its short history, it rapidly expanded to become the world's second-largest VC ecosystem by the mid-2010s, rivaling the U.S. in total funding during 2017-2018. In 2019, China accounted for 38% of the global venture dollars invested, just behind the US which accounted for 42% (Lerner et al., 2024). China also ranks second globally in the number of "unicorn" startups valued at over $1 billion in 2021 (Chen, 2023).

Several features distinguish China from other major VC markets: a sharp segmentation between USD funds backed by global LPs and RMB funds dominated by domestic investors, a heavy presence of state-linked capital, including government guidance funds, and a large pipeline of highly educated entrepreneurs supported by massive domestic markets and fast-growing tech sectors. China also exhibits an IPO-driven exit environment centered on domestic exchanges such as ChiNext and STAR, rather than M&A. Volatility in domestic equity markets makes exit timing more time-sensitive and can distort investment horizons. Importantly, relative to mature VC markets where long-term institutional LPs (endowments, pensions) dominate, China's LP base features a much larger role for corporations, wealthy individuals, and local government vehicles, generating substantial heterogeneity in investor horizons, objectives, and constraints (Colonnelli et al., 2025). This diversity of LP types and segmented capital markets creates a natural laboratory to study how differences in ultimate investor horizon transmit through VC intermediation to fund strategies and real outcomes.

Dual Currency Market. Because of China's foreign exchange and capital controls, the Chinese VC market is segmented into RMB and USD funds. RMB funds raise capital in Renminbi inside China, almost entirely from domestic LPs (Figure 1a), while USD funds raise capital in US dollars mainly from US and global LPs outside China (Figure 1b).[4] Due to regulatory reasons, these two capital pools do not mix within a single fund. In other words, US LPs can not invest in RMB funds, and few domestic LPs are able to invest in USD funds.[5] However, the same GP firm can raise and manage both RMB and USD funds as separate vehicles, even simultaneously. In our sample, 15% of funds are managed by dual-currency GPs. Crucially, both USD and RMB funds invest in Chinese domestic startups, thus facing similar investment opportunities. Figure A3.1 plots the distribution of industries targeted by USD and RMB funds managed by the same GP. The shares lie close to the 45-degree line, indicating that the two fund types tend to focus on similar industries and, by extension, face comparable investment opportunities.[6] RMB funds exit in domestic market while USD funds exit primary through offshore IPOs, and sometimes domestic IPOs via red-chip structures or trade sales to both foreign and domestic buyers.[7]

LP Composition. Due to regulations and structural limitations, there was a lack of long-term institutional LPs in the RMB-denominated VC market before 2014. Typical long-term investors in the US, such as pensions, endowments, and insurers, were almost non-existent in the Chinese VC market before 2014, as shown in Figure 1c. Instead, over the period of 2007-2013, the most common investors of RMB-denominated VC funds were wealthy individuals (43%), corporations (19%), private equity firms (15%), other institutions (13%), and government agencies (7.4%). In contrast, the most frequent investors in USD-denominated VC funds over the same period are endowment and foundations (24%), fund of funds (20%), private pensions (14%), corporations (8.5%), public pensions (7%), PE firms (5%), and insurers (4%). This LP structure more closely resembles that of US VC funds and the LP base is considerably more homogeneous.

[4] Funds raised in other foreign currencies, such as the euro, exist but account for only a negligible share of the market.

[5] A very small number of Chinese financial institutions with Qualified Domestic Institutional Investor (QDII) quotas could invest in USD funds, but the channel is tightly regulated and limited to those who obtained forex quotas in earlier years (the government stopped issuing QDII in 2015); these quota amounts were also tiny.

[6] USD-denominated VC funds typically invest through offshore holding companies, with capital converted into RMB at the portfolio-company level to finance onshore operations. Direct USD injections into Chinese entities are rare due to FX and regulatory frictions. Consequently, while contracts are USD-denominated, real investment is largely in RMB, and the USD-RMB distinction mainly reflects differences in LP base and institutional environment rather than operating currency. When USD funds liquidate investments, they have to convert RMB to USD and repatriate funds through strict, regulated channels overseen by the State Administration of Foreign Exchange (SAFE). The process primarily involves converting investment gains from RMB into USD via commercial banks, followed by a formal audit and approval process to confirm the legaality of the esarnings an tax compliance.

[7] A red-chip structure is an offshore holding-company arrangement through which Chinese startups raise foreign capital and pursue overseas listings, while operating primarily through onshore Chinese entities (often via VIE contracts in restricted sectors).

Individuals, corporations, and government entities generally have shorter investment horizons than institutions with long-duration liabilities, a fact that we also validate in Sections 5.1 and 7. These investors also tend to be more return-sensitive and have greater liquidity needs (Gompers and Lerner, 2000; Lerner et al., 2007, 2008). The dominance of these investors in the RMB fund market prior to 2014 thus created an environment in which VC capital was shaped largely by short-term investors. This was changed by a deregulation in the insurance industry in 2014.

The 2014 Deregulation. A pivotal shift occurred when an important deregulation brought long-term investors into the RMB investor base. Due to the inherent risk in venture capital, Chinese insurers were largely prohibited from investing in VC, depriving the RMB market of a major source of long-term investors with substantial pools of patient capital. This changed in December 2014, when the China Insurance Regulatory Commission (CIRC) introduced deregulatory measures allowing insurance companies to allocate up to 2% of their assets to VC funds.[8] This 2% allocation is sizable: by comparison, U.S. insurers' target allocation to private equity (including buyouts and growth equity) was 4.6% in 2023 (Preqin 2023). Given the sheer size of Chinese insurers' balance sheets—10.2 trillion RMB in 2014—even a modest allocation can translate into a substantial increase in the supply of long-term capital.

The reform led to an immediate and substantial entry of insurers into the RMB market, as illustrated in Figure 2. The total commitment by insurers to RMB funds was near zero before 2014, consistent with the policy restriction. Post 2014, it surged. At its peak, total insurer commitment to VC was 4.4 USD billion, and 11.4% of the VC funds weighted by volume had at least one insurer LP.[9]

A key driver of the 2014 CIRC notice was pressure from within the insurance industry. By 2013-2014, Chinese insurers' balance sheets were expanding rapidly, but their investable universe remained narrow, concentrated in bank deposits, government bonds, and a small set of low-yield assets permitted under earlier rules. This created growing concerns among insurers about declining portfolio returns, duration mismatches, and limited diversification opportunities. At the same time, some insurers had already begun experimenting with private-equity-style exposures through trust products or off-balance-sheet channels, structures that regulators viewed as opaque and potentially risky. The 2014 notice was therefore a response to these internal pressures: it provided insurers with a clearer, standardized, and supervised pathway to participate in VC funds, diversifying their portfolios while bringing existing grey-area practices under formal regulatory oversight. In this

[8]The detailed rules are in Appendix A-1. The original rules in Chinese are available at `http://www.gov.cn/zhengce/2016-05/24/content_5076218.htm`.

[9]The 2018-2019 dip was due to the 2018 New Regulations on Asset Management that raised the minimum asset size of insurers that can invest in VC.

sense, the regulation can be understood primarily as an insurance-sector reform, rather than a top-down industrial-policy initiative.[10]

3 Data and Sample

A key contribution of this paper is a consolidated fund-level dataset that significantly improves coverage of Chinese venture capital across both RMB- and USD-denominated funds. We combine four major data sources: Preqin and PitchBook, two widely used commercial databases tracking global VC/PE activity; Zero2IPO, the leading data provider focused specifically on the Chinese VC market;[11] and TianYanCha (TYC), which provides administrative data on the ownership history of virtually all China-registered funds and companies based on records from the Chinese Business Registry maintained by the State Administration for Industry and Commerce of the People's Republic of China (SAIC). These databases are complementary, particularly with respect to coverage across fund currencies. We consolidate and de-duplicate the four data sources at the GP, fund, LP, and portfolio company levels. This consolidated dataset is central to our empirical design and analysis. It enables us to systematically identify, within the same GP, RMB-denominated funds exposed to the 2014 insurance deregulation and USD-denominated funds that serve as a clean within-GP comparison group. At the same time, it provides the detailed information on fundraising activity, LP composition, and portfolio outcomes necessary to implement our difference-in-differences tests. The detailed sample construction procedure is described in Section A-2.

3.1 VC Fund and LP Data

Despite the rapid expansion of the Chinese VC market, there remains a lack of consistent and representative datasets capturing its activities. Our first step is therefore to construct a comprehensive list of VC funds, together with their GPs and LPs, covering both RMB- and USD-denominated funds investing in China.

Preqin, PitchBook, and Zero2IPO are three leading proprietary data providers, each covering a substantial share of Chinese VC funds. However, their coverage is incomplete and differs markedly across databases, even for prominent GPs. To address this data challenge, we integrate these three sources to construct a more comprehensive universe of Chinese VC funds. We adopt

[10] A 2015 policy guidance defined a diversified investment framework for pension funds that was restricted to certain broad asset classes and direct equity investments in specified contexts. This policy was not specific to VC investments. Historically, pensions have not been active investors in VC funds in China, due to strong prioritization of capital preservation over return-maximization. In our sample, only two pension funds show up as LPs in VC funds.

[11] Zero2IPO is the leading VC data provider in China and has been used in prior works studying the Chinese VC market (Chen, 2023; Colonnelli et al., 2024; Lerner et al., 2023; Fei, 2018).

a two-step consolidation procedure, beginning with GP-level matching and followed by fund-level matching within each GP. This approach is motivated by systematic differences in naming conventions across databases. Zero2IPO primarily reports GPs and funds in Chinese, whereas Preqin and PitchBook provide only English names. Automated cross-language matching is unreliable due to transliteration ambiguities, the loss of tonal distinctions, and inconsistent formatting conventions, making a structured, multi-step matching process necessary.

In the first step, we perform GP-level matching using a combination of identifying information, including official websites, email domains, telephone numbers, and GP names. Because Zero2IPO reports GPs primarily in Chinese while Preqin and PitchBook use English names, a key task is to establish consistent legal identifiers across sources. To do so, we recover each GP's official English name by mapping Chinese-language records to filings from the Asset Management Association of China (AMAC) and by verifying the corresponding entities through direct searches in TYC, which aggregates and standardizes firm-level information from official government and regulatory sources. These harmonized legal names serve as the anchor for cross-database matching. Section A-2.1 provides additional details on the GP-level consolidation procedure.

As described in Section A-2.2, the second step involves matching funds within each GP. Because fund-level identifiers such as websites and email domains are generally unavailable, we rely on fund characteristics and careful manual verification. Specifically, we construct all possible pairwise combinations of funds within each GP across Preqin, PitchBook, and Zero2IPO. We then eliminate unlikely matches based on observable characteristics, including fund currency, fund sequence number, vintage year, fund size, and, when available, English names. The remaining candidate matches are confirmed through manual review.

After consolidating the GP and fund lists, we construct the LP sample for each fund. While Preqin, PitchBook, and Zero2IPO report information on fund investors, their LP coverage is incomplete, particularly for RMB-denominated funds, where disclosure standards and reporting practices differ substantially from those of USD funds. To enhance coverage, we supplement these sources with data from TYC, which provides detailed registration filings for China-registered funds and offers the most comprehensive coverage of RMB vehicles.

TYC reports LP identities, commitment amounts, the timing of capital commitments, and when applicable, exit or withdrawal dates. We query TYC using the names of RMB funds in our consolidated sample, identify the corresponding registered fund entities, and extract fund- and LP-level information from official filings. We then harmonize LP information across sources, which improves coverage of capital commitments and investment timing for RMB funds. Whenever available, we rely on TYC data for RMB funds, as it provides more comprehensive and granular

coverage on their investor base. A key feature of TYC is the granularity of ownership timelines, which include specific entry and exit dates for LPs within each fund. This longitudinal structure enables the identification of LP secondary transactions through observed ownership transfers. The initial investor base is defined as of the fund's final close, with a three-month window following the reported final close to account for potential reporting delays in LP registration.

This procedure allows us to construct a substantially more complete picture of the investor base of RMB funds than would be possible using the proprietary databases alone. For example, approximately 40% of RMB funds in the consolidated Preqin-PitchBook-Zero2IPO dataset have LP coverage, compared to 96% in TYC. In addition to broader LP coverage at the fund level, TYC provides fund-level LP commitment amounts for around 82% of LP-fund pairs, which allows us to construct LP shares weighted by commitment amount. In contrast, commitment amounts are available for around 90% of RMB fund-LP pairs in Preqin, but for only 68% in PitchBook, and are entirely unavailable in Zero2IPO.

With that, our final analysis sample covers RMB and USD VC funds closed between 2005 and 2019 by Chinese GPs headquartered in mainland China. Funds raised in other currencies are excluded, as they account for less than 0.5% of the sample. We further restrict the sample to funds with committed capital of at least $10 million and at least two observed portfolio companies. These restrictions ensure that the sample captures bona fide VC funds with the potential to access insurer LPs, and excludes single-portfolio-company vehicles that may function as holding structures rather than diversified VC funds.

The final consolidated dataset consists of 7,334 VC funds with known LP information, raised by 3,747 GPs. In contrast, the number of funds (GPs) would be 1,328 (753), 1,122 (620), 2,413 (1,698) if we were to use the standalone Preqin, PitchBook, or Zero2IPO sample without augmentation from TYC data.

3.2 VC Portfolio Company Data

Portfolio company coverage varies across data providers: 52%, 41%, and 65% of funds in our sample have portfolio information in Preqin, PitchBook, and Zero2IPO, respectively. To increase coverage, we consolidate company-level information across these sources. Because Zero2IPO reports company names only in Chinese and does not provide websites that facilitate cross-database matching with Preqin and PitchBook, constructing a unified company-level universe across all databases is not feasible. Instead, we perform de-duplication at the fund level.

Specifically, for each fund, we generate all possible pairwise combinations of portfolio companies between Zero2IPO and Preqin/PitchBook. We eliminate unlikely matches based on head-

quarters location, and verify remaining candidates manually. We apply a similar procedure to de-duplicate companies between Preqin and PitchBook, supplemented by direct matching based on company websites when available. Section A-2.3 provides additional details on the de-duplication procedure.

We further augment portfolio coverage by collecting portfolio company information from TYC using our consolidated list of VC funds. TYC provides information on financing rounds, exit events, and patent records[12]. Coverage in TYC exceeds that of the combined Preqin—PitchBook—Zero2IPO dataset: 64% of RMB funds have portfolio data in the consolidated commercial dataset, compared with over 90% in TYC. The average number of portfolio companies per fund is 4 in the commercial datasets and 12 in TYC.

Given these differences, we use TYC portfolio company data when available and rely on the consolidated commercial datasets otherwise. This approach maximizes coverage while limiting duplication across sources.

Finally, because TYC is based on business registry data, reported holdings include both operating companies and investments in other funds. The latter are common among RMB funds, where private equity firms constitute a major class of LPs (Figure 1c). We exclude inter-fund investments when constructing measures of portfolio allocation and performance. These observations are identified using industry classifications and entity names indicating fund management or investment activities.

3.3 Summary Statistics

Table 1 provides the summary statistics of our main sample. In our full sample, about 2% of funds have insurer LPs, with an average commitment share of 1% (Panel A). These shares are 7% and 4% respectively if weighted by fund size, reflecting larger funds more likely to have access to insurer LPs (Panel B). These shares are low in the full sample because it includes pre-2014 funds as well as a substantial number of newly established GPs that may have limited access to insurer LPs.[13] The average commitment shares by individual, government, and corporate LPs are 15%, 11%, and 29% respectively. USD funds account for approximately 10% of total fundraising volume over the sample period.

Panel B of Table 1 shows insurer LP shares for different subsamples. Among GPs with both RMB and USD funds which our identification primarily relies on, 5% of the funds have insurer LPs

[12]For USD-denominated funds, we also search for their portfolio companies on TYC and collect the corresponding patent data.

[13]Our main results are robust to dropping newly established GPs after 2014, as shown in Table A4.10.

and the average commitment share is 2%, while the aggregate commitment share (i.e., weighted by fund size) is 3%. These numbers are slightly lower but comparable to US VC funds, which has an average insurer share of 6% (Li, 2024). Among GPs that have ever raised from insurer LPs, 19% of their funds (41% weighted by fund size) have insurer LPs, and the average commitment share (aggregate commitment share) is 10% (21%). Among funds that do have insurer LPs, the mean insurer commitment share is 54%.

4 Empirical Design

The institutional setting described in Section 2 provides a unique setting to examine whether and how patient capital supplied by ultimate investors passes through intermediation and affects long-term investment behavior. The key feature is that Chinese GPs often operate in parallel in two segmented fundraising markets: RMB funds that raise primarily from domestic LPs and USD funds that raise primarily from international LPs, while both types of funds largely face the same investment opportunity set of Chinese startups. Against this backdrop, the 2014 deregulation that permitted insurers to invest in RMB VC funds generated a sharp and plausibly exogenous shift in the availability of long-term capital on the RMB fund side, leaving USD funds largely unaffected.

This combination of a clean policy shock that changes the composition of capital providers and a within-GP control group that is exposed to the same investment opportunities makes the setting well-suited for identifying the effect of patient capital on VC behavior. Specifically, we estimate the following difference-in-differences (DID) as our baseline specification:

$$y_{igt} = \beta\, RMB_i + \delta\,(RMB_i \times Post2014_t) + \boldsymbol{\lambda_n} + \boldsymbol{\theta_t} + \boldsymbol{\gamma_g} + \varepsilon_{it}. \tag{1}$$

Here, i indexes a VC fund managed by GP firm g with a final-close year t.[14] The outcome y_{it} is a fund-level measure of LP composition or fund investment strategy. RMB_i equals one for RMB-denominated funds and zero for USD-denominated funds. $Post2014_t$ indicates funds that close in or after 2014. $\boldsymbol{\lambda_n}$ and $\boldsymbol{\theta_t}$ are fixed effects for fund number and fund's final-close year, respectively.

Crucial to our identification, we control for GP fixed effects $\boldsymbol{\gamma_g}$. The GP fixed effects absorbs unobserved GP characteristics such as skill, investment style, and networks to both LPs and portfolio companies. The coefficient of interest is δ, which captures the differential change in outcomes for RMB funds relative to USD funds after 2014. Standard errors are clustered at the GP level.

Our identification comes from differential within-GP changes in fund outcomes after 2014 between its RMB and USD funds, namely, comparing treated RMB funds that become eligible for

[14] Final-close year is the year in which a fund completes fundraising and stops accepting new LP commitments.

insurer capital to otherwise comparable USD funds that could always raise from insurers, with fund-number and year fixed effects absorbing systematic lifecycle patterns and common time shocks. The identifying assumption is a parallel-trends condition: absent the 2014 deregulation, RMB funds would have evolved similarly to USD funds raised by the same GP. Intuitively, the within-GP comparison is credible because both types of funds are managed by the same intermediary and invest in the same market (i.e., Chinese startups), while the policy shifted the availability of patient capital only to RMB funds.

We present further specifications in Section 6 to address various identification concerns. First, in our most stringent specifications, we further saturate the model with GP $\times$ Post2014 and GP $\times$ RMB fixed effects, allowing GP-level unobservables to vary by time and currency. The inclusion of these interacted GP fixed effects amounts to a stacked DID in which each GP is a stack. However, we note that this most stringent specification identifies from only a handful of very large GPs that have both RMB and USD funds both before and after 2014; as such, it will be limited in power. Second, we address potential concern about endogenous fund currency choice post 2014 using an "intent-to-treat" specification based on predicted fund currency. Lastly, to absorb any time-varying differences across the LP markets faced by USD and RMB funds, we control for LPs' outside options in the public market as well as insurers' average performance across the USD and RMB markets.

5 Main Findings

5.1 Validating LP Horizon Heterogeneity

We begin our analysis by validating the important assumption that insurers are indeed long-term investors and that they have longer horizons than other types of LPs that dominated the RMB VC market before 2014, such as individuals, governments, and corporations. Insurers are classic long-term, patient investors due to the long duration of their liabilities, stable and predictable premium inflows, and liability-driven investment mandates. Regulatory capital frameworks and asset-liability management further reduce short-term liquidity pressure and mark-to-market sensitivity, enabling insurers to hold illiquid assets over long horizons. As a result, insurers are structurally better positioned than governments, corporate, or individual investors to tolerate long gestation periods and delayed exits in venture investments. Although this is a widely held belief, there is no rigorous, direct evidence.

We first validate the above assumption using a "revealed-preference" approach, leveraging the unique data on LP's secondary sales of fund interests from TYC. Secondary sales of fund interests happen when LPs want to partially or completely exit the funds before fund expiration. China

has a relatively active secondary LP market. We observe LP exit time in TYC, in particular which LPs exit a fund completely through secondary sales before the fund liquidation. Thus, we can use this information to compare the horizons of different types of LP, *within the same fund*. Table 2 shows the results. We find that insurer LPs are least likely to exit funds early through secondary sales, followed by government, corporations, and then individuals (columns 1-2). This pattern holds even when comparing LPs invested the same funds (column 3). It also holds when controlling for each LP's stake size, as larger stakes may be harder to sell in a illiquid secondary market (column 4). We see similar results in columns 5-8 when restricting to the subsample of LPs that committed capital before the fund final close, which helps line up LPs' entry time. Based on column 8, insurer LPs are 22 p.p. less likely to exit through secondary sales than individual LPs, 20 p.p. less likely so than corporate LPs, and 19 p.p. less so than government LPs. These results directly validate the idea that insurers are indeed much more patient than government, corporations, and individuals—investors who dominated RMB funds before the reform.

Since fund managers make the actual investment decisions, it is also important to examine whether LPs' actual investment horizons translate into GPs' subjective beliefs. If GPs systematically misperceive LPs' horizons, then investor horizon may not have a corresponding impact on fund investment behavior. To this end, we leverage our survey of 102 Chinese GPs (described in detail in Section 7.2). In the survey, we directly elicit GPs' perceptions of the typical investment horizon for different LP types. Figure 5a summarizes these beliefs, ordering LP types from the most to the least patient. On average, insurers are perceived as the most patient LPs, with an 8.3-year investment horizon. Central government guided funds are perceived to be nearly as long-term (8.2 years), while local government guided funds have much shorter perceived horizons of 6.7 years. Local governments tend to prefer short-horizon, safer projects than the central government because local politicians have shorter effective tenures and more frequent turnovers; they also face fiscal discipline, accountability pressures, and career risks from failed investments (Li and Zhou, 2005; Xu, 2011). State-owned enterprises and banks have similar intermediate perceived horizons of 6.5 and 6.2 years, respectively. At the short end of the distribution, wealthy individuals are perceived as the least patient investors, with an average horizon of 4.3 years. This pattern aligns well with our finding above based on LP's secondary sales, suggesting that GP's beliefs about LPs' horizons are largely accurate. The large dispersion in perceived horizon across LP types—about four years between the most and least patient—highlight that LP composition may be an important consideration in funds' strategies.

5.2 Impact on Investor Composition

To establish the "first-stage" effect of the deregulation, we first study the impact of the deregulation on the LP composition of RMB funds relative to USD funds, estimated using Equation (1). We examine three measures of insurers' entry into RMB funds: *Has Insurer*—an indicator that captures the extensive margin of having at least one insurer among a fund's LPs, *Insurer Share*—the share of a fund's LPs that are insurers, and *Insurer Share_w*—insurer share weighted by LPs' commitment amounts.[15]

Table 3 shows that the 2014 deregulation led to a sizable and statistically significant entry of insurer LPs into RMB funds. Conditional on fund-number and final-close-year fixed effects, RMB funds' likelihood of having any insurer LP increased from zero before 2014 to 16.3% after 2014, comparable to that among USD funds pre-policy (Column 1). This effect is larger at 17.4% once we control for GP fixed effects (Column 2). Columns 3-4 show that insurer share among RMB funds increased by about 2.9 percentage points post 2014 relative to that among USD funds, even among those managed by the same GP. This effect rises to 2.9 to 3.4 percentage points when examining dollar-weighted insurer share (Columns 5-6). Figure 3a corroborates the DID evidence in an event-study framework: the estimated RMB-USD gap in insurer participation is flat and statistically indistinguishable from zero prior to 2014, and then jumps up sharply in the post-reform years, remaining persistently positive thereafter.

Table 4 examines how the deregulation reshapes the rest of the LP base in a fund, including individuals, corporations, and governments. While wealthy individuals are an important source of capital for VC funds in China (Lerner et al., 2023), they are often relatively short-horizon investors because of liquidity needs and personal portfolio objectives, in contrast to large institutions such as insurers and endowments. Corporations and government entities (mostly local governments) also participate as LPs, but their objectives may be tied to strategic considerations or political and budget cycles rather than long-run financial returns. Columns 1 and 2 show a sizable decline in individual participation following the deregulation: the weighted individual LP share (*Individual Share_w*) among RMB funds dropped by about 10 percentage points, which is 38% of pre-2014 mean. This is consistent with the pattern that institutional LPs are in many cases unwilling to co-invest alongside retail investors (Howell et al., 2026). There is also a 4.4 p.p. decrease in *Government Share_w* and a 4.6 p.p. decrease in *Corporate Share_w* (columns 4 and 6), corresponding to 38% and 19% of their respective pre-2014 RMB fund means. However, these estimates are not statistically significant due to large standard errors. When decomposing government LPs into local and central governments, we find no statistically significant changes for either group, although

[15]For LP-fund pairs with missing commitment amount, we impute it based on the LP type's typical commitment amount.

both coefficients are negative and the decline is larger for central government LPs than for local government LPs (Table A4.1). Overall, the evidence suggests that the entry of insurer LPs primarily crowded out individual LPs who have the shortest horizons, with some small displacement of government and corporate LPs as well.

Taken together, Tables 3 and 4 show that the 2014 deregulation significantly reshaped the investor base of RMB VC funds relative to their USD counterparts owned by the same GP. The policy generated a sharp and persistent increase in insurer participation in RMB funds, which reallocated their LP mix away from individual investors. This evidence supports the idea that the shock significantly increased the overall horizon of RMB funds' capital providers, with long-horizon investors displacing investors with the shortest horizons.

With this validated shift in investor composition, we turn to fund investment strategies in the next section, examining whether GPs responded by tilting towards longer-horizon investments (e.g., earlier-stage deals and longer holding periods) and whether these fund strategy changes translated into better real outcomes for portfolio companies.

5.3 Shift to Longer-Term Investments

In this section, we examine the "second-stage" impact of the deregulation on fund investment strategies. We begin by testing whether post reform RMB funds became more willing to hold investments for longer and less reliant on secondary sales of portfolio companies for early liquidity. Specifically, we study three outcomes: (i) the share of portfolio companies with *Late Exits* (exits occurring more than five years after the initial investment), (ii) the average *Holding Period* of portfolio companies (in years), and (iii) the share of portfolio companies exited via a *Secondary Exits*. For outcomes (i) and (ii), we define exits to include IPOs, M&As, secondary sales, management buyouts, and write-offs.

Table 5 shows that access to patient capital lengthens funds' effective investment horizon. Columns 1 and 2 indicate that post-2014 RMB funds experienced substantially more *Late Exits*: the share of portfolio companies exiting more than five years after the initial investment rose by about 14 percentage points relative to USD funds managed by the same GP. Columns 3 and 4 further show that these funds hold investments longer: average *Holding Period* increases by 0.65 to 0.71 years, a roughly 14% effect relative to an average holding period of 5 years pre-reform. In contrast, Columns 5 and 6 show a decline in the fraction of *Secondary Exits* by 0.10 to 0.11, or 30% of pre-reform mean, consistent with reduced reliance on secondary market for earlier liquidity.

Next, we turn to another key dimension of fund strategy: the stage at which funds invest. Earlier-stage deals typically involve longer development cycles and greater uncertainty than later-

stage or pre-IPO investments, and therefore require a more patient investment approach. We measure a fund's early-stage tilt using two outcomes: *Company Age*, the average age (in years) of portfolio companies at the fund's initial investment, and *Early Stage*, the share of portfolio companies first financed at the angel, seed, or Series A round. Table 6 reports the DiD estimates. Columns 1 and 2 show that post-2014 RMB funds started to invest in younger companies relative to USD funds managed by the same GP. The average company age at entry declined by 1.2 years (Column 2), which is an 18% decrease relative to the pre-2014 RMB mean. Consistent with this, Columns 3 and 4 show a significant shift in fund strategy towards earlier-stage deals: the early-stage share rose by 10 to 11 percentage points, an 20% increase relative to pre-2014 RMB mean. Together, these results point to a broad shift toward earlier-stage investing by RMB funds following the deregulation.

Our empirical design relies on the identifying assumption that, absent the deregulation, investment choices would have evolved similarly for RMB and USD funds managed by the same GP. Figure 3d supports this assumption by showing no evidence of pre-trends and a clear post-2014 increase in the event-study estimates. Overall, the evidence suggests that the post-2014 shift in RMB funds' investor base led to later exits, longer holding periods, fewer secondary sales, and a tilt toward earlier-stage deals—all consistent with patient capital translating into more patient VC investment behaviors.

The magnitudes of our "second-stage" estimates deserve discussion, as they may appear large relative to the first-stage shift in LP composition. Although insurer commitment shares rise by only about 3 percentage points on a dollar-weighted basis, and the probability of having any insurer LP rises by roughly 17 percentage points (Table 3), RMB funds nonetheless lengthen holding periods by about 15% and shift roughly 10 p.p. of their investments toward earlier stages. Several non-mutually-exclusive mechanisms can reconcile these magnitudes. First, the economically relevant treatment is not the insurer share alone but the broader recomposition of the LP base. Insurer entry coincides with a sizable displacement of individual LPs, who are the shortest-horizon investors in our setting, so the average horizon of the marginal dollar shifts by substantially more than the change in insurer share alone would suggest. Second, GPs who did not ultimately secure insurer commitments may still adjust their strategy ex ante in order to compete for, or attract insurers because of the option value of accessing deep-pocket LPs like insurers. Relatedly, the entry of more sophisticated, screening-intensive institutional investors can discipline GP behavior across the market (Lerner et al., 2007). Third, even modest commitments can translate into outsized influence through governance channels. Large institutional LPs such as insurers typically negotiate Limited Partner Advisory Committee (LPAC) seats and side-letter rights as a condition of investing, and such governance rights are often allocated based on the strategic importance of the investor rather

than strictly on stake size (Lerner and Schoar, 2004; De Fontenay and Nili, 2022). Together, these channels imply that a relatively modest shift in capital shares can generate a disproportionately large change in fund investment strategy.

Heterogeneity by GP Bargaining Power What determines the strength of patience passthrough from LPs to fund strategies? We examine whether GPs' bargaining power vis-à-vis LPs moderates the extent to which longer-horizon capital translates into changes in investment strategy. The idea is that LP preferences should bind more strongly when GPs are more dependent on LP capital and have weaker outside options. In contrast, GPs with stronger bargaining position may be better able to preserve their preferred investment style, even when their LP base becomes more patient.

Table 7 tests this prediction using two proxies for GP bargaining power in a triple-difference specification: track record (i.e., exit performance) and size. In Panel A, we define high-performing GPs as those with above-median historical exit ratios, where the exit ratio is the standardized ratio of IPO or M&A exits among a GP's portfolio companies. In Panel B, we define large GPs as those whose cumulative fundraising ranks in the top tercile.

We find that GPs with stronger bargaining power adjust less toward patient fund strategies. In the baseline specification, RMB funds increase their exposure to insurer capital after 2014 and shift away from individual capital, while also moving toward longer holding periods and younger portfolio companies (columns 5-8). However, the triple interactions are the opposite sign of the baseline effect, indicating that high-bargaining power GPs lengthen holding periods less in response to the reform; they also shift less to earlier stage deals. These results suggest that stronger GPs are less responsive to the investor preferences.

Importantly, this heterogeneity does not appear to reflect weaker exposure to the policy shock. GPs with stronger bargaining power do not raise less insurer capital after the reform. The triple interactions are small and statistically insignificant for both insurer share and individual LP share (columns 1-2). Thus, high bargaining power GPs are not less affected because they have a weaker first-stage response to the shock. Rather, the heterogeneity comes from the second-stage response to changes in insurer shares. This evidence is consistent with a bargaining-power interpretation: patient LPs influence fund strategies, but their influence is weaker when GPs have stronger track records and larger AUMs and thus better outside options, reducing their pressure to cater to LP needs. Overall, these results show that patience passthrough is not mechanical—its strength depends on the relative bargaining position of GPs and LPs.

5.4 Real Outcomes

How do these shifts in VC investment strategies affect the real outcomes for portfolio companies? If GPs and portfolio companies already optimized their investment horizon before the reform, then lengthened horizon could distort real performance. Further, if longer horizon expands the set of investable deals to include riskier or lower-quality startups, then average real outcomes may not improve. In contrast, if investment horizon was constrained by LPs' preferences, in particular by the lack of patient institutional investors, then a shift toward longer horizon could improve real outcomes. Table 8 studies real effects by examining the impact of the reform on the probability of portfolio companies successfully exiting, as well as their innovation performance,

Consistent with patient capital improving fund performance, we find a positive effect of the reform on portfolio companies exiting successfully through IPO or M&A (Columns 1-2). In particular, the probability of IPO or M&A increased by 8 to 9 percentage points among RMB funds, which is quite large (55% to 70%) relative to the pre-reform mean of 13 to 15 percentage points. Further, post 2014, portfolio companies invested by RMB funds are 6-9% more likely to be in the top quartile in terms of patenting over the 3 years after investment (Columns 3 and 4). Taken together, the results suggest that changes in investor composition not only made RMB funds invest more patiently, but also translated into better portfolio company real outcomes.

6 Alternative Interpretations and Robustness Checks

In this section, we conduct a comprehensive set of robustness checks to ensure that our findings are not driven by identification concerns, particular specifications, or sample composition.

6.1 Alternative Interpretations

Size Effects. A natural alternative explanation is a pure capital-supply channel: the deregulation may have expanded the pool of capital available to RMB funds, enabling GPs to raise larger funds and, in turn, invest in riskier or longer-duration projects. Under this view, the observed tilt toward earlier-stage deals and longer holding periods could arise mechanically because larger funds face weaker capital constraints and can "afford" longer cash-flow horizons, rather than because the *composition* of capital becomes more patient. Disentangling these channels matters for interpretation: our mechanism emphasizes a change in LP horizon (and thus GP incentives and constraints), not simply "more money."

We assess this concern in three complementary ways. First, we re-estimate our baseline DiD

specifications in a subsample that is designed to attenuate endogenous changes in fund size: we exclude RMB funds launched in or after 2014 (i.e., funds whose targets and fundraising plans could have been set in response to the deregulation) and keep all USD funds. The logic is that funds typically set a target size at launch, which serves as a soft commitment during fundraising. Therefore, for funds launched prior to 2014, the post-2014 entry of insurer LPs is less likely to operate primarily by changing the fund's intended scale; instead, it mainly changes *who* provides the capital around final close. In this subsample, the treated observations are RMB funds that launched before 2014 but reached final close after 2014, and thus plausibly experienced the policy-induced change in LP composition while holding fundraising plans relatively fixed. If our main results were driven solely by a "bigger fund" channel, then tightening the sample in this way should substantially attenuate the treatment effects.

Consistent with a horizon-composition interpretation, we obtain estimates that are similar in sign and magnitude to our baseline results in this subsample (Table 9). To validate the premise that target sizes are largely predetermined at launch, Figure 4 plots the distribution of the subscription ratio (final size divided by target size) and shows pronounced bunching around 100%, suggesting that final closes tend to occur near targets rather than reflecting large, policy-driven expansions in scale. This pattern supports the view that, for pre-2014 launches, the deregulation primarily reshuffles the investor base at the margin rather than materially changing the size of the fund.

Second, we directly test whether the reform changes fund size by using both final and target fund sizes as dependent variables. As reported in Table A4.3, we find no systematic divergence between RMB and USD funds in either measure after 2014, which is inconsistent with the notion that our main effects are explained by the policy allowing GPs to raise larger RMB funds.

Third, to address any remaining concern that our results reflect a pure capital supply shock or changes in the ease of fundraising, we include fund size and fund's subscription ratio as controls in the main regressions. The results remain robust (Table A4.4), indicating that the documented shifts do not simply reflect changes in fund scale or fundraising pressure. Together, these tests suggest that the deregulation operates primarily through the *composition* of LPs and hence the patience of delegated capital rather than through a pure expansion in the quantity of capital available.

Differential LP Market Conditions. A key advantage of our setting is that both RMB and USD funds are managed by Chinese GPs and primarily invest in start-ups in China. As a result, treatment and control funds are likely exposed to the same underlying investment opportunities and China-side macro shocks, especially within the same GP. Nonetheless, a potential concern is that the two fund types raise capital from different LP markets: RMB funds predominantly from Chinese LPs, while USD funds primarily from U.S. (and other offshore) LPs (Figures 1a and 1b).

If financial conditions in these LP home markets differentially affect LP liquidity, risk tolerance, or portfolio rebalancing needs, then equilibrium fund characteristics could evolve differently for RMB and USD funds even absent the deregulation. For example, a boom (or bust) in U.S. public markets, or shifts in U.S. interest rates, could mechanically change U.S. LP demand for venture exposure and therefore USD funds' behavior. Differential stock market conditions or IPO regulations may also affect the exit opportunities in these two markets and hence ex-ante fundraising.

To address this concern, we control for several time-varying proxies for financial market conditions in each LP market: annual stock market returns, 3-month Treasury rate, and IPO volume in the respective market (China for RMB funds and the United States for USD funds). We also control for the exchange rates of CNY and USD relative to other currencies. As shown in Table A4.5, our main estimates remain similar in magnitude and statistical significance after including these controls. This robustness reduces the likelihood that our results are driven by coincident U.S.-versus-China financial cycles, and instead supports the interpretation that they reflect the policy-induced shift in the LP composition of RMB funds.

Other Investor Dimensions. Another concern is that changes in investor composition affects fund and portfolio company outcomes through a channel other than horizon. Our reform is a deregulation on insurers. However, insurers may differ from the LPs being displaced along other dimensions, such as sophistication or resources they could bring to GPs, especially if the displaced group is primarily individual LPs. To rule this out, in Table A4.6, we explicitly control each fund's institutional LP share and show that our results survive. This suggests that our results operate through a longer investment horizon, rather than investor sophistication or value-add to GPs. Of course, even among institutional LPs, investors may differ in their risk tolerance or liquidity preferences. However, the ability to bear risk and illiquidity is itself one of the reasons some investors can afford to be more patient than others. As such, we do not view risk and liquidity as alternative channels; rather, they are closely related to—and help enable—investor patience.

Endogenous fund currency choice. Next, we rule out that our results are driven by GP's endogenous currency choices for their funds. The deregulation could motivate more GPs to launch funds in RMB than in USD. If these responsive GPs also happen to be more patient GPs, then that could explain our main results. Selection on patience is part of the underlying mechanisms: the entry of patient LPs enabled the entry of patient GPs. Nevertheless, post-reform fund currency choice could be an identification concern. To rule this out, we restrict to funds by GPs that entered before 2014. We then replace the actual treatment indicator, RMB dummy, with a predicted intent-to-treat variable that is the GP's share of RMB funds before 2014. In other words, we use a GP firm's pre-reform relationship with Chinese vs US LPs to predict the actual currency of its funds post reform. Table A4.7 presents the results. The findings remain similar.

Alternative Policies. Finally, one may be concerned about other policies that may confound our results. In particular, there are two major policies post 2014 that could be relevant. First, China has been encouraging entrepreneurship and innovation since 2015 through the "Mass Entrepreneurship and Mass Innovation" ("双创") initiative. The policy was spearheaded by Premier Li Keqiang and was explicitly industry-agnostic and broadly applied. This policy may have improved the fundamentals of the investment opportunities faced by GPs. However, any such effects should be the same for USD and RMB funds managed by the same GP, who face the same investment opportunities (see Section 2), and should thus be differenced out in our empirical design. Second, China has been promoting "Invest early, invest small" ("投早投小") in recent years to encourage long-term investments in hard technologies. In particular, the State Council General Office formalized this initiative in its June 2024 "Several Policy Measures to Promote the High-Quality Development of Venture Capital", with implementing rules issued for central government VC funds in December 2024. These developments, however, post-date our sample period, which ends in 2019, and thus do not confound our analysis.

6.2 Robustness Checks

We conduct several additional robustness checks to address remaining sampling or specification concerns, and the results (in Online Appendix A-4) are consistently supportive of our baseline findings .

Tighter Fixed Effects. We implement stricter fixed effects that further absorb time-varying or currency-specific GP-level unobservables. In particular, we additionally saturate the model with GP $\times$ Post2014 and/or GP $\times$ RMB fixed effects, allowing GP's ability, style, or network to vary by time and fundraising currency. These interacted GP fixed effects amounts to a stacked DID in which each GP is a stack. The downside of these tighter fixed effects, however, is that it identifies from only a handful of very large GPs that have both RMB and USD funds both before and after 2014; as such, it will be limited in power (i.e. have large standard errors). Nevertheless, in Table A4.8 we continue to find that insurer participation in RMB funds rose sharply post 2014, funds invested more patiently, and portfolio outcomes improved. The coefficients are all sizable, though sometimes insignificant due to large standard errors.

Excluding Special Purpose Vehicles. In China's VC market, some RMB funds are structured as special purpose vehicles (SPVs) affiliated with USD fund managers, often via Qualified Foreign Limited Partner (QFLP) structures that facilitate cross-border capital flows under China's foreign exchange restrictions. These vehicles can create measurement concerns because, although they are RMB-denominated, their ultimate capital may still originate from USD LPs. Such misclassification

would bias against our interpretation if SPVs mechanically dilute the difference between the treated (RMB) and control (USD) investor bases. To mitigate this concern, we re-estimate our regressions after excluding suspected SPVs. Specifically, we classify a fund as a potential SPV if it is a RMB fund managed by a USD-fund manager and either (i) the GP is the only known LP or (ii) LP information is missing entirely. Table A4.9 shows that the main results remain similar after removing these funds, suggesting that our estimates are not driven by currency-labeling artifacts or by QFLP-related structures.

Alternative Samples. First, to ensure that our findings are not driven by the entry of new and potentially different types of GPs after the reform, we exclude Chinese GPs that were established in 2014 or later (Table A4.10). The estimated effects on insurer entry, investment horizon, and investment stage remain comparable, indicating that the post-2014 patterns are not simply reflecting the rise of a new cohort of managers. Second, because detailed LP composition information is not available for all funds, we re-estimate the investment-choice and portfolio-outcome regressions in the subsample for which LP composition data are observed (Table A4.12). The key coefficients remain qualitatively unchanged, alleviating concerns that our "first-stage" and "second-stage" results are estimated on different samples.

7 Experimental Evidence

The previous section presented quasi-natural evidence on how the presence of patient investors—specifically insurance companies as LPs—influences VC fund investment strategies. However, observational data alone makes it difficult to disentangle the underlying mechanisms and to understand how GPs respond to the specific preferences of different LP types. Two mechanisms could explain patience passthrough from LPs to GPs. First, LPs could actively influence GPs' investment strategies through fundraising pressure, ex-ante contracting, or ex-post influence. In this case, GPs adjust their strategies to cater to LPs' preference or tolerance for long-horizon. Second, LPs matches with fund types without actively influencing. Specifically, new patient LPs sort into patient GPs, enabling the entry of the latter. Both are legitimate mechanisms through which LP preference reshapes fund entry and strategies. To disentangle these two mechanisms, and to provide more causal evidence, we introduce an experimental survey. The survey asks GPs to formulate a fund investment strategy for a given, randomly assigned LP composition, thus establishing a causal treatment effect of investor composition that is not through investor selection of funds.

7.1 Survey Design

Our new experimental survey targets a large, representative sample of GPs in China and is conducted in collaboration with the LP Institute (LPI.org), a leading consulting firm that provides research and due diligence services to Chinese LPs (comparable to ILPA, Cambridge Associates, or StepStone in the U.S.). We conducted two rounds of the survey: a pilot round in September 2025, in which 25 surveys were distributed, followed by a formal rollout in November 2025 with 200 surveys sent out.

Inspired by Colonnelli et al. (2024), we designed a novel survey instrument titled "Chinese Venture Capital Survey: The Impact of LP Composition on VC Investment Strategies." The survey was distributed to senior partners or LP relations professionals of VC firms within the LP Institute's network, which is broadly representative of mainstream VC firms in China. We report the recruitment script (translated into English) in Figure A3.3 in the Online Appendix.

The first part of the survey collects detailed background information on each GP, including the respondent's role within the firm, past investment experience, sector focus, number and average size of funds managed, LP composition of recent funds, and preferred investment stage.

In the second part, respondents are presented with four hypothetical LP composition scenarios simulating the capital sources they might expect when raising a new fund of RMB 100-500 million. The LP profiles are created based on real-world data and were reviewed by LP Institute experts to ensure realism and relevance. Each respondent is instructed to evaluate the scenarios under three key assumptions: 1) They are preparing to raise a new blind-pool VC fund. While the LPA has not yet been signed, the LP composition is expected based on pre-fundraising signals; 2) Based on the characteristics of the LPs in each scenario (e.g., investment horizon, governance expectations), they are to design an investment strategy aligned with these profiles; and 3) They are assumed to have full discretion over fund strategy, unconstrained by market conditions, project pipeline, or internal team dynamics.

Given these assumptions, respondents are asked to determine the investment strategy for their hypothetical new fund in each scenario across key dimensions—such as target sector, investment stage, fund duration, and the average expected holding period of portfolio companies. While the LP profiles and their descriptions remain fixed across respondents within each scenario, we randomize both the order in which the LPs are presented and the capital share committed by each LP (ensuring the total always sums to 100%). We demonstrate one example set of hypothetical fundraising scenarios used in the survey in Figure A3.4 in the Online Appendix

In the last part of the survey, we investigate the underlying motivations and mechanisms

that govern respondents' choices. Respondents are asked to evaluate various LP characteristics and identify which one—such as return expectations, risk tolerance, investment horizon, liquidity needs, and governance preferences—that systematically influence their choices regarding fund investment strategies, including fund duration and stage and sector focus. In addition, respondents are asked to assess and rank the LP types they perceive as the most influential in shaping their their investment strategy.

To encourage participation and candid responses, we offer two incentives (as described in the informed consent form in Figure A3.3). First, the LP Institute may use participants' answers to recommend potential LPs whose preferences align with a GP's strategy—a credible benefit given the LP Institute's market role and reputation. Second, all participants receive a summary of the study's findings, which may help GPs benchmark their practices, better understand evolving market trends, and refine future GP-LP matching.

These incentives are designed to increase response rates while limiting concerns that respondents tailor answers to please the researchers. Importantly, neither incentive is tied to any particular response: the matching recommendation depends on stated preferences rather than "desirable" answers, and the research summary is provided to all participants. We therefore view the incentives primarily as facilitating engagement and reducing nonresponse, rather than as creating systematic pressure to report strategies that conform to a specific narrative.

Respondent recruitment and outreach were managed by the LP Institute, a professional organization that regularly conducts surveys in China's VC ecosystem, including the "Chinese GP/LP Performance Survey," the "Survey on Incentive and Accountability Mechanisms in State-Owned VC," and the "Annual LP Survey." The LP Institute distributed 225 survey invitations, and we received 116 completed responses, implying a response rate of 51.6%, which is comparable to prior work (e.g., Colonnelli et al., 2024). To enhance data quality, we exclude four responses from GPs with fewer than three years of experience, for whom we are concerned that limited market exposure may hinder their ability to provide informed assessments of fundraising and investment practices.

7.2 Survey Results

This section presents evidence from our survey and randomized scenario module, which is designed to complement the fund-level analysis by directly probing how GPs map LP composition into investment horizons and strategy choices.

7.2.1 Background of Respondents

First, we summarize respondent characteristics and the typical funds they manage. Figure A3.5 reports summary statistics for the 112 GPs that completed our survey. The respondent pool is tilted toward key decision makers within VC firms, including senior executives and investor-relations managers who routinely communicate with LPs and negotiate fundraising terms. These respondents are therefore well positioned to assess LP preferences and constraints. This composition is particularly important for our purposes because the survey module asks respondents to translate hypothetical investor mixes into concrete choices about fund and project horizons.

Beyond roles and seniority, Figure A3.5 provides several measures of managerial and organizational experience. Respondents exhibit meaningful variation in (i) years of VC experience and (ii) the number of funds they have managed. About 18% of respondents report 3 to 5 years of experience in the VC industry; 47% report 6 to 10 years; 19% report 11 to 15 years; and 16% report more than 15 years. In terms of prior fundraising experience, only about 3% have managed 1 to 2 funds, while 41% have managed 3 to 5 funds, 24% have managed 6 to 10 funds, 13% have managed 11 to 20 funds, and 19% have managed more than 20 funds. This dispersion helps ensure that experimental responses reflect a range of learning and market exposure. The figure also indicates that respondents tend to manage relatively large funds: fewer than 1% report an average fund size below RMB 50 million (about 7.1 million USD), about 5% report RMB 50 to 100 million, 18% report RMB 100 to 250 million, 29% report RMB 250 to 500 million, and 48% report more than RMB 500 million.

The figure further summarizes respondents' positioning in the market. Many GPs specialize by stage (e.g., early-stage versus growth-oriented investing), while others report broader mandates. For example, 31% indicate that their current fund invests in seed rounds, 62% in Series A/B, 42% in Series C or later, and 29% in pre-IPO rounds; 17% report investing across all stages. Respondents also concentrate in particular industries: the most commonly cited sectors include IT (71%), advanced manufacturing (67%), biotech and healthcare (55%), and renewable energy and new materials (48%).

Finally, Figure A3.5 reports the LP composition of respondents' current existing funds, highlighting substantial heterogeneity in investor bases. The largest sources of capital come from local government guided funds (31%) and local SOEs (24%), followed by wealthy individuals (12%), publicly traded firms (8%), private firms (6%), and insurers (4%). This variation suggests that respondents have firsthand experience working with a diverse set of LP constraints and objectives, which is central to our mechanism-based interpretation.

Overall, the figure underscores substantial dispersion across respondents and their firms. Such

heterogeneity mitigates concerns that our experimental results are driven by a narrow subset of GPs (e.g., only large-brand managers or only early-stage specialists) and increases the external relevance of the stated preference patterns we document. At the same time, because the sample is drawn from an industry network and includes many LP-facing roles by design, the survey should be interpreted as most informative about the mechanisms of patience transmission—how GPs think about and respond to LP patience—rather than as a fully representative census of all managers in China's VC market.

7.2.2 Experimental Outcomes

We next examine how GPs respond to investor patience in randomized LP scenarios. Using each GP's subjective belief about the horizons of different LP types (see Section 5.1), we construct a "weighted average LP horizon" for each respondent-scenario, defined as the share-weighted average of perceived horizons across the LP types in that scenario. Panel A of Table 10 reports results using this measure. We find that a one-year increase in the weighted average LP horizon leads respondents to choose a longer fund life. While the point estimates vary slightly across specifications, the implied magnitudes are economically meaningful: for instance, Column (1) implies that shifting a scenario from a relatively short-horizon LP mix to a more patient one (e.g., by one year in weighted-average horizon) increases the chosen fund life by 0.37 years. This effect remains stable when we add industry and stage fixed effects and is robust to including scenario fixed effects, which hold constant the set of LP types and isolate variation coming only from their randomized shares.

Panel B provides a complementary specification focused on insurers, which links directly to our fund-level evidence in Section 5. A higher insurer LP share, measured either continuously or as an indicator for scenarios with more than 40% insurer capital (a large and salient presence), significantly increases the chosen fund life. In terms of magnitude, moving from a low-insurer-share scenario to one above 40% is associated with an increase of about 0.7 years in the selected horizon, comparable to the increase implied by a meaningful shift in the weighted-average-horizon index.

To assess the robustness of these findings, we move from fund life to project life: the holding period of portfolio companies that respondents are willing to undertake in each scenario. Table A4.13 reports specifications with project life (rather than fund life) as the dependent variable and shows patterns that closely mirror those in Table 10. Panel A uses the same "weighted average LP horizon" measure and indicates that respondents choose longer-lived projects when a scenario's LP mix is more patient. The magnitudes are economically meaningful: a one-year increase in the weighted-average horizon translates into a 0.15-year increase in project holding periods, and the relationship remains stable across specifications as we add industry, stage, and scenario fixed ef-

fects. Panel B isolates the role of insurers and again yields consistent evidence: a higher insurer LP share significantly increases the chosen project holding duration, both when measured continuously and when using an indicator for scenarios in which insurers contribute more than 40% of capital. Taken together, these results reinforce the central implication of the survey module: GPs explicitly incorporate LP patience when choosing investment horizons, consistent with the transmission of ultimate-investor patience to delegated investment behavior.

7.2.3 Surveyed Mechanisms

Figure A3.6 summarizes responses to the mechanism-related questions in the third part of the survey and highlights several consistent patterns in how LP composition shapes fund strategy. Overall, respondents report that LP characteristics materially influence investment horizon, industry focus, risk-taking, and governance structures. The most frequently cited factors when evaluating LP composition are LPs' investment horizon and patience (85.7%), risk preferences (80.4%), and return expectations (78.6%). Liquidity needs (67.0%) and non-financial objectives, such as policy mandates (67.9%), are also commonly mentioned. By contrast, disclosure and governance requirements (11.6%) and fundraising considerations (29.5%) appear less central. Taken together, these responses suggest that time horizon, risk tolerance, and return targets are the primary channels through which LPs influence GP strategy.

Specifically, a large majority of GPs report adjusting fund life in response to LP time preferences: 72.1% associate long-term institutional LPs (e.g., insurers) with longer fund duration, while 70.3% note that government LPs' policy or budget cycles often push funds toward medium-term horizons. Conversely, short-horizon investors, such as some individual or corporate LPs, are associated with shorter fund lives (56.8%). These findings are consistent with the view that the composition of the LP base translates into contractual horizon choices.

Governance provides an additional channel. More than half of respondents report that LPs can influence strategy through formal governance rights: 63.6% indicate that certain LPs (e.g., government or corporate investors) seek investment committee seats, and 58.2% note veto or similar rights that can materially affect project selection and fund direction. Such involvement can shape industry focus and horizon decisions, reinforcing the idea that LP composition affects strategy not only through preferences but also through control rights.

Industry allocation is likewise sensitive to LP type. Government LPs are widely perceived to steer capital toward strategic or policy-oriented sectors (67.0%), while corporate LPs often guide funds toward their own or adjacent industries (60.7%). At the same time, only 26.8% of respondents report that their industry choices are largely independent of LP type. When asked which LPs exert

the greatest strategic influence, local government guidance funds stand out (85.7%), followed by national-level fund-of-funds (49.1%) and local SOEs (48.2%), underscoring the prominent role of state-affiliated capital.

Finally, responses on return expectations and risk tolerance reinforce the central importance of horizon and patience. LPs with higher risk tolerance are associated with longer-term, back-loaded strategies (39.6%) and a greater willingness to invest in early-stage or high-uncertainty projects (53.2%). In contrast, more conservative LPs push funds toward mature-stage investments (54.9%) and tighter structural risk controls (53.2%). Similarly, LPs with short-term return sensitivity or an IRR focus influence exit timing and fund duration. Together with the regression results in Tables 10 and A4.13, the survey evidence supports a coherent mechanism in which LP patience shapes fund duration, project holding periods, and overall strategic orientation.

8 Conclusion

This paper studies whether patient capital originates with ultimate investors and is transmitted through delegated intermediaries in venture capital. Leveraging a 2014 reform in China that permitted insurers to invest in RMB-denominated VC funds, while USD funds managed by the same GPs remained unaffected, we use a within-GP difference-in-differences design to isolate the effects of insurer entry. We find that insurer participation reshapes the LP base by crowding out shorter-horizon capital and, in turn, leads RMB funds to invest earlier, hold investments longer, and achieve improved exit and innovation outcomes.

These findings have broader implications for how institutional design and investor composition shape real outcomes in financial markets. They suggest that the patience of ultimate capital providers can meaningfully alter intermediary behavior, not only by expanding the supply of capital but also by changing incentives and constraints in ways that tilt portfolios toward longer-horizon projects. From a policy perspective, reforms that broaden access for patient investors may therefore have effects that extend beyond fundraising volumes, influencing the timing, risk, and innovative impact of entrepreneurial investments. Our results can thus inform recent reforms in Brazil, India, and Korea that allowed greater entry of patient investors such as pension funds into private equity. Our paper also offers a cautionary note on recent policy efforts to expand retail access to private markets—the impatient capital can be costly, especially if intermediated in a way that allows strong passthrough, such as easy and frequent redemption.

Several avenues for future research follow. First, more work is needed to map the specific contractual and governance mechanisms through which LPs transmit patience, for example, via

fund terms, monitoring intensity, and explicit performance benchmarks, and how these mechanisms interact with GP reputation and competition. Second, it would be valuable to study whether similar transmission operates in other asset classes and institutional settings. Finally, future research could explore general-equilibrium effects, such as whether an influx of patient capital changes entrepreneurial entry, valuation dynamics, and the allocation of innovation across sectors over the long run.

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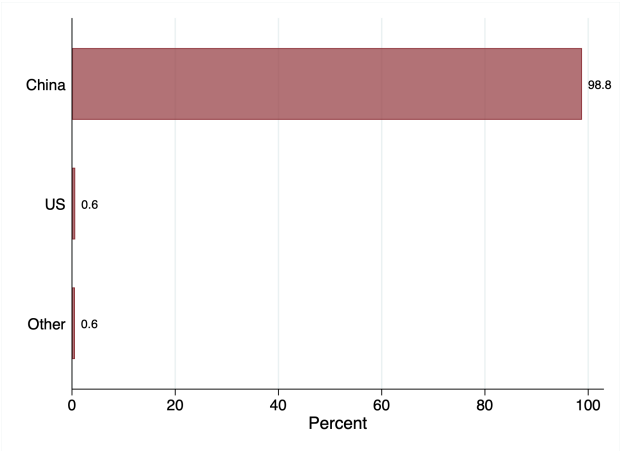
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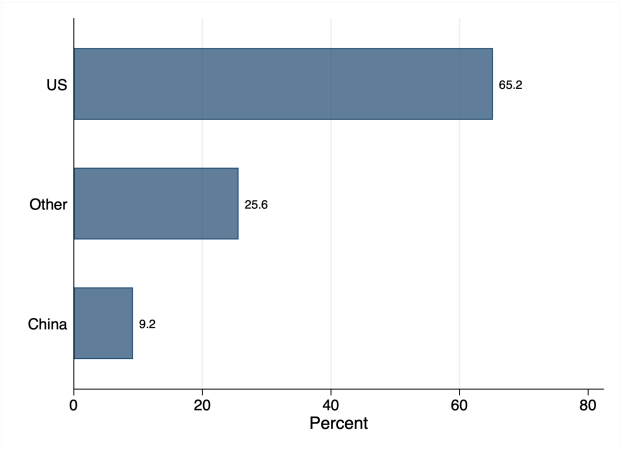
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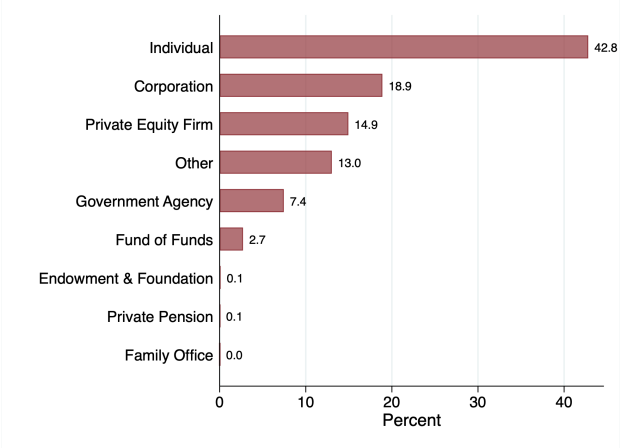
Figure 1: Segmentation in the Chinese VC Market Before the 2014 Deregulation (2005-2013)



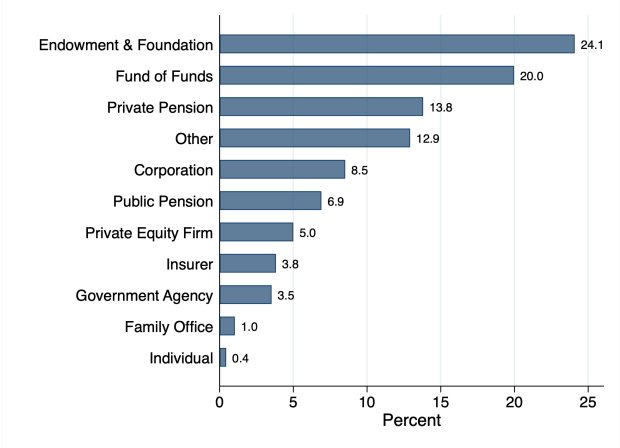
(a) LP Country - RMB funds



(b) LP Country - USD Funds



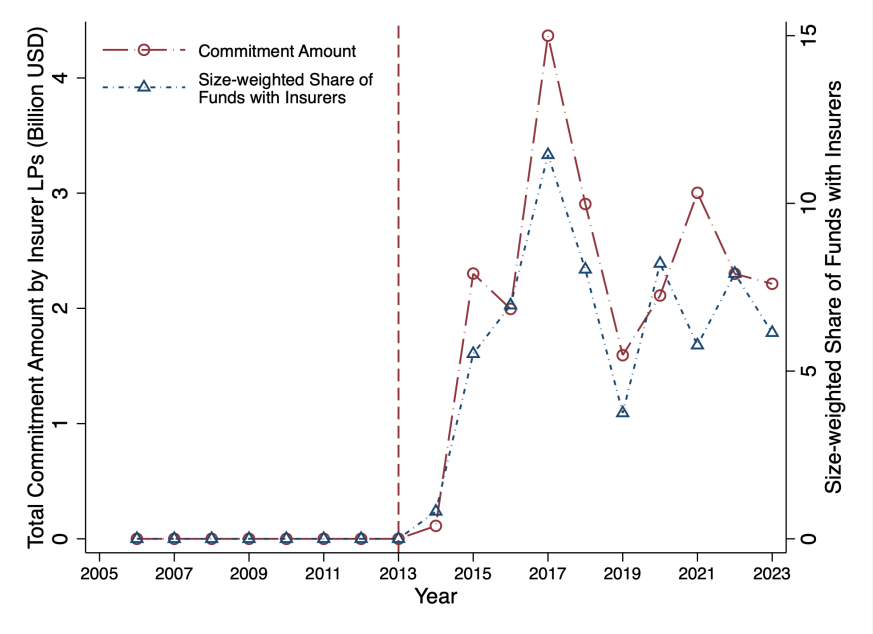
(c) LP Type - RMB funds



(d) LP Type - USD Funds

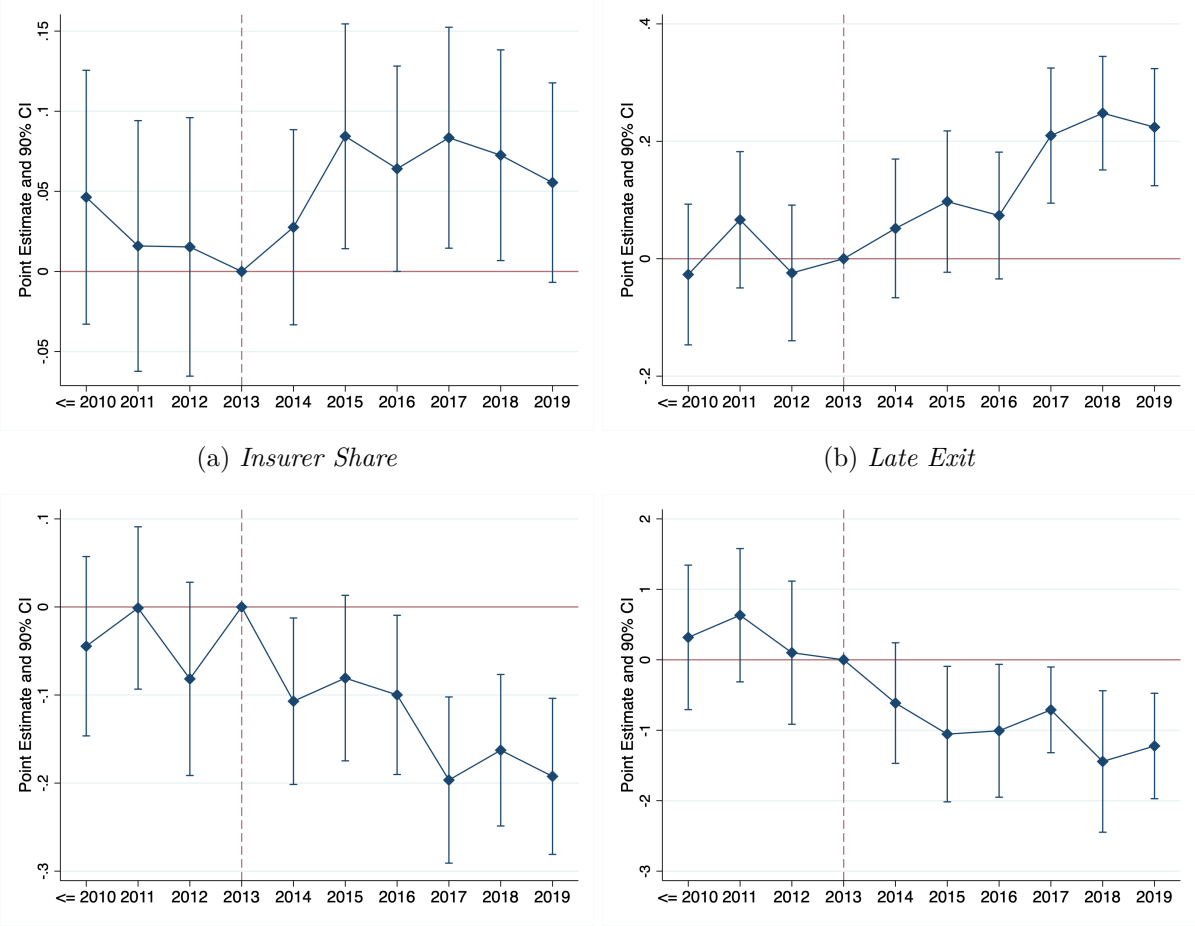
This figure illustrates the segmentation of China's VC market prior to the 2014 deregulation. Due to China's capital account controls, the Chinese VC market is segmented into RMB and USD funds, each with distinct investor bases. As shown in Figures 1a and 1b, RMB funds primarily raised capital from domestic Chinese limited partners, while USD funds were predominantly backed by U.S. investors. In contrast to the USD investor base dominated by long-term investors, such as endowments & foundations, pension funds, and insurers, the RMB investor base relied largely on individuals, corporations and governments before the 2014 deregulation (Figures 1c and 1d) .

Figure 2: Deregulation of the RMB investor base and entry of insurer LPs



This figure shows the total committed capital invested by insurer LPs and the size-weighted share of VC funds with insurer LPs in the RMB market from 2005-2023 based on final close year. The red vertical dashed line indicates the base year of 2013, the year before the deregulation of the RMB investor base, making domestic insurers eligible for VC fund investments.

Figure 3: Event Study Plots



(a) *Insurer Share*

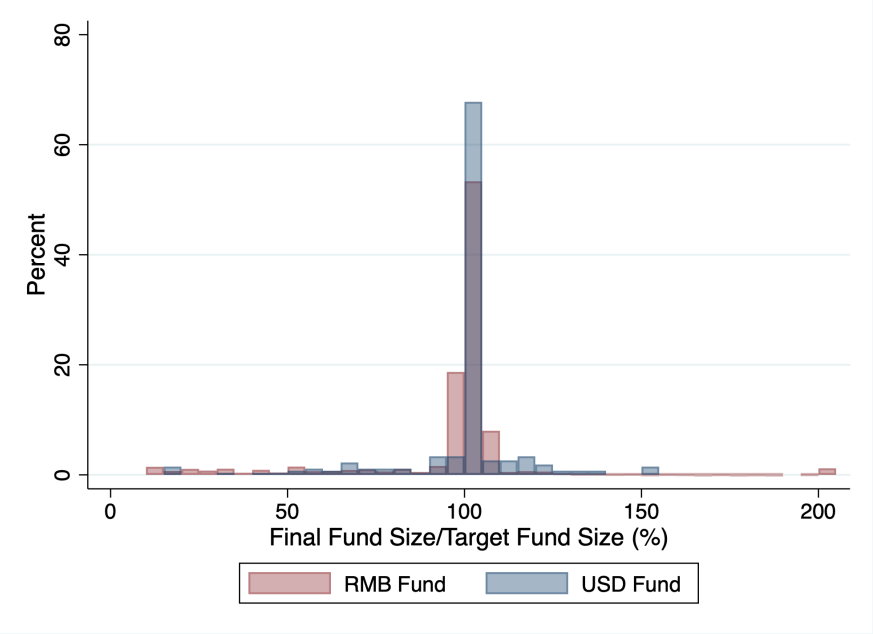
(b) *Late Exit*

(c) *Secondary Exit*

(d) *Company Age*

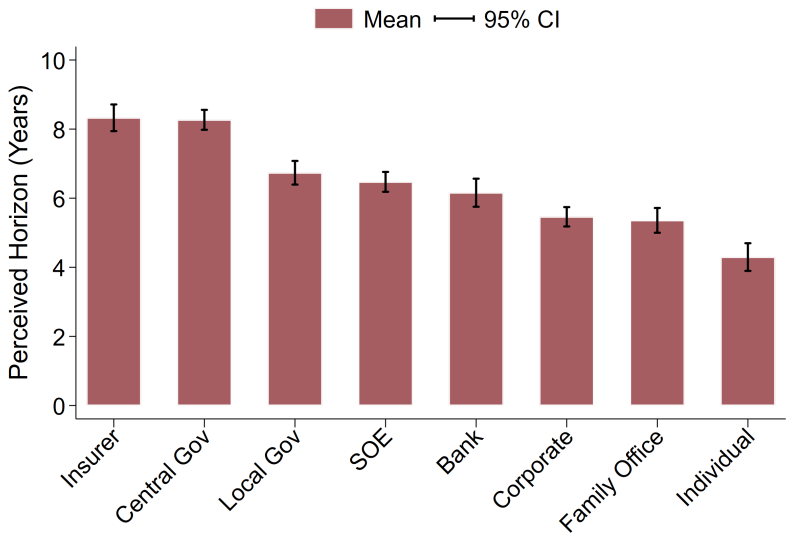
This figure plots the event-study coefficient estimates and associated two-tailed 90% confidence intervals of the difference between RMB funds (treatment group) and USD funds (control group). The coefficient in 2013 is normalized to zero. The red vertical dashed line indicates the base year of 2013, the year before the deregulation of the RMB investor base. The outcome variables are indicated in subcaptions. Standard errors are clustered at the GP level. The regressions include final close year and GP FEs. Standard errors are clustered at the GP level.

Figure 4: Cross-sectional Distribution of Subscription Ratio

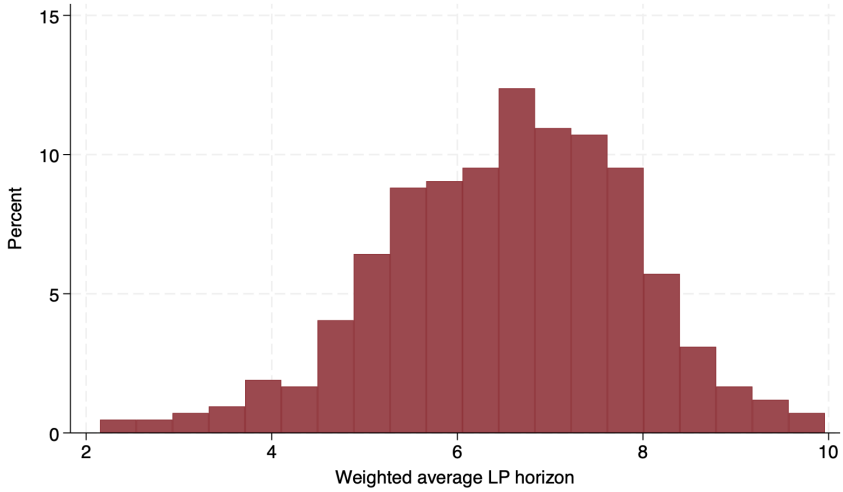


This figure presents the cross-sectional distribution of the ratio of final fund size to target size for RMB and USD funds raised between 2005-2019 by Chinese GPs. The distribution clusters sharply around 100%, suggesting that a fund's target size acts as a soft cap on its final size.

Figure 5: Perceived LP Horizons



(a) Perceived LP Horizon by LP Type



(b) Weighted Average Perceived LP Horizon

Panel A shows the perceived investment horizons for different LP types, ordered from longest to shortest horizon in the survey. Bars represent mean horizon values in years. Black vertical lines indicate 95% confidence intervals. Horizon values are based on survey responses from 112 GP fund managers regarding their perceptions of each LP type's investment time horizon. Panel B shows the distribution of weighted average LP horizon across 420 randomized LP compositions. For each LP composition, the weighted average LP horizon is the inner product of randomized LP shares and the perceived horizons of different LP type by the surveyed GP.

Table 1: Summary Statistics

This table reports the fund-level summary statistics for the main variables used in regressions. The sample includes funds raised by Chinese GPs during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded.

Panel A: Summary Statistics

	Full Sample			
	Mean	Median	SD	N
Panel A: LP Composition				
Has Insurer	0.02	0.00	0.12	7,334
Insurer Share	0.01	0.00	0.06	7,334
Weighted Insurer Share	0.01	0.00	0.08	7,334
Weighted Individual Share	0.15	0.00	0.29	7,334
Weighted Government Share	0.11	0.00	0.24	7,334
Weighted Corporate Share_w	0.26	0.11	0.32	7,334
Panel B: Fund Investments and Exits				
Late Exits	0.28	0.25	0.24	7,033
Holding Period (Years)	4.09	3.93	1.34	6,814
Secondary Exit	0.25	0.18	0.26	7,064
Company Age (Years)	5.61	4.88	3.47	6,936
Early Stage	0.51	0.50	0.31	7,025
IPO & MA	0.08	0.00	0.17	7,064
Patents	0.20	0.00	0.40	7,175

Panel B: LP Composition - Insurer LPs

	Equally Weighted		Weighted by Fund Size		
	Mean	SD	Mean	SD	N
Panel A: Full Sample					
Has Insurer	0.02	0.12	0.07	0.26	7,334
Insurer Share	0.01	0.06	0.03	0.15	7,334
Weighted Insurer Share	0.01	0.08	0.04	0.17	7,334
Panel B: GPs with both RMB and USD Funds					
Has Insurer	0.05	0.21	0.10	0.30	1,026
Insurer Share	0.01	0.09	0.02	0.10	1,026
Weighted Insurer Share	0.02	0.12	0.03	0.13	1,026
Panel C: GPs ever with Insurer LPs					
Has Insurer	0.19	0.39	0.41	0.49	612
Insurer Share	0.07	0.20	0.17	0.31	612
Weighted Insurer Share	0.10	0.27	0.21	0.35	612

Table 2: LP Investment Horizon: Evidence from LPs' Secondary Sales of Fund Stakes

This table demonstrates varying investment horizon across LP investors based on secondary sales of fund stakes in RMB funds covered in TianYanCha (TYC) sourced from China's business registry data. The full sample includes LPs in RMB VC funds raised by Chinese GPs during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded. Our sample is restricted to RMB funds because we can only observe secondary sales in RMB funds covered by TYC. The unit of observation is a LP-fund pair. *LP Secondary Sale* is an indicator variable equal to one if an LP exits the fund through secondary sales, and zero otherwise. *Insurer* is an indicator variable equal to one if the the LP is an insurer, and zero otherwise. *Individual*, *Government*, and *Corporate* are defined similarly. *Ln(Commitment Amount)* is the natural logarithm of LP's commitment amount to a fund. Columns 1-4 use the full sample of LPs that committed capital to a VC fund. Columns 1-4 use the full sample of LPs and Columns 5-8 use the subsample of LPs that committed capital before the fund final close. Standard errors are double clustered, at the LP and fund levels, and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	LP Secondary Sale							
	All LPs				LPs at Fund Final Close			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Insurer	-0.131***	-0.139***	-0.152***	-0.124***	-0.157***	-0.171***	-0.191***	-0.161***
	[0.026]	[0.036]	[0.038]	[0.034]	[0.026]	[0.045]	[0.050]	[0.045]
Individual	0.030***	0.053***	0.068***	0.034***	0.045***	0.064***	0.087***	0.046***
	[0.009]	[0.008]	[0.008]	[0.007]	[0.010]	[0.009]	[0.009]	[0.007]
Government	-0.027*	-0.007	0.003	0.026*	-0.034**	-0.017	-0.002	0.022
	[0.015]	[0.016]	[0.015]	[0.013]	[0.017]	[0.018]	[0.017]	[0.015]
Corporate	0.059***	0.059***	0.061***	0.034***	0.065***	0.067***	0.069***	0.039***
	[0.008]	[0.008]	[0.007]	[0.006]	[0.009]	[0.009]	[0.009]	[0.007]
Ln(Commitment Amount)				0.004**				0.004*
				[0.002]				[0.002]
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓
Commitment Year FE	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓				✓		
Fund FE			✓	✓			✓	✓
Observations	50,436	50,363	50,295	41,655	37,205	37,090	36,983	30,212
Adjusted R^2	0.039	0.170	0.231	0.327	0.028	0.180	0.255	0.373
$\bar{y}$	0.242	0.241	0.241	0.128	0.260	0.260	0.260	0.138

Table 3: LP Composition - Insurer LPs

This table demonstrates an increase in insurer LPs in RMB funds after the deregulation. The sample includes VC funds raised by Chinese GPs during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Has Insurer* is an indicator variable equal to one if a fund has any insurer LPs, and zero otherwise. *Insurer Share* is the equal-weighted share of LPs that are insurance companies in a fund. *Insurer Share_w* is the share of LPs that are insurance companies in a fund, weighted by LP commitment amount. *RMB Fund* is an indicator variable equal to one if a fund is raised in RMB, and zero if it is raised in USD. *Post 2014* is an indicator variable equal to one for a fund if its fundraising is closed in or after the deregulation year 2014, and zero otherwise. Pre-2014 RMB/USD Mean reports the pre-2014 average value of the raw outcome variable for RMB/USD funds. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Has Insurer		Insurer Share		Weighted Insurer Share	
	(1)	(2)	(3)	(4)	(5)	(6)
RMB Fund × Post 2014	0.163***	0.174***	0.027***	0.029***	0.029***	0.034***
	[0.048]	[0.061]	[0.008]	[0.010]	[0.010]	[0.013]
RMB Fund	-0.155***	-0.088	-0.025***	-0.013	-0.029***	-0.016
	[0.043]	[0.059]	[0.007]	[0.010]	[0.009]	[0.012]
Fund Number FE	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓
Observations	7,334	4,755	7,334	4,755	7,334	4,755
Adjusted R^2	0.027	0.157	0.013	0.184	0.014	0.193
Pre-2014 RMB Mean	0.000	0.000	0.000	0.000	0.000	0.000
Pre-2014 USD Mean	0.173	0.152	0.025	0.022	0.027	0.024

Table 4: LP Composition - Other LPs

This table reports changes in the investor base for RMB funds, specifically among individual, corporate, and government investors, following the deregulation. The sample includes VC funds raised by Chinese GPs during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Individual Share_w* is the share of LPs that are individuals in a fund, weighted by LP commitment amount. *Corporate Share_w* and *Government Share_w* are defined similarly. *RMB Fund* is an indicator variable equal to one if a fund is raised in RMB, and zero if it is raised in USD. *Post 2014* is an indicator variable equal to one for a fund if its fundraising is closed in or after the deregulation year 2014, and zero otherwise. Pre-2014 RMB/USD Mean reports the pre-2014 average value of the raw outcome variable for RMB/USD funds. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Weighted Individual Share		Weighted Government Share		Weighted Corporate Share	
	(1)	(2)	(3)	(4)	(5)	(6)
RMB Fund × Post 2014	-0.099***	-0.095***	-0.016	-0.044	-0.018	-0.046
	[0.029]	[0.031]	[0.034]	[0.041]	[0.050]	[0.055]
RMB Fund	0.241***	0.147***	0.058**	0.068**	0.106**	0.112*
	[0.030]	[0.030]	[0.024]	[0.034]	[0.049]	[0.064]
Fund Number FE	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓
Observations	7,334	4,755	7,334	4,755	7,334	4,755
Adjusted R^2	0.045	0.353	0.009	0.190	0.013	0.188
Pre-2014 RMB Mean	0.257	0.247	0.120	0.117	0.245	0.248
Pre-2014 USD Mean	0.004	0.005	0.064	0.066	0.123	0.108

Table 5: Portfolio Company Investment Horizon

This table reports the regression results of Equation (1) investigating whether access to long-term investors increases VC funds' holding period. The sample includes VC funds raised by Chinese GPs during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Late Exits* is the share of portfolio companies held more than 5 years since a VC fund's initial investments. *Holding Period* is the average number of years a VC fund holds its portfolio companies upon exits. Exits include IPOs, M&As, secondary sales, management buyouts, and write-offs. *Secondary Exit*s is the share of portfolio companies a VC fund exits through secondary exits. *RMB Fund* is an indicator variable equal to one if a fund is raised in RMB, and zero if it is raised in USD. *Post 2014* is an indicator variable equal to one for a fund if its fundraising is closed in or after the deregulation year 2014, and zero otherwise. Pre-2014 RMB Mean reports the pre-2014 average value of the raw outcome variable for RMB funds. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Late Exits		Holding Period		Secondary Exit	
	(1)	(2)	(3)	(4)	(5)	(6)
RMB Fund × Post 2014	0.136***	0.139***	0.653***	0.709***	-0.115***	-0.102***
	[0.032]	[0.033]	[0.209]	[0.222]	[0.022]	[0.024]
RMB Fund	-0.081***	-0.080***	-0.480***	-0.474**	0.261***	0.194***
	[0.029]	[0.030]	[0.183]	[0.191]	[0.021]	[0.023]
Fund Number FE	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓
Observations	7,033	4,738	6,814	4,585	7,064	4,759
Adjusted R^2	0.149	0.261	0.209	0.310	0.062	0.196
Pre-2014 RMB Mean	0.392	0.405	5.049	5.073	0.360	0.339

Table 6: Stage of Investments

This table reports the regression results of Equation (1) investigating whether access to long-term investors makes VC funds invest earlier-stage companies. The sample includes VC funds raised by Chinese GPs during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Company Age* is the average age of portfolio companies in years at the time of a VC fund's initial investments. *Early Stage* is the share of portfolio companies invested from angel, seed, or series A by a VC fund. *RMB Fund* is an indicator variable equal to one if a fund is raised in RMB, and zero if it is raised in USD. *Post 2014* is an indicator variable equal to one for a fund if its fundraising is closed in or after the deregulation year 2014, and zero otherwise. Pre-2014 RMB Mean reports the pre-2014 average value of the raw outcome variable for RMB funds. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Company Age		Early Stage	
	(1)	(2)	(3)	(4)
RMB Fund × Post 2014	-1.027**	-1.248***	0.095**	0.105***
	[0.433]	[0.370]	[0.038]	[0.038]
RMB Fund	2.616***	1.046***	-0.073**	-0.045
	[0.406]	[0.345]	[0.035]	[0.036]
Fund Number FE	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓
GP FE		✓		✓
Observations	6,936	4,649	7,025	4,731
Adjusted R^2	0.038	0.458	0.029	0.326
Pre-2014 RMB Mean	6.808	6.769	0.522	0.538

Table 7: Heterogeneity in Patience Passthrough

This table reports triple-diff estimation using the cross-sectional variation of GPs' exit performance and size. The sample includes VC funds raised by Chinese GPs during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Exit Ratio* is the standardized ratio of a GP's portfolio companies that have gone public or been acquired. *Large GP* is an indicator variable equal to one if a GP's cumulative fundraising ranks in the top tercile group, and zero otherwise. Other two-way interaction terms and stand-alone terms are untabulated. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

Panel A: Exit Performance

	Weighted Insurer Share		Weighted Individual Share		Holding Period		Company Age	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
RMB Fund × Post 2014	0.027**	0.029*	-0.102***	-0.057	1.004***	1.050***	-1.615***	-1.911***
	[0.012]	[0.017]	[0.029]	[0.038]	[0.241]	[0.263]	[0.416]	[0.405]
RMB Fund × Post 2014 × Exit Ratio	0.004	0.004	0.001	-0.030	-0.333***	-0.211**	0.747***	0.823***
	[0.005]	[0.008]	[0.013]	[0.019]	[0.100]	[0.093]	[0.278]	[0.219]
RMB Fund	-0.027**	-0.007	0.244***	0.135***	-0.714***	-0.789***	3.224***	1.387***
	[0.011]	[0.015]	[0.029]	[0.034]	[0.215]	[0.227]	[0.353]	[0.369]
Control Variables	✓	✓	✓	✓	✓	✓	✓	✓
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓		✓
Observations	6,864	4,691	6,864	4,691	6,793	4,570	6,915	4,633
Adjusted R^2	0.019	0.187	0.045	0.354	0.212	0.314	0.040	0.460

Panel B: GP Size

	Weighted Insurer Share		Weighted Individual Share		Holding Period		Company Age	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
RMB Fund × Post 2014	0.029*	0.014	-0.073**	0.003	1.183***	1.040***	-1.274**	-2.241***
	[0.017]	[0.019]	[0.033]	[0.065]	[0.310]	[0.338]	[0.571]	[0.583]
RMB Fund × Post 2014 × Large GP	-0.000	0.025	-0.004	-0.092	-1.038***	-0.729*	0.745	1.703**
	[0.020]	[0.019]	[0.036]	[0.067]	[0.363]	[0.391]	[0.779]	[0.755]
RMB Fund	-0.037***	-0.011	0.248***	0.154***	-0.995***	-1.015***	3.324***	1.683***
	[0.014]	[0.019]	[0.032]	[0.035]	[0.268]	[0.273]	[0.416]	[0.418]
Control Variables	✓	✓	✓	✓	✓	✓	✓	✓
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓		✓
Observations	7,334	4,755	7,334	4,755	6,814	4,585	6,936	4,649
Adjusted R^2	0.023	0.194	0.055	0.353	0.214	0.313	0.039	0.458

Table 8: Portfolio Outcomes

This table reports the regression results of Equation (1) investigating whether access to long-term investors increases VC funds' holding period. The sample includes VC funds raised by Chinese GPs during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *IPO & MA* is the share of portfolio companies a VC fund exits through an IPO or an acquisition. *Patents* is an indicator variable equal to one if a VC fund ranks in the top quintile for the share of portfolio companies that successfully applied for a utility patent within three years of the initial investment, and zero otherwise. *RMB Fund* is an indicator variable equal to one if a fund is raised in RMB, and zero if it is raised in USD. *Post 2014* is an indicator variable equal to one for a fund if its fundraising is closed in or after the deregulation year 2014, and zero otherwise. Pre-2014 RMB Mean reports the pre-2014 average value of the raw outcome variable for RMB funds. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	IPO & MA		Patents	
	(1)	(2)	(3)	(4)
RMB Fund × Post 2014	0.085**	0.078**	0.081**	0.089**
	[0.034]	[0.035]	[0.035]	[0.044]
RMB Fund	-0.208***	-0.183***	0.048**	-0.091***
	[0.031]	[0.033]	[0.020]	[0.033]
Fund Number FE	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓
GP FE		✓		✓
Observations	7,064	4,759	7,175	4,803
Adjusted R^2	0.129	0.229	0.037	0.257
Pre-2014 RMB Mean	0.130	0.149	0.088	0.087

Table 9: Exclude RMB funds Launched after 2014 - Mitigate Size Effect

This table addresses potential concerns about size effects (see Section 6). We exclude RMB funds launched in or after 2014. For RMB funds with missing fundraising launch years, we retain those with vintage years in or prior to 2013. The full sample includes VC funds raised during 2005-2019 by Chinese GPs. The unit of observation is a fund. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

Panel A: LP Share

	Weighted Insurer Share		Weighted Individual Share		Weighted Government Share		Weighted Corporate Share	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
RMB Fund × Post 2014	0.024**	0.027*	-0.008	-0.069	-0.018	-0.041	-0.059	0.028
	[0.010]	[0.015]	[0.043]	[0.043]	[0.041]	[0.058]	[0.058]	[0.063]
RMB Fund	-0.026***	-0.017*	0.230***	0.143***	0.073***	0.089**	0.109*	0.151**
	[0.008]	[0.010]	[0.031]	[0.036]	[0.026]	[0.038]	[0.057]	[0.069]
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓		✓
Observations	1,361	790	1,361	790	1,361	790	1,361	790
Adjusted R^2	0.086	0.092	0.110	0.456	0.015	0.153	0.040	0.228
Pre-2014 RMB Mean	0.000	0.000	0.262	0.261	0.120	0.109	0.244	0.232
Pre-2014 USD Mean	0.023	0.021	0.004	0.005	0.064	0.067	0.123	0.109

Panel B: Investment Choices

	Late Exits		Holding Period		Secondary Exit		Company Age		Early Stage	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RMB Fund × Post 2014	0.174***	0.139***	1.090***	1.099***	-0.065**	-0.098**	-1.180**	-1.715***	0.188***	0.134**
	[0.040]	[0.051]	[0.233]	[0.315]	[0.032]	[0.046]	[0.515]	[0.448]	[0.046]	[0.054]
RMB Fund	-0.090***	-0.046	-0.472**	-0.435	0.269***	0.181***	2.988***	1.156***	-0.097***	-0.039
	[0.031]	[0.046]	[0.198]	[0.281]	[0.022]	[0.035]	[0.406]	[0.321]	[0.036]	[0.039]
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓		✓		✓
Observations	1,350	849	1,333	838	1,354	853	1,255	769	1,350	851
Adjusted R^2	0.117	0.224	0.139	0.228	0.179	0.257	0.151	0.557	0.029	0.295
Pre-2014 RMB Mean	0.393	0.414	5.058	5.128	0.361	0.336	6.833	6.844	0.523	0.542

Panel C: Portfolio Outcomes

	IPO & MA		Patents	
	(1)	(2)	(3)	(4)
RMB Fund × Post 2014	0.085**	0.102*	-0.000	-0.091
	[0.040]	[0.055]	[0.047]	[0.066]
RMB Fund	-0.205***	-0.196***	0.057***	-0.009
	[0.034]	[0.048]	[0.019]	[0.031]
Fund Number FE	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓
GP FE		✓		✓
Observations	1,354	853	1,341	839
Adjusted R^2	0.178	0.245	0.007	0.169
Pre-2014 RMB Mean	0.131	0.161	0.085	0.075

Table 10: Randomized LP Composition and Fund Life Choice

Panel A shows the effect of weighted average LP horizon on fund life choice. Weighted Average LP Horizon is calculated as the share-weighted average of perceived investment horizons across different LP types. Panel B shows the effect of LP type shares on fund life choice. Insurer LP Share is the percentage of capital from insurance companies. Gov LP Share is the combined percentage of capital from central government, local government, and state-owned enterprises. The omitted LP types are individuals, corporations, and other financial institutions (banks, FoF). All columns include respondent fixed effects, while other columns additionally include industry fixed effects, stage fixed effects, and scenario fixed effects. Scenario fixed effects indicate one of the four scenarios, where each scenario is a combination of LP types with fixed LP descriptions but randomized shares. Robust standard errors are reported in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. The sample includes 116 respondents, out of whom 102 have complete answers to perceived horizon by LP types.

Panel A: Weighted Average LP Horizons

	Chosen Fund Life		
	(1)	(2)	(3)
Weighted Average LP Horizon	0.356***	0.311***	0.221*
	(0.134)	(0.119)	(0.130)
Respondent FE	✓	✓	✓
Industry FE		✓	✓
Stage FE		✓	✓
Scenario FE			✓
Observations	406	406	406
Adjusted R^2	0.559	0.628	0.627

Panel B: Insurer LP Share

	Chosen Fund Life					
	(1)	(2)	(3)	(4)	(5)	(6)
Insurer LP Share	0.597	1.476**	1.260*			
	(0.767)	(0.672)	(0.688)			
Gov LP Share	0.791	1.282***	0.541			
	(0.480)	(0.473)	(0.712)			
Insurer LP Share≥40%				0.649**	0.764***	0.720***
				(0.275)	(0.237)	(0.233)
Gov LP Share≥40%				0.430**	0.529***	0.348
				(0.176)	(0.177)	(0.237)
Respondent FE	✓	✓	✓	✓	✓	✓
Industry FE		✓	✓		✓	✓
Stage FE		✓	✓		✓	✓
Scenario FE			✓			✓
Observations	443	443	443	443	443	443
Adjusted R^2	0.548	0.633	0.632	0.559	0.641	0.639

For Internet Publication

Online Appendix for "The Impact of Patient Capital"

Yingxiang Li
Tong Liu
Ting Xu

A-1 Detailed Policy Rules

"Notice of the China Insurance Regulatory Commission (CIRC) on Matters Related to Insurance Funds Investing in Venture Capital Funds"

CIRC Document No. 101 [2014]

December 12, 2014

To all insurance group (holding) companies, insurance companies, and insurance asset management companies:

In order to implement the spirit of the State Council's Several Opinions on Accelerating the Development of the Modern Insurance Service Industry (State Council Document No. 29 [2014]), regulate the behavior of insurance funds investing in venture capital funds, support the development of technology-oriented enterprises, small and micro businesses, and strategic emerging industries, and prevent investment risks, this notice is issued in accordance with the Interim Measures for the Administration of the Use of Insurance Funds and other regulatory provisions.

1. **Definitions.** For the purposes of this notice, venture capital funds refer to equity investment funds established in accordance with the law and managed by qualified fund managers, primarily investing in common shares of start-up enterprises or preferred shares or convertible bonds legally convertible into common shares.

"Start-up enterprises" refer to unlisted companies that are in the early to growth stages, or enterprises in industries that have entered the early growth phase but have not yet formed mature business models.

2. **Eligibility of Venture Capital Fund Managers for Insurance Fund Investment**

Insurance funds may invest in venture capital funds. The managers of such funds must meet the following conditions:

(1) Be legally established, with sound and effective corporate governance, internal controls, and management systems; possess at least five years of venture capital management experience; maintain an excellent performance record; and have cumulatively managed no less than RMB 1 billion in venture capital assets.

(2) Have a dedicated and stable management team for venture capital funds, with no fewer than five professional investment staff; have completed at least 10 successful exits in venture capital projects; at least three investment professionals must have worked together for five years; investment decision-makers must have over five years of VC management experience, including at least two individuals with more than three years of enterprise management experience.

(3) Establish mechanisms for incentives and constraints, follow-on investment, asset custody, and risk isolation, with no conflicts of interest among the different assets under management.

(4) Respond to inquiries from the CIRC regarding insurance fund investments and report relevant information.

(5) Have no major violations of laws or regulations in the past three years.

3. **Conditions for Venture Capital Funds Eligible for Insurance Fund Investment**

A venture capital fund receiving investment from insurance funds may not be the first VC fund managed by the fund manager, and must meet the following conditions:

(1) The start-up enterprises invested in must be legally established within China, comply with national industrial policy, have strong management teams and good growth potential, and have no adverse records.

(2) The fundraising size for a single fund must not exceed RMB 500 million.

(3) The balance of investment in a single start-up enterprise must not exceed 10% of the fund's committed capital.

(4) The general partner (or fund management institution), its affiliates, and key management personnel must contribute at least 3% of the fund' s total committed capital.

4. **Requirements for Insurance Companies Investing in Venture Capital Funds**. Insurance companies investing in venture capital funds must: Possess the required equity investment capability; Maintain a solvency adequacy ratio of no less than 120% as of the previous quarter-end; Comply with the Interim Measures for the Investment of Insurance Funds in Equity and related regulations.

5. **Diversification Requirements**. Insurance companies must adhere to the principle of diversification: The total balance invested in venture capital funds is included in the equity assets ratio, and must not exceed 2% of the insurance company' s total assets at the end of the previous quarter. The balance invested in a single venture capital fund must not exceed 20% of that fund's total commitments.

6. **Indirect Equity Investment**. Insurance funds may indirectly invest in start-up enterprises through: Other equity investment funds, or Fund-of-funds structures that invest in venture capital funds. The fund managers, investment focus, and operating practices of these funds must comply with CIRC's regulations on indirect equity investment by insurance funds.

7. **Permitted Use of Professional Service Providers.** Venture capital fund managers receiving insurance capital may hire professional service providers—such as custodians, investment advisory institutions, placement agents, law firms, and accounting firms—provided these institutions comply with regulatory requirements and respond to CIRC inquiries regarding insurance fund

investments.

8. **Reporting Requirements**. Insurance companies, fund managers, and custodians must report the operation of insurance fund investments in venture capital funds to the CIRC in accordance with the Interim Measures for the Investment of Insurance Funds in Equity and related regulations. Fund managers must submit relevant fund information to the CIRC or its designated information registration platform within 20 working days after the fund receives insurance capital.

9. **Penalties for Non-compliance**. If an insurance company, fund manager, or professional service institution violates this notice or related regulatory requirements, the CIRC may order corrections and impose administrative penalties or include the entity in a negative list.

10. **Effective Date**. This notice comes into effect on the date of publication. If other regulatory policies conflict with this notice, the provisions of this notice shall prevail.

A-2 Data Appendix

A-2.1 GP Consolidation

This section outlines the detailed procedure used to consolidate the lists of GPs who have managed venture capital funds targeting investments in China, by integrating three distinct datasets: Zero2IPO, PitchBook, and Preqin.

The key challenge in linking Zero2IPO, a Chinese database that documents domestic VC activity, with international sources such as Preqin and PitchBook is reconciling firm identities across languages (Chinese and English) and data standards. Many Chinese GPs appear in multiple databases, yet often under different names, translations, or formatting conventions. To construct an accurate crosswalk, we first establish reliable mappings between the English names and the official registered Chinese names of GPs. We then systematically integrate the datasets through a series of complementary matching approaches.

A-2.1.1 From Preqin to Zero2IPO

We begin with the Preqin dataset, which contains 3,602 GPs that have managed VC funds targeting investments in China. Approximately one third of these GPs—1,303 in total—include website information in their profiles. Because most websites based in China are required to register an Internet Content Provider (ICP) filing with the Ministry of Industry and Information Technology, these filings provide a valuable means of identification. By querying the ICP records through an API, we are able to retrieve the Chinese names of the entities associated with these domains. This procedure alone yields reliable mappings for more than one thousand Preqin GPs.

In addition to websites, we also draw on the regulatory disclosures of the Asset Management Association of China (AMAC). Any GP formally operating in Mainland China must register with AMAC, which typically reports both Chinese and English names when available. By cross-referencing Preqin's universe with AMAC registry, we are able to recover Chinese equivalents for an additional 168 GPs.

Once we have assembled a pool of candidate Chinese names from both websites domains and AMAC records, we standardize them using TianYanCha, a widely used corporate information platform. TianYanCha allows us to trace each firm's official registered legal name, which is generally more reliable than informal variations found in practice or in marketing materials. Through this process, we successfully standardize 1,397 out of 1,462 Chinese GP names in Preqin and 8,490 out of 9,056 in Zero2IPO. Using these standardized legal names as deterministic keys, we are able to identify 840 matches between Preqin and Zero2IPO.

To expand coverage beyond legal-name matches, we also exploit contact information listed

in both Preqin and Zero2IPO. Preqin provides email domains and phone numbers for many GPs, which we compare directly against records in Zero2IPO. To avoid fals positives, we exclude generic or personal email domains such as Gmail, Yahoo, 163, or QQ. This process yields an additional 931 matches via email addresses and 406 via phone numbers.

When combined with the earlier legal-name matches, these steps produce a consolidated set of 1,793 unique Preqin-Zero2IPO pairs, representing nearly half of the entire Preqin GP universe.

A-2.1.2 From PitchBook to Zero2IPO

We next apply the same methodology to the PitchBook dataset, which contains 4,453 GPs that have managed VC funds focused on the Chinese market. Compared with Preqin, a larger share of firms in PitchBook report websites: 2,785 in total, or 62.54 percent of the sample. Using the ICP registration process, we are able to recover Chinese names for 1,886 of these GPs, although some websites are inaccessible and cannot be verified. To supplement this, we once again rely on AMAC records, which contribute an additional 287 GPs with verified Chinese names.

As with the Preqin sample, all identified names are standardized through TianYanCha to resolve official legal entities. This step allows us to validate 1,456 out of 1,464 GP names in PitchBook. Matching across these standardized legal names yields 679 direct links between PitchBook and Zero2IPO.

To broaden coverage further, we incorporate contact information. PitchBook provides both email domains and phone numbers, which we match against corresponding fields in Zero2IPO. As before, we exclude personal or generic accounts such as Gmail, Yahoo, 163, and QQ to avoid false positives. This procedure produces an additional 650 matches through email addresses and 166 through phone numbers.

When these are combined with the legal-name matches, we obtain a consolidated set of 1,293 unique PitchBook-Zero2IPO pairs, representing just under one-third of the PitchBook GP universe.

A-2.1.3 Creating a Three-Way Link

The final step is to integrate the Preqin-Zero2IPO and PitchBook-Zero2IPO crosswalks into a single unified linkage. By merging the two datasets on their shared Zero2IPO identifiers, we identify 963 tripartite matches in which the same GP appears simultaneously in Preqin, PitchBook, and Zero2IPO. These three-way matches represent more than half of all Preqin-Zero2IPO connections and nearly three-quarters of the PitchBook-Zero2IPO connections. The resulting dataset provides a robust, multilingual, and cross-platform mapping of venture capital firms, creating a foundation for integrated analyses that bridge international and Chinese sources.

A-2.1.4 Merging GPs in PitchBook and Preqin

With 3,602 GPs recorded in Preqin and 4,453 GPs in PitchBook that target venture investments in China, we merge the two sources and identify roughly 1,500 firms that appear in both datasets. Establishing these overlaps requires a systematic matching procedure that blends strict identifiers with more flexible similarity measures.

The process begins by requiring an exact match on at least one key identifying variable. Four fields are considered at this stage: website, telephone number, email address, and firm name. If a GP aligns perfectly on at least one of these variables across the two datasets, it is flagged as a candidate match.

For each of these candidate matches, we then assess the strength of the linkage using a composite score. This score reflects how many additional attributes are consistent across the datasets, including website, telephone number, email address, firm name, year of establishment, and city of registration. To refine the measure further, we add a continuous string-similarity score for the firm's registered address, which captures partial matches and potential discrepancies caused by format differences. The similarity score is based on the bigram method and ranges from 0 to 1. We then sum up all these matching indicators and the continuous similarity score to arrive at the composite score, and retain the match candidate with the highest composite score.

The outcome of this matching procedure is a consolidated list of overlapping GPs. We identify 1,502 GP identifiers from PitchBook corresponding to 1,539 identifiers from Preqin. Importantly, the matches are not always one-to-one: a single GP in one database may link to multiple identifiers in the other. Nevertheless, within each system of identifiers, the merged dataset is internally consistent and uniquely structured, providing a reliable foundation for subsequent analysis.

A-2.2 Fund Consolidation

This section outlines the detailed procedure used to consolidate the lists of VC funds targeting investments in China, by integrating three distinct datasets: Zero2IPO, PitchBook, and Preqin. To overcome inconsistencies and gaps across the three datasets, we construct a unified fund-level dataset by carefully merging them. This consolidation requires two major stages of matching—first between Preqin or PitchBook and Zero2IPO, and second directly between Preqin and PitchBook—before integrating all three into a single, standardized database.

A-2.2.1 Matching Preqin and PitchBook Funds with Zero2IPO

A key difficulty arises because Zero2IPO typically reports only the Chinese names of funds, while Preqin and PitchBook report English names. Since text-matching methods are not sufficient for

reliable linkage, we start the consolidation with two anchors: the matched GP lists developed earlier in Section A-2.1 and a set of fund characteristics.

For any matched GP that appears in both Zero2IPO and either Preqin or PitchBook, we generate all possible pairwise combinations of funds. We then apply a series of filters to eliminate implausible matches. First, we remove any pairs that do not share the same fund currency or fund number. Next, we exclude pairs where the reported vintage years differ by more than three years, since such a gap makes it unlikely that they refer to the same vehicle. For fund sizes, we impose consistency requirements as well: if the reported final sizes differ by more than the midpoint of the two values, the pair is discarded. In the case of Preqin-Zero2IPO matching, we apply an additional filter based on target size, again requiring that differences fall below the midpoint threshold. (This step is not applied to PitchBook since fund target sizes are not consistently reported there.)

After applying these systematic filters, we manually review the remaining candidates to identify true matches. At this stage, the English and Chinese fund names provide the final validation. This combination of quantitative filters and manual confirmation ensures both breadth and accuracy in the matching process.

A-2.2.2 Matching Preqin and PitchBook Funds

The process for linking funds in Preqin and PitchBook is conceptually similar but more straightforward, since both datasets record English fund names. We again begin by generating all possible pairwise combinations of funds managed by the same GP across the two datasets. We first eliminate pairs that do not match on either currency or fund number, and then exclude those with vintage years differing by more than three years. Consistency in reported final size is also required, with pairs discarded if the difference exceeds the midpoint of the two reported values.

Because both sources include textual fund names, we strengthen the matching process with a string-similarity check. Specifically, we compute the Levenshtein distance, which measures the minimum number of insertions, deletions, or substitutions needed to transform one string into another. The similarity score is then defined as one minus the ratio of this distance to the length of the longer name. Specifically, it is calculated as

$$Similarity = 1 - \frac{Levenshtein\ Dist(Fund\ Name_{pq}, Fund\ Name_{pb})}{max\{strlen(Fund\ Name_{pq}), strlen(Fund\ Name_{pb})\}}.$$

Pairs with a similarity score below 0.5 are excluded, as such names are too dissimilar to plausibly represent the same fund.

As with the Preqin-Zero2IPO and PitchBook-Zero2IPO steps, the remaining candidates are manually verified, with attention paid to small naming variations that string matching may not fully capture.

A-2.2.3 Constructing the Unified Fund Dataset

With these pairwise matches established, we integrate all three sources into a single consolidated dataset. We begin with Preqin as the base, given its relatively comprehensive coverage of fund attributes. Missing values in Preqin, such as information on limited partner composition or fund final size, are filled using values from the matched PitchBook or Zero2IPO records.

Next, we append funds from PitchBook and Zero2IPO that cannot be matched to Preqin. Before appending, we drop any PitchBook or Zero2IPO funds already linked to Preqin to avoid duplication. For the unmatched funds, we again harmonize information between PitchBook and Zero2IPO, filling missing values in one source with information from the other wherever possible. These enriched PitchBook-Zero2IPO funds are then appended to the consolidated dataset.

Finally, we ensure that GP information is consistent across all funds. Using the GP linkage tables from Section A-2.1, we unify identifiers, years of establishment, and headquarters locations across the three sources. As a result, different funds attributed to the same GP across Preqin, PitchBook, and Zero2IPO are linked to a single, consolidated GP entity. For example, IDG Magic V Fund (appearing only in Preqin), IDG Fintech Fund (appearing only in PitchBook), and IDG Technology Ventures Investments L.P. (appearing only in Zero2IPO) are all connected to the same GP record in the unified dataset.

Through this step-by-step integration, we construct a multilingual and cross-platform dataset of VC funds that reconciles discrepancies across sources while preserving the richness of each.

A-2.3 Portfolio Company Consolidation

This section outlines the detailed procedure used to consolidate the lists of portfolio companies in China invested by VC funds reported across three distinct datasets: Zero2IPO, PitchBook, and Preqin. In our sample, around 32 percent of Preqin funds, 26 percent of PitchBook funds, and 48 percent of Zero2IPO funds report information on portfolio companies. To improve coverage, we consolidate the three sources at the fund level, ensuring that duplicated portfolio companies across databases are carefully identified and removed. Because firms often appear under different names, formats, or languages, the deduplication process requires a combination of automated checks and manual verification.

A-2.3.1 De-duplicating Portfolio Companies between Preqin or PitchBook and Zero2IPO

A particular challenge arises in linking Zero2IPO with Preqin and PitchBook. Zero2IPO records portfolio companies only in Chinese, reporting their names, headquarters locations, and industry classifications. In contrast, Preqin and PitchBook record these firms in English, often under names

that are not direct translations of their Chinese equivalents. To address this, we avoid trying to match the entire universe of portfolio companies across the databases. Instead, we focus on deduplication within the set of funds already linked across sources.

For each fund that appears in both Zero2IPO and Preqin (or PitchBook), we generate all possible pairwise combinations of the portfolio companies associated with that fund. We then apply a series of filters to eliminate unlikely matches. Company pairs located in different provinces are immediately excluded, since firms with distinct headquarters locations cannot represent the same entity. After this filtering, we manually examine the remaining pairs to detect duplicates. This manual review is necessary because Chinese firms frequently adopt English brand names that diverge substantially from literal translations of their Chinese legal names. For example, Nio, Inc. is known in Chinese as Wei Lai Auto, Inc., a name that bears little resemblance to its international branding. When English and Chinese names appear very different, we verify the official company name in English online and compare it with the candidate match to ensure precision.

A-2.3.2 De-duplicating Portfolio Companies between Preqin and PitchBook

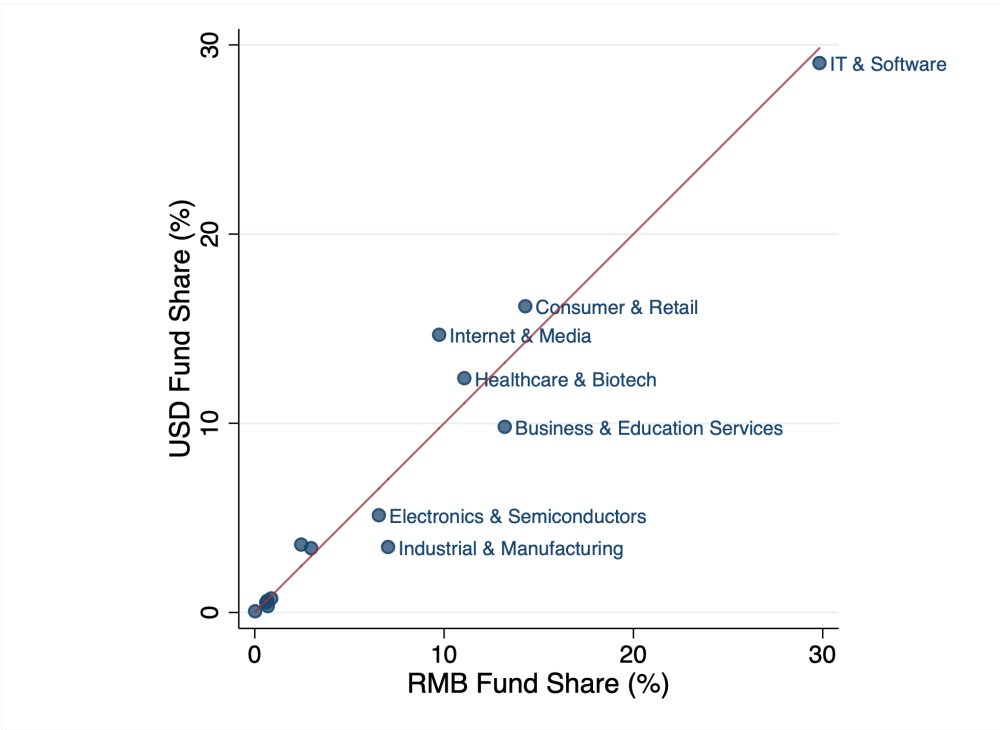
The task of reconciling portfolio companies between Preqin and PitchBook is somewhat more straightforward, since both sources provide the records in English. In this case, we again restrict matching to within-fund comparisons based on the list of funds that have already been linked across the two datasets.

As before, we begin by forming all pairwise combinations of portfolio companies within each matched fund. Company pairs that report different headquarter provinces are excluded from consideration. For the remaining pairs, we rely on two key identifiers: company websites and standardized company names. Websites are first cleaned and compared directly, since they provide a strong indicator of identity. Company names are standardized by removing legal suffixes such as "Ltd.," "Inc.," or "Co.," and then compared using the Levenshtein distance. We exclude pairs with similarity scores below 0.5, as names falling below this threshold are unlikely to refer to the same fund.

Finally, we manually review pairs that are not resolved by the previous steps. This manual validation ensures that companies with subtle naming variations, abbreviations, or branding differences are properly consolidated.

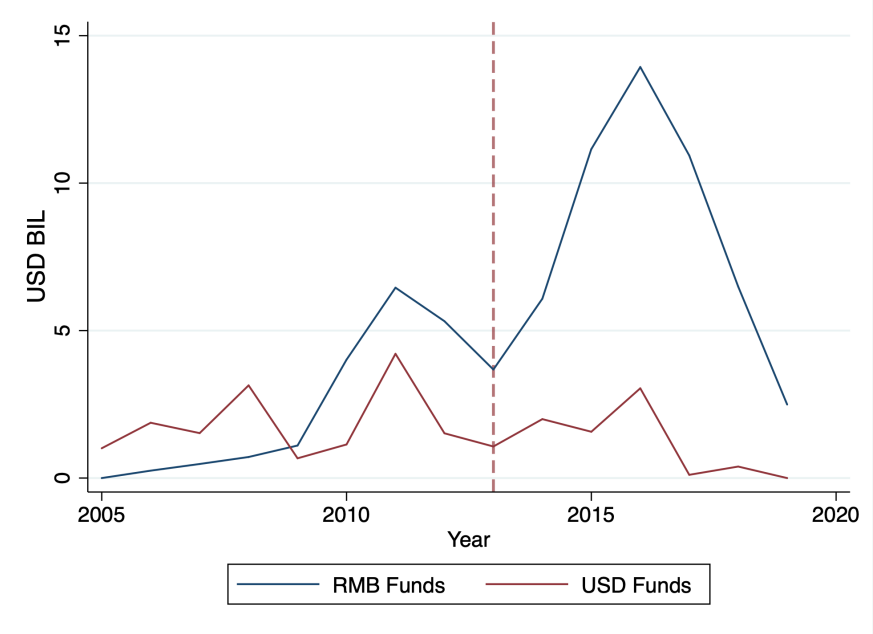
A-3 Additional Figures

Figure A3.1: Industry Composition of Portfolio Companies: RMB vs USD Funds



This figure compares the aggregate share of startup industries in RMB and USD funds managed by GPs with both types of funds. Portfolio companies are classified into 15 industries: IT & Software, Consumer & Retail, Internet & Media, Healthcare & Biotech, Business & Education Services, Electronics & Semiconductors, Industrial & Manufacturing, Financial Services, Transportation & Logistics, Clean-tech & Environment, Energy, Mining & Utilities, Real Estate & Construction, Agriculture & Forestry, and Other. Each data point represents a specific industry, with the y-axis and x-axis denoting its respective share among USD and RMB funds. Industries closer to the red 45-degree line are those with more balanced distribution between the two fund types.

Figure A3.2: Patient Fund Volume



This figure presents the time series of aggregate fundraising volume of patient funds by currency. A fund is considered patient if its average investment holding period is more than 5 years. The red vertical dashed line indicates the base year of 2013, the year before the deregulation of the RMB investor base, making domestic insurers eligible for VC fund investments.

Figure A3.3: Survey Recruitment Script (English Version)

Notes: This figure reproduces the English version of the recruitment script used to invite general partners (GPs) to participate in our survey. The script describes the survey purpose, eligibility, confidentiality, and participation logistics.

Chinese Venture Capital Survey: The Impact of LP Composition on VC Investment Strategies





Informed Consent Form

This study (Chinese Venture Capital Survey: The Impact of LP Composition on VC Investment Strategies) is jointly conducted by **LP Institute.org** and the **City University of Hong Kong**. It aims to evaluate how the composition of Limited Partners (LPs) affects the investment strategies of Venture Capital (VC) funds, with the broader goal of optimizing capital allocation in China's VC market and more effectively promoting technological innovation. The questionnaire is designed to understand the preferences and needs of General Partners (GPs) using advanced, data-driven methods. We aim to improve GP-LP matching based on institutional characteristics and investment objectives of both sides.

We sincerely appreciate your participation in this survey. All responses will **remain strictly confidential** and **anonymous**, and will be used only for academic and internal research purposes. You will be asked to assess a series of hypothetical VC fund scenarios with varied LP compositions, and to describe how different LP compositions would influence your investment strategy. Your responses will help us recommend better-matched LPs in the future. Honest answers are extremely valuable. The survey takes approximately 15 minutes. We will share a research summary upon project completion.

This informed consent form explains the purpose, procedures, benefits, risks, and any potential inconvenience associated with the study. Please read it carefully and make an informed decision about whether to participate. You are welcome to contact us by email at any time with questions, and we will be happy to clarify if anything is unclear.

1. Why Are We Doing This Research?

While China's VC market has grown rapidly in recent years, inefficiencies in capital allocation remain. Large amounts of capital are concentrated in a few "hot" sectors, while early-stage deep-tech startups struggle to raise funding. This imbalance may stem from a mismatch between LP and GP objectives. Most existing research focuses on mature markets such as the U.S. and Europe, whereas China's LP base (e.g., a high share of government capital and high-net-worth individuals) is somehow unique. Yet, how Chinese LPs influence GP behavior remains underexplored. There is a lack of empirical evidence on how LP composition affects GP decisions. This study uses survey experiments and econometric analysis to uncover causal mechanisms, helping GPs better identify aligned LPs when fundraising. It also offers insights for policymakers to design more targeted capital market regulations and reduce distortions.

2. Who Is Invited to Participate?

This study targets **VC fund managers in the Chinese market**, particularly GPs and their investment teams.

3. What Does the Study Involve?

This project collects and analyzes data on how LP composition influences VC strategies.

(1) Survey Questionnaire

The survey has three sections: including GP background, Investment decisions under different LP compositions, and Motivations and constraints behind the decision-making. You will be asked to evaluate a range of hypothetical fund profiles with varying LP types and allocations, and describe how you would adjust your strategy accordingly.

(2) Regression Analysis

After you complete the questionnaire, we will conduct descriptive analysis to summarize GP characteristics, LP composition, and investment preferences. We will also perform regression analysis to quantify the causal impact of LP compositions on GP investment strategies.

4. What Are the Benefits of Participating in This Study?

This research not only provides empirical insights into China's VC market for the academic community, but also offers direct value to participating institutions and individuals: **(1) Benchmarking Analysis**: Participating GPs will receive a complimentary research report, allowing them to compare their LP composition, strategic objective, and market trend. The report will also highlight how different LP types influence the investment behavior of competing VC firms. (2) **Fundraising Strategy Optimization**: The experimental data will help identify LP types that best align with a GP's investment strategy, reducing the cost and inefficiency of trial-and-error in fundraising. (3) **Sector-wide Impact**: By revealing "hidden" patterns in GP-LP investment preferences within China's VC industry, the study enhances market transparency, reduces information asymmetry, and promotes better alignment between GP and LP objectives. (4) **Academic and Policy Contributions**: The results will be published in peer-reviewed academic outlets and may provide evidence-based recommendations for financial regulators and policy reform.

5. What Are the Risks of Participating in This Study?

This study may involve the collection of potentially sensitive information, such as LP composition and investment strategy. However, all data will be handled with strict confidentiality and collected through an anonymous survey to ensure information security. Specific confidentiality measures are detailed in Section 6 below. Participation is entirely voluntary, and you have the right to withdraw from the study at any time without any consequences.

6. Will My Information Remain Confidential?

This study uses a fully anonymous survey format. We will not collect the name of your institution or any information that could identify your organization. All data will be de-identified to ensure that it cannot be traced back to any specific source. The research team has signed confidentiality agreements, and only core researchers will have access to the raw data. In accordance with research oversight requirements, government authorities, institutional ethics committees, or funding agency auditors may access the raw data if necessary to verify compliance, but they are also bound by the same confidentiality obligations. When research results are published, only anonymized and de-identified data will be shared in accordance with journal data-sharing policies, and no personally identifiable information will be disclosed. This study is strictly academic in nature and does not involve any commercial use. Published findings will not contain any content that could reasonably be used to identify participants.

7. Who Should I Contact if I Have Questions or Concerns?

If you have any questions or concerns related to this study, please contact: **Dr. Yingxiang Li, College of Business, City University of Hong Kong Email: yingxiang.li@cityu.edu.hk | Tel: +852 3442 7630** or **Chenxi Chu, LP Institute Email: chenxi@lpi.org.cn | Tel: +86 135 1399 7723.**

Participant Declaration (please check one):

☐ "I have been informed of the background, purpose, procedures, benefits, and risks of the study titled 'Chinese Venture Capital Survey: The Impact of LP Composition on VC Investment Strategies.' I have also been informed of whom to contact if I have questions, encounter difficulties, have concerns or suggestions about the research, or wish to obtain more information or offer support. I have read this informed consent form and agree to participate in this study. I understand that I may withdraw at any time during the study without needing to provide a reason."

☐ I do not agree to the above.

Figure A3.4: Survey Scenarios: Patient Capital

Notes: This figure illustrates a set of hypothetical fundraising scenarios used in the survey module on patient capital. Each scenario specifies the expected LP composition (LP types and capital shares) along with the descriptions shown to respondents when eliciting fund strategy and horizon choices.

Part II: Investment Strategy Based on LP Composition

In this section, you will see multiple hypothetical LP composition scenarios that simulate the type of capital sources you might anticipate before launching a new fund. These LP mixes are fictional but based on realistic patterns observed in the market. Assume that the fund size is between **RMB 100-500 million**:

Please follow these assumptions when responding:

1. Assume you are preparing to raise a new blind-pool VC fund. The Limited Partnership Agreement (LPA) has not yet been signed, but you have already received clear signals that the following LP composition is likely.
2. Based on the typical characteristics of these LPs (e.g., investment horizon, risk appetite, governance involvement, return expectations), design an investment strategy and fund structure that best matches their profile.
3. Assume you have full autonomy in strategy design, free from external constraints such as market conditions, project pipeline, or internal team structure.

Scenario I

Assume your fund is backed by the following LP composition:

- **35% A local government guidance fund from a prefecture-level city classified as a second-tier city, with a well-diversified industrial base and consistently sound fiscal performance over the years**
- **31% A large nationwide life insurance company managing pension and annuity accounts, with a stable source of capital**
- **17% A publicly listed company with diversified business operations, primarily focused on real estate sector, currently maintaining healthy cash flow**
- **17% A high-net-worth individual who previously founded a manufacturing company, successfully exited, and has since been actively involved in equity investments with extensive investment experience**

Scenario II

Assume your fund is backed by the following LP composition:

- **35% A large national property insurance company, a core subsidiary of a nationwide financial group, focused on property and liability insurance, holding substantial long-term float and proprietary capital**
- **8% A national-level fund of funds, established by a policy-driven or fiscal platform, possibly affiliated with the National Development and Reform Commission (NDRC) or Ministry of Finance**
- **33% A local government guidance fund from a second-tier prefecture-level city with a well-diversified industrial base and strong fiscal performance; the fund is funded by the city's finance bureau**

Scenario III

Assume your fund is backed by the following LP composition:

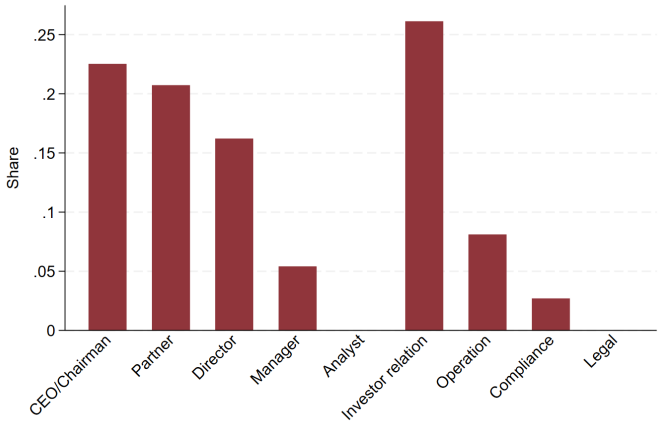
- **52% A large insurance conglomerate, privately owned and operating nationwide, with business lines spanning life, property, and health insurance. It also has its own asset management subsidiary that manages both proprietary and third-party capital**
- **2% A local state-owned enterprise (SOE), a key part of the regional industrial ecosystem, majority-owned by the local State-owned Assets Supervision and Administration Commission (SASAC)**
- **30% An A-share main board listed company with diversified operations. In addition to its core real estate business, it is active in sectors including financial investment, hospitality, education, and senior care, and is well-capitalized**
- **16% A CVC (Corporate Venture Capital) arm of a global consumer goods conglomerate, operating as its investment platform in China**

Scenario IV

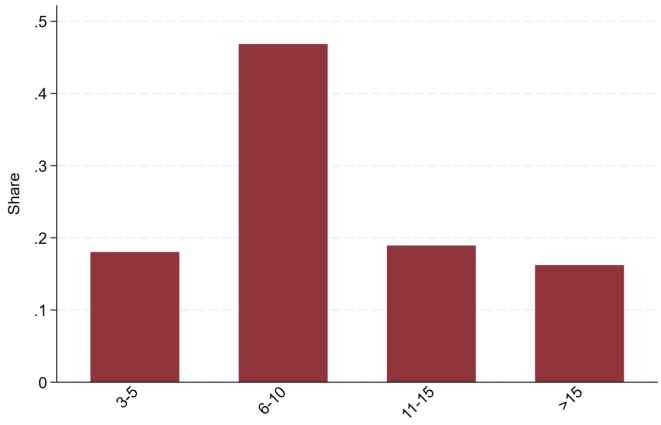
Assume your fund is backed by the following LP composition:

- **37% A market-oriented fund of funds, jointly established by a securities firm and several top-tier GPs**
- **25% A large industrial group, either privately owned or of mixed ownership, with a stable industrial base in sectors such as real estate, consumer goods, or manufacturing**
- **7% A second-generation entrepreneur from Shenzhen, whose family business is primarily based in Asia. In recent years, they have actively invested in RMB-denominated funds in China, using family-owned capital**
- **31% An insurance asset management company, a specialized asset management subsidiary under a leading insurance group, primarily responsible for managing insurance funds, annuity plans, and other entrusted capital**

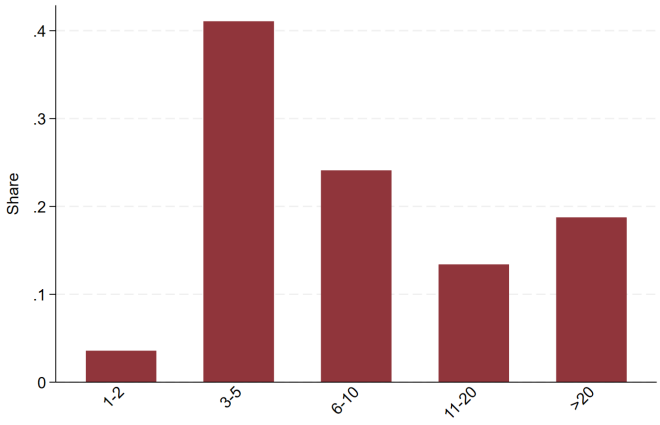
Figure A3.5: Summary Statistics for Survey Respondents



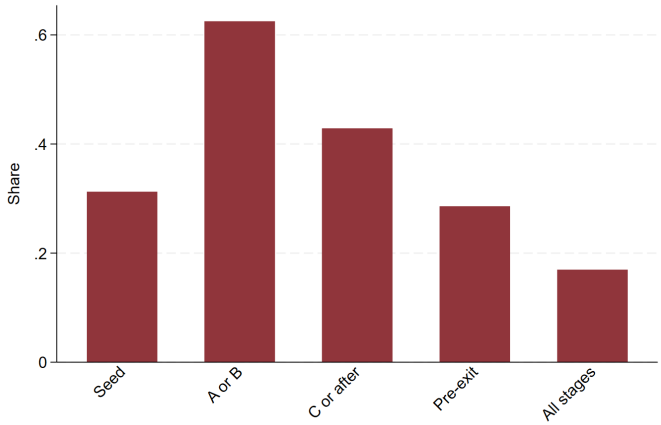
(a) Respondent title



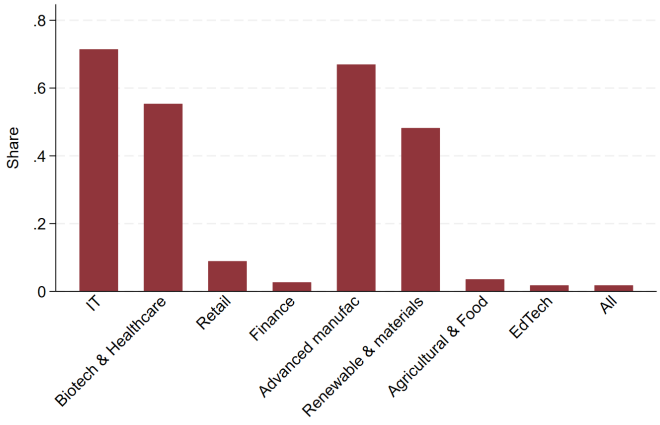
(b) Years of experience



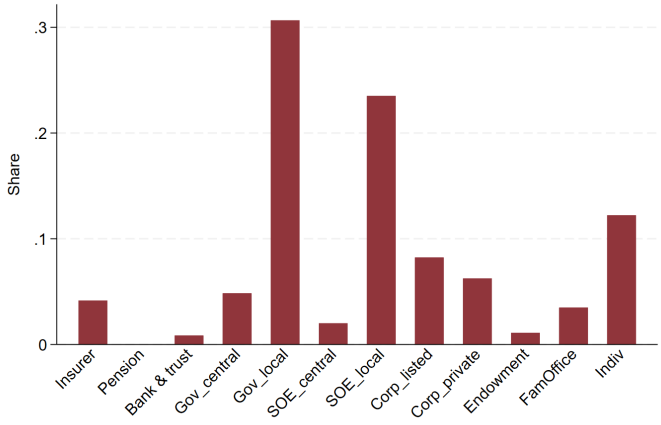
(c) Past number of funds



(d) Fund stage focus



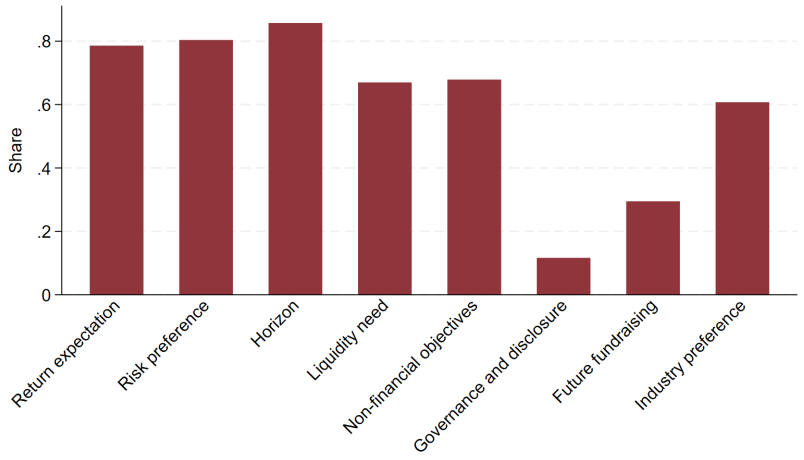
(e) Industry focus



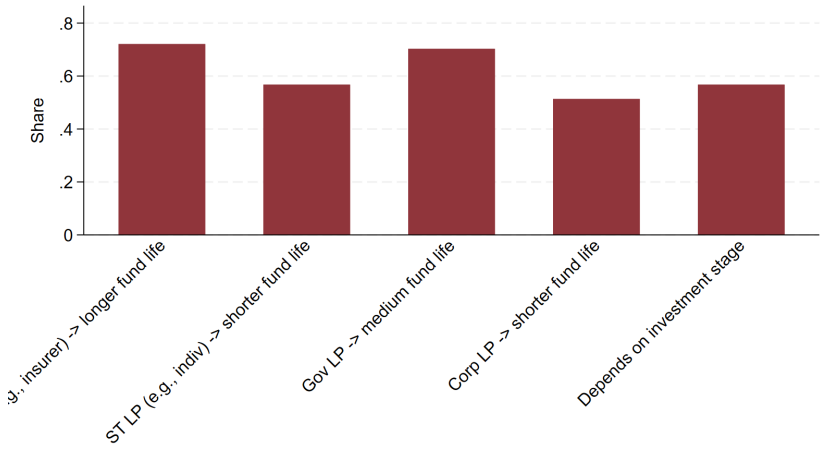
(f) LP shares

This figure provides descriptive statistics for the 112 GPs that responded to our survey.

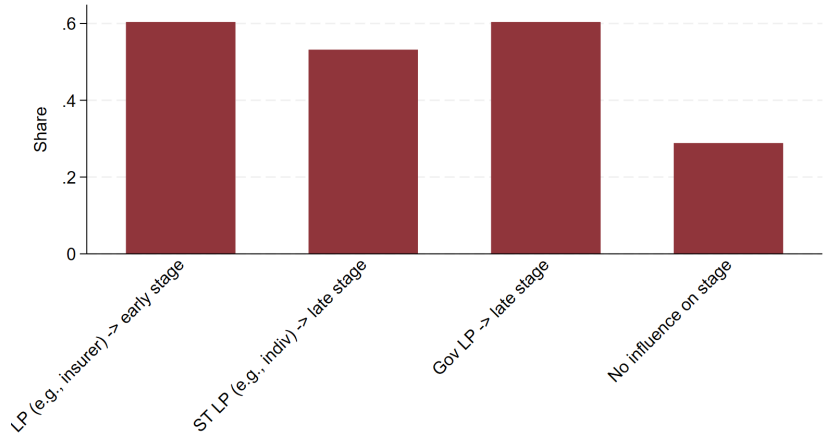
Figure A3.6: Survey Mechanism Questions



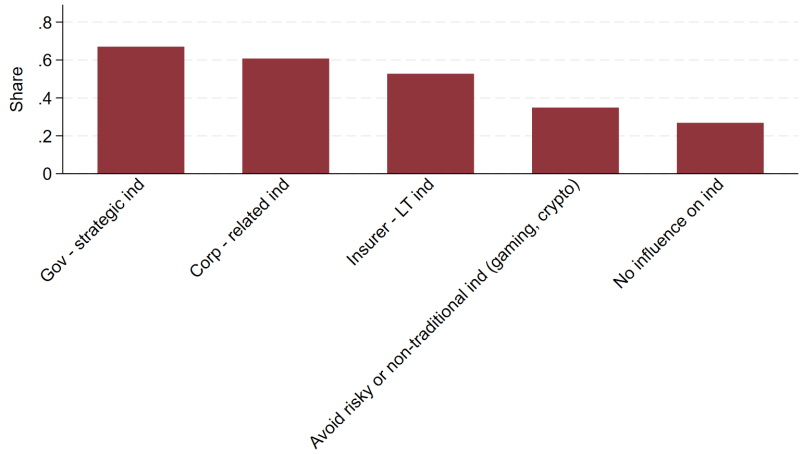
(a) Which factors influenced your fund strategy?



(b) Fund life choice



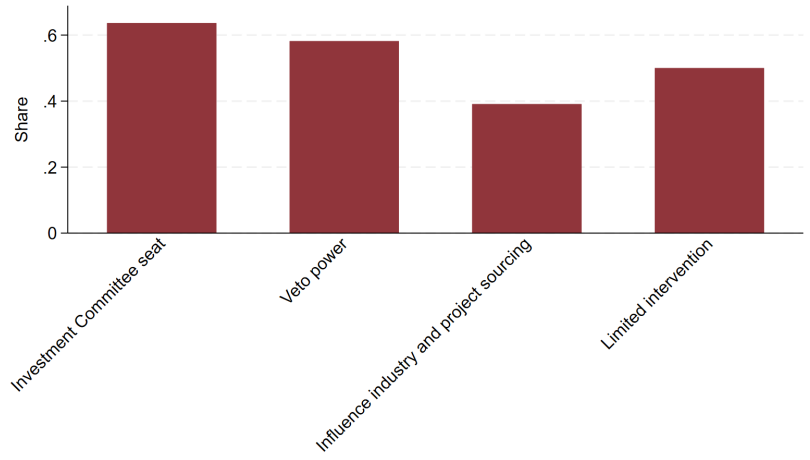
(c) Investment stage choice



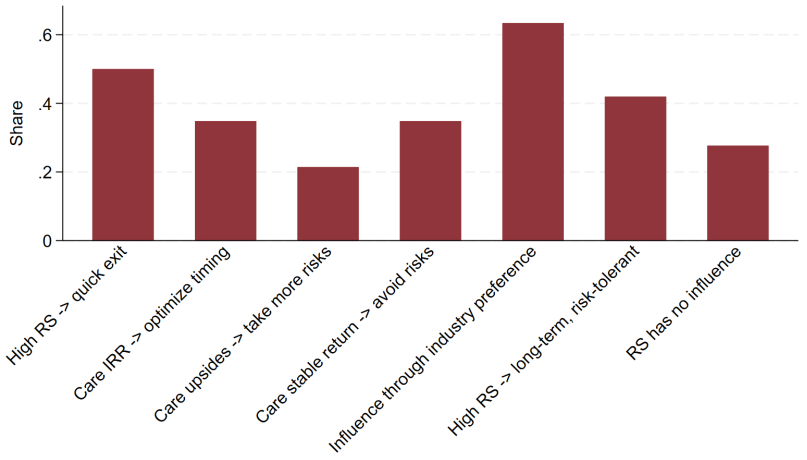
(d) Industry choice

This figure shows answers to various mechanism questions in our survey.

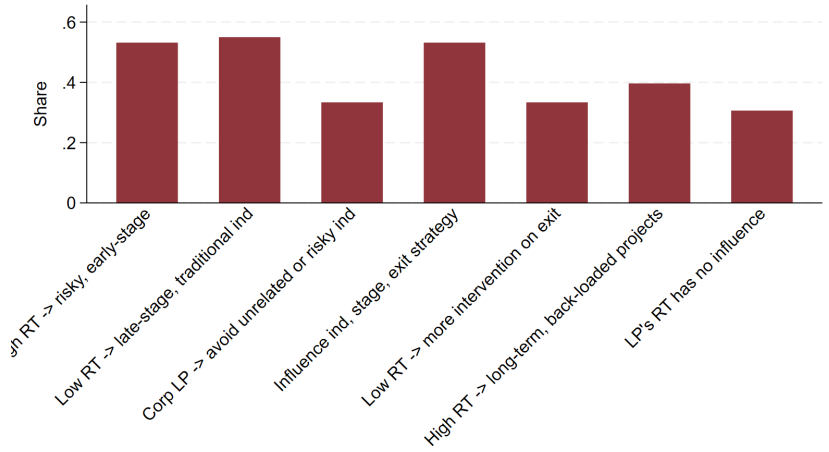
Figure A3.6: Survey Mechanism Questions (Continued)



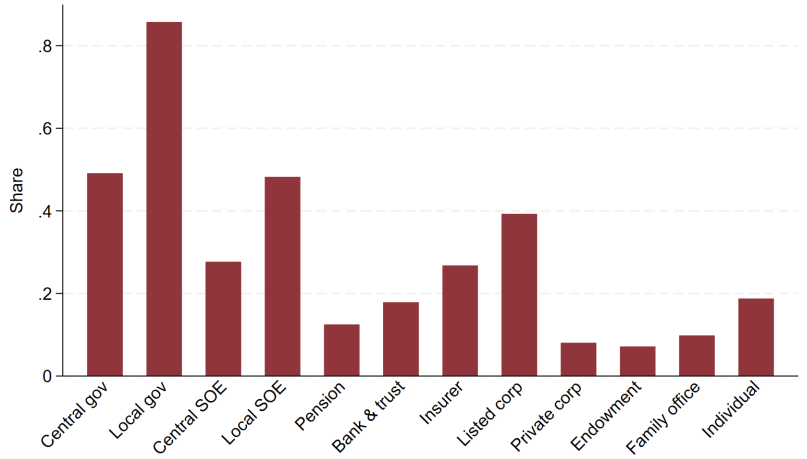
(e) Governance and influence



(f) LP's return-sensitivity (RS)



(g) LP's risk tolerance (RT)



(h) Which LPs have most impact?

This figure shows answers to various mechanism questions in our survey.

A-4 Additional Tables

Table A4.1: LP Composition - Central Government LPs

This table demonstrates an increase in insurer LPs in RMB funds after the deregulation. The sample includes VC funds raised by Chinese GPs during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Central Government Share_w* is the share of LPs that are central governments in a fund, weighted by LP commitment amount. *Local Government Share_w* is the share of LPs that are local governments in a fund, weighted by LP commitment amount. *RMB Fund* is an indicator variable equal to one if a fund is raised in RMB, and zero if it is raised in USD. *Post 2014* is an indicator variable equal to one for a fund if its fundraising is closed in or after the deregulation year 2014, and zero otherwise. Pre-2014 RMB/USD Mean reports the pre-2014 average value of the raw outcome variable for RMB/USD funds. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Weighted Central Government Share		Weighted Local Government Share	
	(1)	(2)	(3)	(4)
RMB Fund × Post 2014	-0.029	-0.032	0.013	-0.012
	[0.022]	[0.024]	[0.025]	[0.031]
RMB Fund	-0.023**	0.003	0.081***	0.066**
	[0.011]	[0.015]	[0.022]	[0.029]
Fund Number FE	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓
GP FE		✓		✓
Observations	7,334	4,755	7,334	4,755
Adjusted R^2	0.027	0.053	0.012	0.207
Pre-2014 RMB Mean	0.006	0.008	0.114	0.109

Table A4.2: LP Composition - Fund of Funds (FOF) LPs

This table demonstrates an increase in FOF LPs in RMB funds after the deregulation. The sample includes VC funds raised by Chinese GPs during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Has FOF* is an indicator variable equal to one if a fund has any FOF LPs, and zero otherwise. *FOF Share* is the equal-weighted share of LPs that are FOFs in a fund. *Insurer Share_w* is the share of LPs that are FOFs in a fund, weighted by LP commitment amount. *RMB Fund* is an indicator variable equal to one if a fund is raised in RMB, and zero if it is raised in USD. *Post 2014* is an indicator variable equal to one for a fund if its fundraising is closed in or after the deregulation year 2014, and zero otherwise. Pre-2014 RMB/USD Mean reports the pre-2014 average value of the raw outcome variable for RMB/USD funds. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Has FOF		FOF Share		Weighted FOF Share	
	(1)	(2)	(3)	(4)	(5)	(6)
RMB Fund × Post 2014	0.476***	0.545***	0.128***	0.139***	0.131***	0.132***
	[0.074]	[0.096]	[0.037]	[0.045]	[0.037]	[0.043]
RMB Fund	-0.313***	-0.173*	-0.101***	-0.088*	-0.102***	-0.089**
	[0.065]	[0.092]	[0.032]	[0.045]	[0.033]	[0.043]
Fund Number FE	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓
Observations	4,464	2,869	4,464	2,869	4,464	2,869
Adjusted R^2	0.071	0.216	0.021	0.082	0.018	0.075
Pre-2014 RMB Mean	0.106	0.129	0.042	0.051	0.044	0.054

Table A4.3: Fund Size

This table reports the regression results of Equation (1) showing that the deregulation does not systematically increase the size of RMB funds. The sample includes VC funds raised during 2005-2019 by Chinese GPs. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Ln(Fund Size)* is the natural logarithm of a fund's final size in USD MIL. *Ln(Target Size)* is the natural logarithm of a fund's target size in USD MIL. Pre-2014 RMB Mean reports the pre-2014 average value of the raw outcome variable for RMB funds. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

Panel A: Main Sample

	Ln(Fund Size)		Ln(Target Size)		Number of Companies	
	(1)	(2)	(3)	(4)	(5)	(6)
RMB Fund × Post 2014	0.140	-0.032	-0.109	-0.028	0.875	-6.847
	[0.140]	[0.173]	[0.167]	[0.255]	[2.467]	[4.227]
RMB Fund	-1.268***	-0.957***	-1.222***	-0.709***	-3.280	6.305**
	[0.100]	[0.167]	[0.119]	[0.257]	[2.159]	[2.784]
Fund Number FE	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓
Observations	2,079	1,322	947	519	1,364	855
Adjusted R^2	0.343	0.561	0.395	0.555	0.075	0.284
Pre-2014 RMB Mean	54.731	57.269	61.083	60.588	9.518	10.597

Panel B: Exclude RMB funds Launched after 2014

	Ln(Fund Size)		Ln(Target Size)		Number of Companies	
	(1)	(2)	(3)	(4)	(5)	(6)
RMB Fund × Post 2014	0.089	0.077	-0.139	0.023	-1.729	-0.671
	[0.124]	[0.141]	[0.127]	[0.175]	[2.038]	[3.013]
RMB Fund	-1.365***	-0.872***	-1.270***	-0.632***	-2.321	6.128**
	[0.102]	[0.143]	[0.117]	[0.208]	[2.175]	[3.112]
Fund Number FE	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓
Observations	11,219	7,851	3,138	1,735	7,233	4,849
Adjusted R^2	0.079	0.386	0.173	0.425	0.027	0.335
Pre-2014 RMB Mean	54.840	57.015	60.772	63.627	9.443	10.271

Table A4.4: Control for Fundraising

This table reports the regression results of Equation (1) adding fund size and subscription ratio as control variables. The sample includes VC funds raised during 2005-2019 by Chinese GPs. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Ln(Fund Size)* is the natural logarithm of a fund's final size in USD MIL. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Weighted Insurer Share		Weighted Individual Share		Late Exits		Company Age		IPO & MA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RMB Fund × Post 2014	0.032***	0.038***	-0.106***	-0.089***	0.154***	0.147***	-1.044**	-1.217***	0.090**	0.082**
	[0.010]	[0.013]	[0.035]	[0.034]	[0.033]	[0.033]	[0.467]	[0.372]	[0.036]	[0.036]
RMB Fund	-0.021**	-0.014	0.130***	0.106***	-0.092***	-0.102***	2.841***	1.213***	-0.196***	-0.183***
	[0.010]	[0.012]	[0.034]	[0.032]	[0.030]	[0.029]	[0.457]	[0.362]	[0.034]	[0.035]
Ln(Fund Size)	0.005***	0.005***	-0.075***	-0.038***	-0.012***	-0.027***	0.136**	0.214***	0.013***	0.001
	[0.001]	[0.001]	[0.005]	[0.007]	[0.004]	[0.006]	[0.065]	[0.069]	[0.003]	[0.005]
Subscription Ratio	0.001	0.002	0.121***	0.076**	0.008	-0.003	-0.322	-0.458	-0.006	0.005
	[0.001]	[0.003]	[0.021]	[0.031]	[0.017]	[0.028]	[0.308]	[0.424]	[0.011]	[0.024]
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓		✓		✓
Observations	4,685	3,551	4,685	3,551	4,401	3,513	4,297	3,419	4,414	3,522
Adjusted R^2	0.044	0.215	0.116	0.358	0.153	0.255	0.060	0.452	0.177	0.244

Table A4.5: Control for Financial Market Conditions

This table reports the regression results of Equation (1) controlling for the financial conditions of the local market and the insurance sector performance for each investor base. The sample includes VC funds raised during 2005-2019 by Chinese GPs. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. We include three control variables at the currency-year level: *Stock Market Returns*—the annual market return in the Chinese market (WRDS China Stock Market Returns) for RMB funds and the U.S. market (S&P500) for USD funds, *3-Month Treasury Rates*—the 3-month treasury rate in the Chinese market for RMB funds and the U.S. market for USD funds, and *Insurance Sector Returns*—annual returns of the Chinese insurance sector (from CSMAR) for RMB funds and the US insurance sector (from CRSP) for USD funds. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Weighted Insurer Share		Weighted Individual Share		Late Exits		Company Age		IPO & MA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RMB Fund × Post 2014	0.023**	0.027*	-0.124***	-0.109***	0.132***	0.140***	-0.857*	-0.939**	0.086**	0.097**
	[0.010]	[0.014]	[0.029]	[0.034]	[0.037]	[0.043]	[0.475]	[0.417]	[0.040]	[0.040]
RMB Fund	0.064	0.098	0.614***	0.396	-0.108	-0.384	-0.342	-10.100*	0.437	-0.053
	[0.081]	[0.161]	[0.206]	[0.468]	[0.568]	[0.674]	[5.823]	[5.317]	[0.629]	[0.641]
Stock Market Return	-0.011	-0.011	0.003	0.047	-0.060	-0.076*	-0.008	1.483***	-0.027	-0.041
	[0.012]	[0.012]	[0.035]	[0.037]	[0.040]	[0.041]	[0.640]	[0.510]	[0.047]	[0.046]
3-Month Treasury Rate	-0.004	-0.006	0.016**	0.014	-0.018	-0.003	0.095	0.396**	-0.042*	-0.026
	[0.003]	[0.005]	[0.008]	[0.014]	[0.019]	[0.023]	[0.200]	[0.177]	[0.022]	[0.021]
Echange Rate	-0.014	-0.016	-0.069**	-0.049	0.014	0.056	0.453	1.761**	-0.096	-0.015
	[0.013]	[0.026]	[0.033]	[0.075]	[0.091]	[0.107]	[0.904]	[0.837]	[0.101]	[0.104]
Ln(IPO Volume)	0.008	0.010	0.039**	0.035*	0.011	0.008	-0.195	0.036	-0.020	-0.042*
	[0.007]	[0.009]	[0.016]	[0.019]	[0.023]	[0.023]	[0.302]	[0.181]	[0.024]	[0.025]
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓		✓		✓
Observations	7,120	4,586	7,120	4,586	6,841	4,573	6,745	4,486	6,872	4,594
Adjusted R^2	0.017	0.195	0.046	0.362	0.150	0.264	0.038	0.457	0.134	0.238

Table A4.6: Control for Institutional LP Share

This table reports the regression results of Equation (1) adding institutional LP share as a control variable. The sample includes VC funds raised during 2005-2019 by Chinese GPs. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Institutional Share_w* is the share of institutional LPs weighted by commitment amount. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Late Exits		Company Age		IPO & MA	
	(1)	(2)	(3)	(4)	(5)	(6)
RMB Fund × Post 2014	0.091***	0.107***	-0.903**	-0.932**	0.073**	0.069*
	[0.035]	[0.041]	[0.380]	[0.420]	[0.036]	[0.038]
RMB Fund	-0.065**	-0.068*	2.612***	0.960**	-0.191***	-0.182***
	[0.030]	[0.037]	[0.362]	[0.413]	[0.031]	[0.038]
Weighted Institutional LP Share	-0.010	0.019	-0.082	-0.503*	0.014*	0.004
	[0.013]	[0.022]	[0.203]	[0.259]	[0.008]	[0.016]
Number of LPs	0.004***	0.002***	-0.005	-0.003	0.000	-0.001***
	[0.000]	[0.001]	[0.007]	[0.006]	[0.000]	[0.000]
Fund Number FE	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓
Observations	6,011	3,842	5,960	3,791	6,038	3,858
Adjusted R^2	0.163	0.282	0.036	0.462	0.134	0.261

Table A4.7: Addressing Endogenous Fund Currency

This table reports the regression results of Equation (1) replacing *RMB fund* with *RMB fund Share_pre*, the share of RMB funds raised by GPs before the deregulation. As such, the sample restricts to GPs that entered before 2014, and includes all their VC funds raised during 2005-2019. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. *Ln(Fund Size)* is the natural logarithm of a fund's final size in USD MIL. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Weighted Insurer Share		Weighted Individual Share		Late Exits		Company Age		IPO & MA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RMB Fund Share_pre × Post 2014	0.004	0.013	-0.110***	-0.167***	0.125***	0.183***	0.183	-1.049**	0.121***	0.115***
	[0.015]	[0.018]	[0.033]	[0.044]	[0.032]	[0.035]	[0.483]	[0.500]	[0.037]	[0.038]
RMB Fund Share_pre	-0.031***	-0.027**	0.222***	0.114***	-0.089***	-0.005	2.767***	1.164***	-0.198***	-0.194***
	[0.009]	[0.011]	[0.029]	[0.042]	[0.030]	[0.050]	[0.409]	[0.373]	[0.032]	[0.044]
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓		✓		✓
Observations	2,809	2,413	2,809	2,413	2,782	2,459	2,698	2,384	2,789	2,467
Adjusted R^2	0.050	0.098	0.102	0.307	0.121	0.228	0.090	0.390	0.172	0.274

Table A4.8: Tighter Fixed Effects

This table reports the regression results of Equation (1) using tight fixed effects. The sample includes VC funds raised during 2005-2019 by Chinese GPs. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. The stand-alone *RMB Fund* dummy in the even columns is absorbed by GP × Currency fixed effects. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Weighted Insurer Share		Weighted Individual Share		Late Exits		Company Age		IPO & MA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RMB Fund × Post 2014	0.045***	0.046***	-0.056	-0.064	0.079	0.022	-1.819***	-1.089***	0.114**	0.104*
	[0.015]	[0.017]	[0.041]	[0.052]	[0.054]	[0.069]	[0.377]	[0.334]	[0.051]	[0.055]
RMB Fund	-0.025**	0.000	0.108***	0.000	-0.023	0.000	1.597***	0.000	-0.215***	0.000
	[0.011]	[.]	[0.040]	[.]	[0.051]	[.]	[0.349]	[.]	[0.049]	[.]
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GP × Post 2014 FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GP × Currency FE		✓		✓		✓		✓		✓
Observations	4,510	4,468	4,510	4,468	4,512	4,450	4,427	4,369	4,533	4,471
Adjusted R^2	0.224	-0.160	0.375	0.051	0.270	-0.074	0.479	0.220	0.249	-0.105

Table A4.9: Exclude Potential Special Purpose Vehicles of USD Fund Managers

This table reports the regression results of Equation (1) excluding potential Special Purpose Vehicles of USD funds as a robustness check. We classify a RMB-denominated fund as a potential Special Purpose Vehicle (SPV) if it is managed by a USD-fund manager and meets at least one of the following three conditions: (1) the GP is listed as the sole limited partner; (2) the GP accounts for more than 20% of the fund's committed capital; or (3) information on LP is entirely missing. The full sample includes VC funds raised during 2005-2019 by Chinese GPs. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Weighted Insurer Share		Weighted Individual Share		Late Exits		Company Age		IPO & MA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RMB Fund × Post 2014	0.029***	0.034***	-0.100***	-0.097***	0.132***	0.123***	-0.994**	-1.161***	0.097***	0.090**
	[0.010]	[0.013]	[0.029]	[0.031]	[0.032]	[0.033]	[0.449]	[0.382]	[0.035]	[0.036]
RMB Fund	-0.029***	-0.015	0.242***	0.149***	-0.075***	-0.058*	2.610***	0.938***	-0.222***	-0.213***
	[0.009]	[0.012]	[0.030]	[0.030]	[0.029]	[0.031]	[0.424]	[0.361]	[0.032]	[0.035]
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓		✓		✓
Observations	7,309	4,734	7,309	4,734	6,866	4,566	6,773	4,482	6,897	4,587
Adjusted R^2	0.014	0.193	0.045	0.353	0.148	0.265	0.038	0.461	0.128	0.233

Table A4.10: Exclude Chinese GPs Established After 2014

This table reports the regression results of Equation (1) excluding Chinese GPs established after 2014. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Weighted Insurer Share		Weighted Individual Share		Late Exits		Company Age		IPO & MA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RMB Fund × Post 2014	0.063***	0.075**	-0.128***	-0.128***	0.140***	0.144***	-1.251***	-1.521***	0.076*	0.066*
	[0.024]	[0.033]	[0.026]	[0.028]	[0.037]	[0.039]	[0.455]	[0.316]	[0.040]	[0.039]
RMB Fund	-0.063***	-0.035	0.275***	0.166***	-0.092***	-0.090***	2.579***	1.276***	-0.198***	-0.163***
	[0.022]	[0.028]	[0.027]	[0.030]	[0.030]	[0.031]	[0.416]	[0.286]	[0.033]	[0.036]
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓		✓		✓
Observations	3,517	2,840	3,517	2,840	3,484	2,875	3,400	2,795	3,493	2,883
Adjusted R^2	0.015	0.167	0.079	0.351	0.112	0.217	0.063	0.426	0.150	0.269

Table A4.11: Restrict to GPs Ever with Both USD and RMB Funds

This table reports the regression results of Equation (1) restricting to funds raised by GPs ever with both USD and RMB funds. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Weighted Insurer Share		Weighted Individual Share		Late Exits		Company Age		IPO & MA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RMB Fund × Post 2014	0.077***	0.070**	-0.068*	-0.053*	0.137***	0.149***	-0.998*	-0.737	0.093**	0.097**
	[0.026]	[0.035]	[0.038]	[0.031]	[0.043]	[0.042]	[0.557]	[0.479]	[0.038]	[0.037]
RMB Fund	-0.061**	-0.038	0.139***	0.120***	-0.056	-0.077**	1.973***	0.646	-0.181***	-0.203***
	[0.024]	[0.031]	[0.040]	[0.029]	[0.037]	[0.038]	[0.470]	[0.440]	[0.033]	[0.035]
Fund Number FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GP FE		✓		✓		✓		✓		✓
Observations	1,026	1,001	1,026	1,001	1,097	1,080	1,050	1,033	1,100	1,083
Adjusted R^2	0.007	0.173	0.076	0.245	0.209	0.263	0.076	0.475	0.285	0.323

Table A4.12: Subsample with LP Composition Data

This table reports the regression results of Equation (1) restricting to the subsample of funds with LP composition data. The sample includes VC funds raised during 2005-2019 by Chinese GPs. Funds below $10 USD MIL or with missing final size are excluded. The unit of observation is a fund. Standard errors are clustered at the GP level and reported in brackets. ***, ** and * indicate 1%, 5% and 10% significance level.

	Late Exits		Company Age		IPO & MA	
	(1)	(2)	(3)	(4)	(5)	(6)
RMB Fund × Post 2014	0.079	0.022	-1.819***	-1.089***	0.114**	0.104*
	[0.054]	[0.069]	[0.377]	[0.334]	[0.051]	[0.055]
RMB Fund	-0.023	0.000	1.597***	0.000	-0.215***	0.000
	[0.051]	[.]	[0.349]	[.]	[0.049]	[.]
Fund Number FE	✓	✓	✓	✓	✓	✓
Final Closing Year FE	✓	✓	✓	✓	✓	✓
GP × Post 2014 FE	✓	✓	✓	✓	✓	✓
GP × Currency FE		✓		✓		✓
Observations	4,512	4,450	4,427	4,369	4,533	4,471
Adjusted R^2	0.270	-0.074	0.479	0.220	0.249	-0.105

Table A4.13: Randomized LP Composition and Project Life Choice

Panel A shows the effect of weighted average LP horizon on project life choice. Weighted Average LP Horizon is calculated as the share-weighted average of perceived investment horizons across different LP types. Panel B shows the effect of LP type shares on project life choice. Insurer LP Share is the percentage of capital from insurance companies. Gov LP Share is the combined percentage of capital from central government, local government, and state-owned enterprises. The omitted LP types are individuals, corporations, and other financial institutions (banks, FoF). All columns include respondent fixed effects, while other columns additionally include industry fixed effects, stage fixed effects, and scenario fixed effects. Scenario fixed effects indicate one of the four scenarios, where each scenario is a combination of LP types with fixed LP descriptions but randomized shares. Robust standard errors are reported in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. The sample includes 116 respondents, out of whom 102 have complete answers to perceived horizon by LP types.

Panel A: Weighted Average LP Horizons

	Project Life		
	(1)	(2)	(3)
Weighted Average LP Horizon	0.146**	0.117*	0.091
	(0.072)	(0.063)	(0.083)
Respondent FE	✓	✓	✓
Industry FE		✓	✓
Stage FE		✓	✓
Scenario FE			✓
Observations	406	406	406
Adjusted R^2	0.589	0.671	0.668

Panel B: Insurer LP Share

	Project Life					
	(1)	(2)	(3)	(4)	(5)	(6)
Insurer LP Share	0.053	0.718*	0.756*			
	(0.465)	(0.396)	(0.454)			
Gov LP Share	0.295	0.665**	0.490			
	(0.314)	(0.287)	(0.442)			
Insurer LP Share≥40%				0.309*	0.404***	0.400**
				(0.179)	(0.147)	(0.155)
Gov LP Share≥40%				0.167	0.234*	0.148
				(0.123)	(0.121)	(0.161)
Respondent FE	✓	✓	✓	✓	✓	✓
Industry FE		✓	✓		✓	✓
Stage FE		✓	✓		✓	✓
Scenario FE			✓			✓
Observations	443	443	443	443	443	443
Adjusted R^2	0.615	0.699	0.698	0.620	0.703	0.701