

NUS Business School

BMA5313 Private Equity

Syllabus

July 2009

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1. Course Scope

This course provides an overview of the private equity industry globally, its role in economy, its participants, its operations, and its recent development. It covers different phases of the private equity investment process and the players involved at each stage. The phases include: setting up a fund, selection and screening of investments, exploring valuation techniques, managing and exiting investments. Emphasis will be on the practical aspects of private equity transactions through case studies.

The course is recommended for students interested in private equity investing, investment management, investment banking, entrepreneurship and entrepreneurial finance. It does not require previous experience in private equity or financial skills beyond those taught in Finance core classes.

2. Course Objectives

- a. Provide an understanding of the private equity industry globally and the various players involved.
- b. Provide an understanding of the private equity investment process starting from fund raising to exiting.
- c. Develop analytical valuation and deal structuring techniques used in venture capital and buyouts.

3. Required Course Materials

- a. **Notes:** Note on the Private Equity Industry
A Note on Private Equity Partnership Agreements
A Note on the Private Equity Fund Raising Process,
A Note on Valuation in Private Equity Settings
A Note on Private Equity Securities
A Note on Private Equity in Developing Countries
- b. **Cases:** Acme Investment Trust: January 2001
Martin Smith: May 2002
AIT Group PLC
Brazos Partners: The CoMark LBO
Chengwei Venture and the hdt* Investment
The Exxel Group: March 2001
- c. **Extra Reading Materials:** Will be linked or posted on the course page.

4. **In-Class Test**

There will be an in-class test for the course. It falls on the last day of class. The test will be OPEN book. It is based on assigned readings, lectures, cases, and problems. Financial calculators and laptops are recommended during examinations.

5. **Case Studies (Group Assignment)**

Case studies constitute a very important part of the course. You are expected to come to class fully prepared to answer case questions and carry out sensible discussions. Please discuss each case with your group members before coming to class. Group preparation will help clarify basic issues, and also provide you a forum to test your ideas and arguments. Each group is required to turn in **THREE** case analyses during the course. All analyses have to be typed-written and they need to be turned in at the beginning of the class on the due dates. Your group case write-ups will be graded based on a scale of 3, 2, 1, and 0. You get a 3 if you do superbly, a 2 if you do well, a 1 if you do “so-so”, and a 0 if you do not turn in. No late case write-ups will be accepted.

All the cases used are self-contained for the purposes of this course. You should not use any outside data sources to inform your analysis. To do so may give you a false sense of “right” answers (often for the wrong reasons), and skew your ability to structure the problem (and hence your analysis).

6. **Class Participation**

During each class session, you are required to discuss the assigned reading material, preparation questions, and/or cases for the day. Active participation will not only enliven the learning environment, but also determine the amount we will get out of the subject. To ensure that everyone has a chance to participate, I will randomly call on you to answer questions or lead discussions. So, it is extremely crucial that you come to class prepared. It is also very important that you attend every class and have your name card displayed prominently each time. If, for extenuating reasons, you are unable to attend class on a particular day, you should try to notify me in advance.

7. **Final Grade**

The final grade will be computed based on the following:

In-Class Test	40%
Case Analyses	40%
Class Participation	20%

SYLLABUS AT A GLANCE

<u>Date</u>	<u>Day</u>	<u>Session</u>	<u>Topic/Case</u>
7/14	Tue	1	Overview of the Private Equity Industry Private Equity Investing <i>Case: Acme Investment Trust: January 2001</i>
7/16*	Thu	2	Valuation Techniques and Term Sheets Exploring Investment Opportunities <i>Case: Martin Smith: May 2002</i>
7/21	Tue	3	Due Diligence <i>Case: AIT Group PLC</i> International Private Equity
7/23*	Thu	4	Leveraged Buyouts <i>Case: Brazos Partners: The CoMark LBO</i> Guest Speaker – To Be Announced
7/28*	Tue	5	New Venture Investing <i>Case: Chengwei Ventures and the hdt* Investment</i> Exiting Strategies <i>Case: The Exxel Group: March 2001</i>
7/30	Thu	6	Review of the course In-Class Test (Open Book)

* Indicates dates on which case write-ups are due in class.