INTRODUCTION

Private equity and private finance are recent sectors, which have emerged from the financial liberalisation of the 1970s in the US and the 1980s in Europe. The real growth of this activity was during the 1990s and 2000s: assets under management have grown from an estimated USD 10 billion worldwide to 3 trillion today (more than the size of AuM for hedge funds, which is roughly 2 tn).

The Private Finance class offers an overview of the financing of private companies (99% of the companies are not listed) thanks to the private equity toolbox. Broader than "private equity", the expression "private finance" refers to a vibrant activity, financially innovative by mixing equity and debt financing. Knowing what venture capital, growth capital, leveraged buy out, turnaround/restructuring ("special situations"), mezzanine and secondaries financing are used for is a must for future managers.

Understanding what private equity financing implies, delivers and does not provide is also determinant, especially given the growing influence of this sector of the global economy. As an emerging "financial ecosystem" of its own, private finance opens a lot of debates that will be discussed in class, notably through business case studies.

AIMS

After completing this course, the participant should be able to:

i) understand which financing technique fits corporate needs;

ii) understand the context of the intervention of private equity funds and their constraints;

iii) understand how to actively manage relationships with private equity funds and make the most of their value creation;

iv) select and invest in funds, funds of funds, and/or companies which are part of the private equity ecosystem;

v) adopt a critical perspective on private finance and further deepen his/her knowledge of this sector; and

vi) understand the current challenges that private equity players face.

METHODOLOGY

The course content will be introduced through a combination of presentations, case studies (if applicable) and an active session of Q&A. Participants are encouraged to review their Accounting, Valuation, M&A and Corporate Finance classes to prepare for this course.

Participants are expected to actively participate in case discussions, ask questions and interact with other participants and the lecturer. Most importantly, quality of participation is encouraged over quantity.

EVALUATION

i) Written individual test at the beginning of each session to check on:

   a. business case (reading/understanding)
   b. chapters of the book (reading/understanding)
Participation in class.

>> 25% of the final grade.

ii) Written final examination.
>> 50% of the final grade.

iii) Presentation of business cases.
>> 25% of the final grade

Regardless of your grade for participation, you will need to pass the written element of the course.

BIBLIOGRAPHY

- Private equity as an asset class / Fraser-Sampson, G. -- John Wiley & Sons, 2007.