Course Description

This mini-course examines the private equity marketplace. Private equity is a major source of capital for both new ventures and established firms. The private equity marketplace contains several sub-markets, of which the principal sub-markets are venture capital, leveraged buyouts and growth capital. Since its origins in the post World War II period, the size of the private equity market has grown substantially and become institutionalized. For example, since 1991 annual capital commitments to private equity funds has grown from $8 billion to over $95 billion in 1999. The objective of this course is to provide an overview of the private equity marketplace from the differing perspectives of private equity investors (limited partners), sponsors (general partners) and managers of portfolio companies by focusing on the nature of the market and the strategies employed. Topics may include: the risk and returns of private equity funds, asset allocations to “Alternatives”, the raising and structuring of private equity funds, investment origination, valuation, portfolio management, strategies for value creation and exit strategies. The teaching method will employ extensive reading and lecture but will strongly emphasize case studies. Students will be expected to vigorously discuss several cases during each class session. The emphasis of the course will be on the identification, articulation and analysis of the risk in private equity.

Class Prerequisites

Working knowledge of corporate finance, including investments and investment banking, and management policy.

Class Time

Class will occur once a week on Thursday evenings from 6 pm to 9:30 pm beginning May 23 and ending June 20. There will be no class on Thursday May 30. The May 30 class will be made up on Sunday June 2nd from 1 pm to 4:30 pm.