

**University of Connecticut**  
**Private Equity and Venture Capital, FNCE 5894-R10, Spring 2018**  
**Thursday, 6 pm – 9 pm in Room GBLC 504**

**Instructor:** Cristian Pinto  
**Office:** BUS 462  
**Office Hours:** By appointment

**Phone:** 860-486-4439  
**E-mail:** cristian.pinto-gutierrez@uconn.edu

**SCHOOL OF BUSINESS MISSION STATEMENT**

Real World, Real Learning, Real Impact. Be a globally recognized provider of exceptional managerial and business leadership through innovative experiential learning in a dynamic global business context: integrating real-world education, outstanding research and strategic outreach.

**COURSE DESCRIPTION**

The course builds on the core finance topics covered in FNCE 3101 or 5209 (Corporate Finance) and covers a wide range of topics related to entrepreneurial finance. Apart from an in-depth analysis of new venture financing, the course also covers the financial aspects of strategic and business planning, financial forecasting, valuation, organization design and financial contracting, and financing and harvesting choices. The presentation of real-world case-studies and the use of techniques coming from major players belonging to private equity world will further enhance the link between the best practices observable in the market.

**COURSE GOALS**

This course is designed to teach students the elements of private capital investment and the aspects of raising and managing a private equity and venture capital fund. This course focuses on how private equity funds are organized to raise money from investors, then productively invest the funds raised, and finally, managing portfolio companies and develop options for exiting portfolio investments. The class will culminate with students, working in teams, preparing and presenting plans for a private equity or venture capital fund including a confidential information memorandum, marketing plan, fundraising deck for raising capital from potential limited partners, investment strategy, and organizational strategy.

Major topics covered in this class will include:

- Introduction to PE and VC
- Private Equity Partnership Agreements
- Private Equity Fund-Raising Process
- Valuation in Private Equity Settings
- Private Equity Securities
- The IPO Process.

**STUDENT LEARNING OBJECTIVES**

As the result of this course, students should be able to communicate the basic structure of a PE/VC fund, understand the process private capital investors go through to evaluate, perform due diligence,

fund, manage, and exit portfolio investments; and identify a variety of PE and VC funds presently operating in the industry.

### **COURSE PREREQUISITES**

FNCE 3101 or 5209 (Corporate Finance): In addition to the MBA program's general requirements, the course presumes that students know basic accounting, economics, and financial management concepts and tools.

### **COURSE MATERIALS**

- **Required:** "Venture Capital and Private Equity: A Casebook," 5e, Lerner, Hardyman, Leamon, Wiley.
- **Recommended:** "Venture Capital, Private Equity, and the Financing of Entrepreneurship," 1e, Josh Lerner, et al.
- **Cases:** Course pack with cases. The course pack is available for download at the HBS site at the following link: Available at <http://cb.hbsp.harvard.edu/cbmp/access/72494953>.

### **COURSE GRADE**

Case studies: 40%

Tests (2x): 30%

PE Fundraising Materials and Presentation: 30%

### **CLASS ATTENDANCE AND PARTICIPATION**

All students are expected to attend all classes, to prepare, and to participate fully. Since this is a case class, all students will be expected to read the cases and prepare them for class so that you can participate in a discussion of the background of the case, relevant case factors, and decision with supporting information. If you cannot attend a class, you should contact the instructor via email.

### **CASE DISCUSSIONS AND SUMMARIES**

There are 10 cases in the course. Student groups will write a report for each case and present one case in class by answering case assignment questions. Please, send me an email at [cristian.pinto-gutierrez@uconn.edu](mailto:cristian.pinto-gutierrez@uconn.edu) on your choice(s) of case to be presented in class. The cases will be allocated on the "first-come, first-served" basis. Students will work in the same group for all group-based assignments. Each group case report should be three pages of text maximum, with 1.5 spacing and 12 pt. font, plus any appendices that are necessary. Avoid simple repetition of case facts, and instead, focus on analysis in your report. Note that although limits are not imposed on tables and appendices, unnecessary or weak attachments are not helpful. Check to make sure that all your attachments are essential and add value; eliminate those that do not make the cut. Every group (including presenters) should electronically submit a case report to me at [cristian.pinto-gutierrez@uconn.edu](mailto:cristian.pinto-gutierrez@uconn.edu) (with the subject "**Case #, PE-VC 2018**") before the beginning of the class when the case is discussed. The case discussions will start with a PowerPoint presentation (20 minutes) by the lead group, followed by open/structured discussion.

## **PE FUNDRAISING MATERIALS AND PRESENTATION**

Students will be divided into teams and asked to develop a new private equity or venture capital fund and prepare a confidential information memorandum (CIM) and presentation to be used in raising capital for the fund. Students will need to address such items as type of fund, proposed size of the fund, investment criteria, investment size and types of securities, expected number of portfolio companies in the fund when fully invested, investment horizon, fund team and staff, office location(s), and fund structure. On the final day of class, students will present their fund to potential limited partner candidates in hopes of raising capital. More detailed information on this assignment will be provided throughout the semester, and examples of documents will be provided.

## **SPECIFIC COURSE POLICIES**

Any lectures, models and other class information will be posted to the class Blackboard site. Please silence and put away all cell phones and communication devices during class. Laptops are to be closed and put away during class unless otherwise instructed.

## **CLASS OUTLINE**

The following outline is a **tentative** schedule of topics to be covered; we may change the timing or order as needed.

<b>Date</b>	<b>Topic/Case</b>	<b>Assignment Due</b>
01/18	<b><i>Course Introduction</i></b> <b><i>Introduction to PE and VC.</i></b>	Form groups, decide on case preferences.  Read Chapter 1: PE Today and Tomorrow.
01/25	<b><i>Fund-Raising</i></b> <b>Case 1 discussion:</b> Iris Running Crane.	Read note on the private equity fundraising  Case 1 due.
02/01	<b><i>Private Equity Partnership Agreements</i></b> <b>Case 2 discussion:</b> Yale University Investments Office.	Read note on private equity partnership agreements  Case 2 due.
02/08	<b><i>Deal Sourcing and Evaluation</i></b> <b>Case 3 discussion:</b> Altoona State Investment Board.	Case 3 due.
02/15	<b><i>Valuation in Private Equity Settings</i></b> <b>Case 4 discussion:</b> Grove Street Advisors.	Read note on valuation in private equity settings  Case 4 due.

02/22	<b><i>Valuation in Private Equity Settings</i></b>  <b>Case 5 discussion:</b> Investcorp and the MoneyBookers Bid.	Case 5 due.
03/01	<b><i>Risk and Return in Private Equity</i></b>  <b>Case 6 discussion:</b> Hardina Smythe and the Healthcare Investment Conundrum.	Case 6 due.
03/08	<b>Take-home exam #1 review.</b>	Take-home exam #1 due before class.
03/15	Spring recess	
03/22	<b><i>Deal Structuring - Private Equity Securities</i></b>  <b>Case 7 discussion:</b> Avid Radiopharmaceuticals and Lighthouse Capital Partners.	Read note on private equity securities  Case 7 due.
03/29	<b><i>Exiting: Mergers and Acquisitions (M&amp;A)</i></b>  <b>Case 8 discussion:</b> Metapath Software.	Case 8 due.
04/05	<b><i>Exiting: Initial Public Offerings (IPO)</i></b>  <b>Case 9 discussion:</b> Warburg Pincus and emgs: The IPO Decision (A).	Read note on the initial public offering process  Case 9 due.
04/12	<b>Take-home exam #2 review.</b>	Take-home exam #2 due before class.
04/19	<b><i>Private equity in emerging markets</i></b>  <b>Case 10 discussion</b> – Hony, CIFA, and Zoomlion.	Read note on private equity in developing countries.  Case 10 due.
04/26	PE/VC fundraising presentations.	Presentations due.