

Spring 2021
FIN 407
Venture Capital & Private Equity

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Web: SuCourse
Office Hours: By appointment.

Course Objectives:

This course introduces students the basics of Private Equity & Venture Capital asset classes, and aims to provide them a thorough understanding of how Private Equity firms operate. Interested audience for this class would be students targeting a career in the M&A division of investment banks, private equity firms, venture capital firms and corporate strategy/M&A departments of holdings and family offices. Lectures are designed to combine theory and applications through case studies and assignments. The key goal is to highlight the parts that student will encounter in their professional life and enjoy the real life examples.

Learning Outcomes:

1. Describe the different types of alternative investment managers, and provide an overview of the market,
2. Describe the key players in both local and global players,
3. Discuss how Venture Capital and Private Equity Firms operate:
 - a. Fund Raising,
 - b. Acquisitions,
 - c. Portfolio Management,
 - d. Exit,
4. Discuss the fundamentals of venture capital & private equity investments
 - a. Key terminology,
 - b. Investing,
 - c. Portfolio management,
 - d. Exit,
5. Describe the key decision-making criteria in private equity investing

Course Web:

SuCourse will be actively used throughout the semester. Students should check their accounts frequently to ensure that they have the most recent course materials. Course announcements, assignments and case questions will be posted on SuCourse.

Grading:

Participation to in-class and case discussions	: 30%
Mid-term Exam:	: 25%
Case Assignment:	: 10%
Final Exam	: 35%

Requirements:*Participation to in-class discussions*

After covering the in-class material in each class, there will be a brainstorming session which will last around 15 minutes focusing on the real life examples & practical applications of what have been presented to the students. Students are expected to actively participate and contribute to the discussions.

Assignments

Students are required to read assignments or work on the files that will be shared with them beforehand, and be ready to discuss them in detail in class. Active participation to case assignment discussions is expected from the audience.

Final exam

The final exam will cover the entire course material, including case assignments. Instructions for the final exam will be provided towards the end of the semester.

Academic Honesty:

Learning is enhanced through cooperation and as such you are encouraged to work in groups, ask for and give help freely in all appropriate settings. At the same time, as a matter of personal integrity, you should only represent your own work as yours. Any work that is submitted to be evaluated in this class should be an original piece of writing, presenting your ideas in your own words. Everything you borrow from books, articles, or web sites (including those in the syllabus) should be properly cited. Although you are encouraged to discuss your ideas with others (including your friends in the class), it is important that you do not share your writing (slides, MS Excel files, reports, etc.) with anyone. Using ideas, text and other intellectual property developed by someone else while claiming it is your original work is *plagiarism*. Copying from others or providing answers or information, written or oral, to others is *cheating*. Unauthorized help from another person or having someone else write one's paper or assignment is *collusion*. Cheating, plagiarism and collusion are serious offenses that could result in an F grade and disciplinary action. Please pay utmost attention to avoid such accusations.

Classroom policies and conduct:

Sabancı MiF Program values participatory learning. Establishing the necessary social order for a participatory learning environment requires that we all:

- Come prepared to make helpful comments and ask questions that facilitate your own understanding and that of your classmates. This requires that you complete the assigned readings for each session before the class starts.
- Keep cameras open during the lecture.
- Mute ourselves unless we are not talking.

Lectures & Attendance

Students are expected to attend all lectures and participate in discussions. Lectures start right on time. Missed lectures are at students' own responsibility. Recordings of the lectures will be shared with the students through Google Drive.

Make-up Exams

There are no make-up exams unless a situation arises which was not foreseeable, and which was not under the control of the student. Requests for make-ups must be made directly to me as soon as possible and must be accompanied by relevant documentation (e.g., official doctor's report from the campus health center in case of health problems). Final exam policy: Contingent on legitimate justifications, you will be required to take a make-up exam two to three days after the final exam date.

Grading

Students should write up their objections and submit them to me no later than a week after receiving their graded work. This document should clearly explain the basis of objection. Except for minor grading errors, no verbal objection is accepted.

Special needs students

Any student who, because of a disability, requires some special arrangements in order to meet course requirements should contact me as soon as possible to make the necessary accommodations.

Updates

Changes or additions to any of the policies above, if any, will be announced on the course website.

Course Schedule

Lecture 1	Date: 2 March 2022 (17:40-20:30)
	Topic: Introduction to different asset classes with a focus on VC & PE Types of Private Equity and Venture Capital Overview of VC & PE markets – Recent Developments
	Requirements: None
	Readings: Global Private Equity Report 2021 – Bain & Company

Lecture 2	Date: 9 March 2022 (17:40-20:30)
	Topic: Introduction to different asset classes with a focus on VC & PE Types of Private Equity and Venture Capital Overview of VC & PE markets – Recent Developments

Lecture 3	Date: 16 March 2022 (17:40-20:30)
	Topic: How Private Equity Firms Invest / Transactions - I Private Equity Investment Process – Sourcing, Initial Review, Advanced Review, Due Diligence, Transaction Documents, Signing, Closing, Value Creation & Portfolio Management, Exit

Lecture 4	Date: 23 March 2022 (17:40-20:30)
	Topic: How Private Equity Firms Invest / Transactions - II Private Equity Investment Process – Sourcing, Initial Review, Advanced Review, Due Diligence, Transaction Documents, Signing, Closing, Value Creation & Portfolio Management, Exit

Lecture 5	Date: 30 March 2022 (17:40-20:30)
	Topic: How Private Equity Firms Invest / Transactions - III Private Equity Investment Process – Sourcing, Initial Review, Advanced Review, Due Diligence, Transaction Documents, Signing, Closing, Value Creation & Portfolio Management, Exit

Lecture 6	Date: 6 April 2022 (17:40-20:30)
	Topic: How Private Equity Firms Invest - I Key Terminology – EV, Equity Value, Net Debt, EBITDA, cash flow, cash generation

Lecture 7	Date: 13 April 2022 (17:40-20:30)
	Topic: How Private Equity Firms Invest - II Key Terminology – EV, Equity Value, Net Debt, EBITDA, cash flow, cash generation

Lecture 8	Date: 20 April 2021 (17:40-20:30) Topic: Mid-term Exam
Lecture 9	Date: 27 April 2021 (17:40-20:30) Topic: Private Equity Investing - Workshop
Lecture 10	Date: 11 May 2022 (17:40-20:30) Topic: How Private Equity Firms Operate – I Private Equity Universe & Stakeholders Private Equity Terminology Case Assignment: Private Equity Investing – Case Assignment
Lecture 11	Date: 18 May 2022 (17:40-20:30) Topic: How Private Equity Firms Operate – II Private Equity Lifecycle The Economics of a Fund
Lecture 12	Date: 25 May 2022 (17:40-20:30) Topic: Private Equity – Investment Strategy / What really matters? - I Key investment criteria – Attractive addressable market, Sustainable competitive advantage, Financial profile, Management team
Lecture 13	Date: 1 June 2022 (17:40-20:30) Topic: Private Equity – Investment Strategy / What really matters? - II Key investment criteria – Attractive addressable market, Sustainable competitive advantage, Financial profile, Management team
Lecture 14	Date: 8 June 2022 (17:40-20:30) Topic: Private Equity – Investment Strategy / What really matters? - III Key investment criteria – Attractive valuation, Appropriate governance, Value creation potential, Feasible exit