

Academic Year 2022-2023

Syllabus of the course

“PRIVATE EQUITY AND VENTURE CAPITAL” (code 20260) – classes 31 and 32

Course Director: Prof. Stefano Caselli

Instructors: Prof. Stefano Caselli – Prof. Laura Bottazzi - Prof. Fabio Sattin

Teaching assistant: Dr. Niccolò Zanchi

Course objectives

Private equity is an increasingly important part of the financial landscape. The global private equity sector grew from \$870 billion in 2004 to over \$4.7 trillion at the beginning of 2021. Their enthusiasm of investors –even in hard times of pandemic – for this asset class is understandable: pension funds, government funds, and university endowments are in many cases facing financial shortfalls and are desperate for high returns. Then there is the global dimension. Private equity originated in the U.S. and for much of its history, the industry was concentrated in that nation and the United Kingdom. Over the past fifteen years, however, private equity has become much more global. Not only has the capital disbursed in continental Europe and Asia increased sharply, but also emerging markets (especially China and India) have become far more important in the private equity landscape. All these elements pose several questions and opens many avenues for this course, which focuses on the understanding of private equity & venture capital business overall, starting from the perspective of investors, and moving to managers & advisors and to entrepreneurs. The approach is hands-on and it is very comprehensive of all the elements needed to understand the entire process of equity investment and provides a deep knowledge of the market and of major players. The presentation of real-word case studies and speeches coming from high-reputable managers belonging to private equity world will further enhance the link with the best practices emerging in the market.

Detailed syllabus: sessions and contents

n.	Instructor	Contents
Private equity and venture capital at a glance		
1	Caselli	Setting the scene: rule of thumbs and general overview The fundamentals of private equity and venture capital: definition and main schemes
2	Caselli	The fundamentals of private equity and venture capital. Private Equity Clusters: seed, start-up and early stage
3	Caselli	The fundamentals of private equity and venture capital. Private Equity Clusters (cont'd): expansion, replacement and LBO, vulture
Understanding legal entities and taxation		
4	Caselli	Private Equity Investors: Legal framework in Europe for equity investors

5	Caselli	Private Equity Investors: Legal framework in Europe for equity investors (cont'd)
6	Caselli	Private Equity Investors: Legal framework for Anglo Saxons Countries: US and UK cases
7	Caselli	Private Equity Investors: Management Fees and Carried Interest, Risk and Return
8	Caselli	Fiscal framework for equity investors: hands-on perspective
		The management of private equity and venture capital funds
9	Caselli	The managerial process. Fundraising and Investing (first part)
10	Caselli	The managerial process. Investing (second part), Managing and Monitoring
11	Caselli	The managerial process. Exit. Company Valuation and Deal Making: Fundamentals
12	Caselli	Company Valuation and Deal Making: Practice Sessions
		The “art of deal making” within venture capital investments
13	Bottazzi	Venture Capital Funds: key data, main players and activity
14	Bottazzi	Theoretical background of VC financing I: deal structure and terms sheet
15	Bottazzi	Theoretical background of VC financing II: how do venture capitalists make decisions
16	Bottazzi	The real effect of VC financing: creation of new firms, innovation and fintech
		The “art of deal making” within growth, buy-out and replacement investments
17	Sattin	Private Equity in Europe: key statistical data
18	Sattin	Early stage, Growth Capital and pre IPO (with case study)
19	Sattin	Buyout: how to structure a management-leveraged buyout (with case study)
20	Sattin	LBO Financing, Mezzanine and Private Debt
21	Sattin	Alternative private equity investment schemes
22	Sattin	The Investment Process I: key phases of the investment process, due diligence, business plan and key contractual clauses and covenants
23	Sattin	The Investment Process II: techniques to calculate equity value: how to value a company for a trade sale and for an initial public offering (with case study)
24	Sattin and Caselli	Global trends and final considerations

Exams Sessions:

Date	Type of exam
14/03/2023	Mid-Term Exam
16/05/2023	Mid-Term Exam (only for students who passed their first mid-term exam)
16/05/2023	General exam
09/06/2023	General exam

Assignment

During the first part of the course the students will be given an assignment to be completed in teams (5 students per team). More information will be provided upon release of the assignment. The assignment is compulsory for all students.

Textbook, readings and cases

For students attending the sessions, specific readings, slides and cases will be given through the e-learning space day by day.

The textbook of the course is Caselli S., Negri G., “Private Equity and Venture Capital in Europe”, Third Edition, Elsevier Academic Press, Massachusset US, 2021.

A special access is also given to the Coursera Platform for Stefano Caselli “Private equity and Venture Capital Course”.

Program of exam

For all the students joining the course, the exam is written. Two possibilities of exam are available: two mid-term exams (multiple choices questions) or one end exam (multiple choices questions).

The assignment will carry 30% of the grade, while each mid-term exam 35% of the grade each. The general exam will carry 70% of the grade.

Those who will receive a grade of 18/30 in the first mid-term will be allowed to sit for the second mid-term. Once you hand the second mid-term or the general exam, in case the final valuation is at least 18/30, the grade is automatically recorded. In both cases, the valuation is based only on the topics developed with the instructors during the program. The *cum laude* option is given only to students who will achieve a mark of 30/30 in the assignment and both midterm exams.

In case you had any further queries, do not hesitate to contact us at the email addresses you find below.

Teaching Assistant Niccolò Zanchi (zanchi.niccolo@unibocconi.it) will hold online office hours sessions to be scheduled during the course. See the website for more information.