Course objectives

This course covers two important contemporary areas of finance and business: venture capital and private equity, and investment banking.

The first half of the course adopts a case analytic approach and includes discussion on the venture capital and private equity cycles, from fund raising, structuring to deal screening, investment negotiations, fund management and performance reporting. An underlying theme of this part of the course is to emphasize how venture capital and private equity markets can create wealth and promote economic growth.

A sound knowledge of venture capital and private equity is essential for the following participants in the capital markets: angels, venture capitalists, private equity specialists, private equity investors, investment managers and institutional investors with an interest to commit funds to the private equity universe, and corporate managers who need private equity funding and an understanding in management buyouts. The relation between venture capital and private equity markets and economic growth is also important for regulators.

The second half of the course is a non-technical course on investment banking designed to introduce students to the world of investment banks. A combination of lectures and discussions will be used to help students to understand the various business activities investment banks typically undertake and the various financial instruments created and used by investment banks. The global environment, challenges, and opportunities relevant to investment banking will also be covered.

Special attention will be paid to discuss how investment banks contributed to the current financial crisis through their integration with various other financial markets and institutions, and how they have, in return, been affected by the crisis. This aims at helping students to gain a broader perspective of the financial industry.
Pre-requisites

Students need to have read the following modules: FIN3101 Corporate Finance, FIN3102 Investment Analysis and Portfolio Management, and FIN3103 Financial Markets. A good grasp of valuation principles is necessary for the course.

Basic texts


Supplementary text


Course outline

The private equity section of the course will cover the following topics:

- Introduction: What is venture capital and private equity?
- The venture capital and private equity cycles
  - Fund raising
  - Sourcing, structuring and investing
  - Value creation
  - Exiting
- Prospects

The investment banking section of the course will cover the following topics:

- The investment banking industry
- Mergers and Acquisitions
- Equity underwriting
- Debt instruments
- Asset Securitization
- Investment Management

Assessment methods

The assessment of the module will be based on a total of 65% for individual credit and 35% for group work. The break-down for the two half-modules are as follows:

Private Equity

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case analysis</td>
<td>17.5%</td>
</tr>
<tr>
<td>Class participation and journal</td>
<td>17.5%</td>
</tr>
<tr>
<td>Group project and presentation</td>
<td>15%</td>
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</tbody>
</table>

Investment Banking

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class assignments</td>
<td>15%</td>
</tr>
<tr>
<td>Class participation</td>
<td>15%</td>
</tr>
<tr>
<td>Group project and presentation</td>
<td>20%</td>
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