

## TEACHING GUIDE

Course Information	
Full Name	Private Equity and Impact Investing
Code	0000012223
Degree	Master in Finance
Taught in	Advantere School of Management
Level	Postgraduate Official Master's Degree
Term	2
Credits	3,0 ECTS
Type	Optional
Person in charge	Borja Oyarzábal
Office hours	Continuous availability via email

Professor Information	
Professor	
Name	Borja Oyarzábal
Department / Area	Advantere School of Management
CV	<a href="https://web.comillas.edu/profesor/boyarzabal">https://web.comillas.edu/profesor/boyarzabal</a>
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## SPECIFIC COURSE INFORMATION

Course contextualization
<p><b>Contribution to the professional profile of the degree</b></p> <p>The objective of this course is to carry out a study of the private capital industry (venture capital, private equity...) and provide students with solid knowledge on the origination, valuation, execution, monitoring and execution of private capital transactions and the investment process and generation of added value in private equity funds and how these are frequently used to raise resources whose primary or secondary objective is impact investment or the achievement of some of the sustainable development objectives. The program examines the industry both from the perspective of private equity firms that invest in and manage portfolio companies and from the perspective of institutions that invest in private equity funds.</p> <p>The main focus of this review is to reflect on the industry trends with a special emphasis on the statistical nature of the investment decision, as well as on the new trends in terms of data applications and sectoral analysis that are transforming the investment industry. the investment. This trend is transforming not only investment processes but also issues related to the follow-up and monitoring of investments, among others.</p>

Competences – Objectives		
Competences		
GENERAL		
<b>CG.1</b>	Learning by projects: Ability to develop and execute collective financial projects in their different phases based on real situations, proposing real solutions and making all interactions with the team, clients and any other participant efficient.	
	<b>RA1</b>	Ability to commit to the development of experimental collective projects based on the real world, managing and aligning the client's needs with the available resources, optimally distributing the work, communicating and projecting its different phases, proposing real solutions and making efficient all interactions with the team, customers and other stakeholders.
<b>CG.3</b>	Teamwork: Apply techniques and methodologies that promote teamwork and mutual collaboration in talent management projects to be carried out with companies and organizations.	
	<b>RA1</b>	Be committed and cooperate in the defined roles to achieve the goals related to the tasks, activities, projects and responsibilities defined and assigned.
SPECIFIC		
<b>CE 03</b>	Understand and correctly apply the principles and advanced models of company valuation, assets, portfolio management, the fundamentals of the analysis of investment projects and those that support modern theories of the construction of efficient portfolios, as well as recent theories on the Impact of behavioral psychology on investment decision making in the presence of uncertainty.	
	<b>RA3</b>	Portfolio management in hedge funds, their operation, structure and the mechanics of management and performance fees. Differentiate between absolute and relative return management and its implications. Performance using various metrics, such as Sharpe and Information ratio, Omega, etc. Global directional, arbitrage or macro strategies. How the alternative management industry works and will delve into aspects such as smart beta or factor investing. Analysis of the main real assets.
	<b>RA4</b>	Learn about the private capital industry, its origination, valuation, execution, monitoring and execution of private capital transactions and the investment process and generation of added value. Perspective of private equity firms that invest and manage portfolio companies such as the perspective of institutions that invest in private equity funds.

## THEMES AND CONTENT

<b>Contents-Themes</b>
<b>1.- Introduction</b>
1.1.- Finance goal
<ul style="list-style-type: none"> <li>- What is the goal of the financial world?</li> <li>- Can value generation be measured?</li> <li>- How this goal specifically applies to the world of Private Equity</li> <li>- Does the need for an impact investment change this goal?</li> </ul>
1.2.- Definition of value and synergies
<b>2.- Value measurement</b>
2.1.- Review of the main methods of value measurement
Review of the main value measurement methods and understanding of their practical application..
2.2.- Focus on DCF
Critical review of the limitations of the application of DCF models. Understanding of the limitations of its application and reflection on how new trends offer alternatives to existing limitations.
2.3.- Understanding an LBO and applying APV
Basics of an LBO. Application type logic. Development of the APV model for better modeling of tax shields. Performing collective simulation work.
<b>3.-Formal aspects of Private Equity and impact investment</b>
3.1.- Operation of investment vehicles
Review of the formal aspects of the Private Equity market.
<b>4.- Reflection on the practical application of Private Equity investment</b>
4.1.- Practical applications in situations of listed and unlisted companies
Different cases and group work will be presented.

## TEACHING METHODOLOGY

### General methodological course aspects

#### Presential Methodology: Activities

*Cooperative work of students who, in pairs or small groups, receive a task, case or assumption that requires sharing information and resources among members with a view to achieving the common goal. Based on the case method, studied by each student and discussed by each group before the individual interventions of each general session.*

*Lessons of an expository and participative nature.*

#### Non-presential Methodology: Activities

Individual study.

Individual reading of texts of different types (cases, books, magazines, articles, press, Internet publications, reports on practical experiences, etc.) related to the courses of study.

**Cooperative work of students who, in pairs or small groups, undertake a project that requires the sharing of information and resources among members in order to achieve a common goal.**

**SUMMARY OF STUDENT WORK HOURS**

<b>PRESENTIAL HOURS</b>					
Professor Exposition	Student exhibition. Debates and group dynamics	Exercises and problem solving. Elaboration of applied work	Analysis and documentation	Tutorial sessions	Development of real projects for organizations
6,5	13	9	0	1	1
<b>NON-PRESENTIAL HOURS</b>					
Professor Exposition	Student exhibition. Debates and group dynamics	Exercises and problem solving. Elaboration of applied work	Analysis and documentation	Tutorial sessions	Development of real projects for organizations
0	0	17	41	1	1

**ECTS CREDITS: 3,0 (90,00 hours)**

## EVALUATION AND GRADING CRITERIA

Graded Activities	Evaluation Criteria	% of Total Grade
Assessment of individual or group work carried out by students, some of them presented in class	<ul style="list-style-type: none"> <li>• Work adequacy to the objectives set</li> <li>• On-time delivery</li> <li>• Goal adequacy and focus</li> <li>• Results achieved</li> <li>• Compliance with deadlines</li> <li>• The participation of ALL members of each team in the presentations and elaborations is required</li> </ul>	50
Performance of oral and written examinations, public defenses and multiple-choice tests, concept tests and resolution of practical cases as exams	<ul style="list-style-type: none"> <li>• Throughout the program, exams or written tests will be given to test the solidity of the concepts acquired.</li> <li>• In order to pass the course, the final exams and tests of each section of the course must be passed. If there are several exams in the same section or block of a course, the weighted average of them must be higher than 5.0 as a necessary condition to pass the course.</li> </ul>	30
Participation and utilization of the classes	<ul style="list-style-type: none"> <li>• When we talk about participation, it is clear that both the positive and negative ones are counted and that the quality of participation is as important as the quantity. The students' participation in class, the quality and timeliness of their interventions, the quality in the preparation and presentation of their work, predisposition and commitment, initiative, attendance.</li> </ul>	20

### Grades

The evaluation criteria for the subject are governed by the following rules:

- 1-All students must comply with 100% attendance on the days established for this course. Any absence must be justified.
- 2-The final grade corresponds to the sum of the graded activities, the evaluation criteria and the % of the total grade described in the Evaluation and Grading Criteria section.
- 3-Individual and group work must be submitted on time and in the form specified by the subject's teacher.
- 4-A final grade lower than 5 implies the need to take an extraordinary exam. The final grade for this exam may not exceed the median of the passing grades at the time of the schedule exams.

In circumstances not covered by this Teaching Guide, the Advantere School of Management Regulation and the General Regulation of Comillas will apply.

## **BIBLIOGRAPHIES AND RESOURCES**

### **Basic Bibliographies**

Mascareñas Pérez-Iñigo, Juan (2005): Fusiones y Adquisiciones de Empresas. Ed. McGraw-Hill (4ª edición)

### **Additional Bibliographies**

Damodaran, A. (2006) Damodaran on Valuation: Security Analysis for Investment and Corporate Finance. Ed. Wiley. (2ª edición)

Fernández, Pablo. (2004) Valoración de empresas. Cómo medir y gestionar la creación de valor. Ed. Gestión 2000. (3ª edición)

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