

COURSE DESCRIPTION

Course data	
Credits ECTS	3,5
Master	Master in Finance / Master Universitario en Finanzas, Universidad Pontificia de Comillas
Professor	Borja Oyarzabal
Course	Private Equity and Impact Investing
E-mail	b.oyarzabal@advantere.org

COURSE OBJECTIVES

OBJECTIVES

General competencies

CG.1 Project-based learning: Ability to develop and execute financial projects based on real situations in their different phases, proposing real solutions and making all interactions with the team, clients and any other participant efficient.

RA1 Ability to commit to the development of 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 all interactions with the team, clients and other stakeholders efficient.

CG.3 Teamwork: Apply techniques and methodologies that promote teamwork and collaboration in talent management projects to be carried out with companies and organizations.

RA1 Be committed and cooperate in roles to achieve the goals related to the tasks, activities, projects and responsibilities assigned.

Specific competencies

CE 03 Understand and apply the principles and advanced models of company valuation, assets, portfolio management, the fundamentals of capital budgeting and those that support modern theories of efficient portfolio construction, as well as recent theories on the impact of behavioral psychology on investment decision-making in the presence of uncertainty.

RA3 Portfolio management in hedge funds, its 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. Directional, arbitrage or global macro strategies. How the alternative management industry works and analysis of concepts such as smart beta or factor investment. Analysis of the main real assets strategies.

RA4 Know the private equity industry, its origination, valuation, execution, monitoring and realization of private equity transactions and the investment process and generation of added value. Perspective of private equity firms that invest in and manage portfolio companies as well as the perspective of institutions that invest in private equity funds.



CONTENTS

1.- Introduction

1.1.- Objective of finance

- What is the objective of finance?
- Can value creation be measured?
- How does this objective specifically apply to the world of Private Equity
- Does this objective change the need for impact investing?

1.2.- Definition of value and synergies

2.- Measuring value

2.1.- Review of the main methods of value measurement

Review of the main methods of value measurement and understanding of their practical application.

2.2.- Focus on DCF and systemic risk

Critical review of the limitations of the application of DCF models. Understanding the limitations of their application and reflection on how new trends offer alternatives to existing limitations.

2.3.- Understanding a LBO and application of APV

Fundamentals of a LBO. Logic of the type of application. Development of the APV model for better modelling of tax shields. Carrying out collective simulation work.

3.- Formal aspects of Private Equity and impact investment

3.1.- Formal aspects of investment vehicles

Review of the formal aspects of the Private Equity market.

3.2.- Fundamentals of impact investment

Importance of measurement and trends.

4.- Reflection on the practical application of Private Equity investment

4.1.- Project Based Learning based on a real Private Equity investment (modelling and sensitivity analysis)

4.2.- Structuring of transactions



Methodology

Face-to-face activities

Cooperative work of students who, in pairs or small groups, receive a task, case or assumption that requires sharing information and resources between members to achieve defined goals. Based on the case method, studied by each student and discussed by each group before the individual interventions of each general session.

Lectures.

Non-face-to-face activities

Individual study.

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

Cooperative work of students who, in pairs or small groups, receive a task that requires sharing information and resources between members.

EVALUATION AND GRADING CRITERIA

Activities	Weight (%)
Final test	30%
Project Based Learning	50%
Class participation	20%

Grades

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

1. All students must attend 100% of 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 in the time and manner established by the subject teacher.
4. A final grade lower than 5 implies taking a retake. The final grade for this exam cannot be higher than the median of the final test. Final grade will also consider the project and participation grades.



Assessment criteria for enrolling in a second year

1. Students enrolled in the course for the second year must complete the individual and group tasks established by the course professor. The same assessment criteria described in the Evaluation and Grading Criteria section will be maintained.
2. In circumstances not provided for in this Teaching Guide, the Regulations of the Advantere School of Management and the General Regulations of Comillas will apply.

BIBLIOGRAPHY

Bibliografy

Articles:

"A banker speaks with Regret" New York Times 2011

" Why smart people fail to beat the market" Forbes 2012

Other references:

EU taxonomy report on sustainable finance

Books:

"Damodaran, A. Damodaran on Valuation: Security Analysis for Investment and Corporate Finance. Ed. Wiley."

"Principles of Corporate Finance" Franklin Allen, Richard A. Brealey y Stewart Myers, McGraw Hill.