

FIN/ES 626 – GLOBAL PRIVATE EQUITY

SYLLABUS, WINTER 2023

Instructor:	Emmanuel Yimfor, Ph.D.	Email:	eyimfor@umich.edu
Grader:	Hannah Ong	Email:	homx@umich.edu
Time:	Monday/Wednesday 12:40 PM – 2:10 PM	Place:	R0210 BUS and over Zoom
Office Hours:	Monday 3:00 PM – 5:00 PM		

Booking Office Hours: Office hours are by appointment over Zoom due to COVID. Book an appointment slot using [Google Calendar](#). You are welcome to book multiple slots if you would like to meet for longer. If you cannot make this time, please email me to arrange a separate time.

Contact Information: To ensure a timely email response, please place “FIN/ES 626” in the subject heading.

Audience: The objective of this course is to help qualify you for a position with a globally-focused private equity and venture capital or consulting firm, regardless of its geographical location (i.e., North America, other regions of the world).

Ross and other UM students will pursue careers with companies in other countries or US companies that will engage them as investors, founders, or executives with companies in countries other than the US. This course provides a sharp focus on how the venture capital and private equity market is developing in regions and countries throughout the world and North America. This course will also discuss the implications of global private equity for US-based institutional and individual investors. We will have practicing international private equity investors to discuss recent changes in private equity around the world.

Course Description: We focus on understanding the risk/reward value proposition of investing in US and non-US markets in the current market environment and outlook. We will study the comparative value

proposition of accessing these markets via private equity versus public equities. Students interact with practitioners — at the limited partner and general partner level — who make these decisions daily, enabling students to learn how these professionals create value for their investors.

We will start with the U.S. market model as the basic model and study the extent to which it is being emulated and modified for application in countries and cultures which differ fundamentally from the U.S.

Course Materials:

1. **Lecture Slides:** All lecture slides and supplementary materials will be posted to Canvas. Students are responsible for checking Canvas regularly for announcements, assignments, and supplementary material. I consider posting information on the Canvas website to be sufficient notice to you for you to be held responsible for it. To enhance health and safety, improve sustainability, and ensure equal learning access, all materials for Ross courses will be made available in electronic format only. Printed copies of course packs (“TextPaks”) are available in addition to the electronic version. Please see our course Canvas site and/or contact the [Kresge Library](#) for further information.

All materials generated for the course including slides, handouts, review materials and assignments, or any other materials prepared by you or the professor for this course are intended for use by current students in this class only, unless you have the permission of your instructor. You are not permitted to use materials related to the class that were generated by the professor or students in previous versions of this course. A violation of this policy may be a violation of the Ross Community Values Code and may result in disciplinary action.

2. **Textbook:** There is no required textbook. Students can stay current with a variety of sources such as:
 - PEHub (<https://www.pehub.com/>)
 - Wall Street Journal (<https://www.wsj.com/>)
 - Pitchbook (<https://www.pitchbook.com/>)
3. **Attendance Policy:** Attendance impacts your participation grade.
4. **Class Participation:** I expect you to read the reading and case materials before each class. Your class participation grade is based on your attendance and the quality of your contribution to class discussions. To evaluate quality, I will consider whether your comment was relevant, thoughtful, reasonable, civil, and respectful. Responding to the open questions I will pose in class also qualifies

as quality participation. Students who frequently participate and show logical and thorough thought can expect to get the full participation grade.

I will regularly cold-call on individual students to discuss specifics of a case, and will continue to cold-call students throughout case discussion. Cold-calling will ensure that each student is prepared for every case discussion.

5. **Format:** This course will be in person. There will be a non-interactive remote option, meaning that students attending remotely cannot ask questions or participate in class discussions. Students need a valid reason to use the non-interactive remote option instead of attending in person. I will modify the participation grade of students attending remotely. For those attending class in person:

- Observe all safety precautions and protocols, including wearing of face coverings.
- Sit only at locations indicated by the blue dots and corresponding seat. Please do not move your seating away from the blue-dot location as this would decrease social distancing and safety.
- Use your laptop to connect to the Zoom for the class. Keep your camera on for the duration of the class. Please contact your professor if you have any questions or concerns.

For those attending class remotely, you are expected to:

- Attend the class in its entirety via the dedicated Zoom platform provided for the course.
- Attend the class with your camera on and fully focus on the class just as if you were physically present in class. Keeping your camera on is required. Please contact your professor if you have any questions or concerns.
- Make eye contact with the camera - you are essentially looking into the eyes of each and every classmate, and the professor!
- Be present in appropriate attire that you would have worn to class.
- “Arrive” early to get everything prepared so you do not feel rushed and are able to be ready when class begins.
- Please rename yourself on Zoom to include your first and last names, along with preferred pronouns.
- Remember to mute your audio when not speaking in order to minimize any unnecessary external noise. This will become second nature to you as you become familiar with muting and unmuting your audio. You can mute/unmute your audio by clicking on the microphone (if using computer audio) or telephone (if using phone audio) in the lower left corner of your Zoom screen.

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- Perhaps most importantly, remember that you are not invisible, and your professor and classmates are depending on your visual cues, such as smiling and nodding, for encouragement. Imagine how dull a conversation would be with someone who was expressionless and motionless.

If there isn't enough participation, I will cold-call people to answer questions during class.

6. **Cases:** You will be required to purchase cases through Kresge using the course-pack information on Canvas.
7. **Software:** I will use python to show various historical trends in private equity investing, private equity fund payoffs, and various LOI contract terms. I will also use excel to demonstrate LBO valuation techniques in class. Prior knowledge of python is **not** a pre-requisite for this course and data analysis in python is **not** part of your grade. I recommend you install python using Anaconda so that you can follow along as I manipulate data related to our class discussion, typically during the last 20 minutes of every class. To install Anaconda go to <https://docs.anaconda.com/anaconda/install/> and choose your operating system. You can start using Jupyter Notebook by typing `jupyter notebook` in a terminal window. This will open a tab in your web browser. In the web browser, start a new notebook by clicking 'New – Python 3.' Click 'File - Rename' to save the file with a new name.

Note: Anaconda will automatically save your files in the default directory where anaconda is installed on your C drive. To save your files to a specific directory, type the following command when starting a new notebook: `jupyter notebook --notebook-dir "C:\Users\Emmanuel"`, replacing "C:\Users\Emmanuel" in that command with the directory in which you want to save your files.

8. **Laptop/Electronic Device Use and Zoom Connectivity in Class:** Laptop and electronic device use will be necessary for those attending courses remotely. Naturally, for those attending courses remotely you will need an electronic device (e.g. desktop, laptop, or tablet) with a video camera (built-in or external), an audio device, and a microphone to engage fully in the course. A stable and sufficient bandwidth connection will also be necessary.

Grading: Grades will be distributed according to the following weights:

Each student's letter grade at the end of the course is calculated based on the MBA elective course grading guidelines, with the following distribution: $\leq 35\%$ Excellent (EX); $\leq 75\%$ Excellent (EX) + Good (GD) Grades combined.

Paul Capital Case presentation	20%
Questions for Guest Speakers	5%
Final Exam	35%
Cases I	10%
Cases II	5%
Cases III	5%
Class Participation	20%

Team Assignments:

I will divide the class into groups to ensure that students with similar backgrounds do not end up in the same group. Each student will prepare the case discussion and discuss the case with her team, and the team will submit one copy for all the group members. The case analysis should not exceed 2-3 double spaced typed pages plus any exhibits you choose to submit. Group members will decide how to divide the work on each case. Students will be asked to complete a survey at the conclusion of the course to evaluate the other members of their team. These ratings will be used to adjust individual grades on group assignments to ensure students are contributing fairly to their teams.

Recordings: I will record all of my classes and make these recordings available to you through Canvas. Students may not record or distribute any class activity without written permission from me, except as necessary as part of approved accommodations for students with disabilities. This applies to both live recording of an actual class, as well as the duplication of any recordings that I share with you via Canvas. Any recordings posted on Canvas may only be used for the student's own private use.

TENTATIVE COURSE OUTLINE

Date	Topic	Required Reading	Case/ Other Reading	Deliverable
January 9	Discuss syllabus and walk through private equity process	Canvas Module 1: Lecture 1	Note on LBO Capital Structure Technical Note on LBO Valuation (A&B) [1, 2, 3]	Respond to survey I will use to create teams
January 9	Overview of Secondaries and the Paul Capital Case Study	Canvas Module 2: Lecture 2	Valuing Late-Stage Companies and Leveraged Buyouts Technical Note on LBO Valuation and Modeling [4, 5]	
January 11	Practitioners view of Global Private Equity	Canvas Module 3: Lecture 3 Andrew DiGeronimo and Giovanni Fracchia LGT Capital Partners	Paul Capital Partners: Secondary Limited Partnership Investing See Canvas Module	
January 18	Fixed income Private Equity Investments	Daniel Lee Comvest Partners	Iris Running Crane: December 2009	Submit questions for guest speaker
January 23	Domestic versus international limited partners	Curtis Johnson The Carlyle Group	Yale University Investments Office February 2011	Submit questions for guest speaker
January 25	Private Equity in Emerging markets	Tobias True Partner Adams Street	Private Equity Valuation in Emerging Markets	Submit questions for guest speaker
January 30	Private Equity in Africa	Canvas Module 7: Lecture 4	Case I: Capital Alliance Private Equity: Creating a Private Equity Leader in Nigeria	Submit case write-up

Date	Topic	Required Reading	Case/ Other Reading	Deliverable
February 1	Practitioner's view of Global Private Equity	Clay Miller Stone Arch Capital	The Toys "R" Us LBO Note on the Initial Public Offering Process Company Sale Process SPAC Space	Submit questions for guest speaker
February 6	Private Equity in China	Canvas Module 9: Lecture 5	Case II: Jiuding Capital: Private Equity Firm with Chinese Characteristics	Submit case write-up
February 8	Private Equity Europe & Latin America	Canvas Module 10: Lecture 6	Case III: Southern Cross Latin America Private Equity Fund	Submit case write-up
February 13	Presentations of Paul Capital Case			Team write-ups of Paul Capital Case results by regions
February 15	COVID-19's implications for Global Private Equity	Canvas Module 12: Lecture 7	[6]	
February 20	Final Exam			

Academic Integrity and Community Values: Personal integrity and professionalism are fundamental values of the Ross School community. You have a duty to be familiar with and understand the Ross School's Statement of Community Values, the Ross School Academic Honor Code, and the Ross School Code of Student Conduct including all campus public health policies. **In light of COVID our community has enhanced the Code of Student Conduct to include our commitment to each other and adherence to campus and School public health policies.** Each of these, including a Statement of Student Rights and Responsibilities, may be found in the Ross School Impact on [Ross Community Values](#). In addition every student at the University of Michigan accepts the rights and responsibilities of membership in the University's academic and social community. These rights and responsibilities are clearly laid out in [The Statement](#). By enrolling in this course you confirm that you have read and understood these statements and policies, and further that you agree to abide by them. The Ross Community Values site contains valuable information and links on writing and how to check to make sure you have not plagiarized the work of others. Claimed ignorance of these codes and policies will be viewed as invalid should a violation take place. In all cases if you have questions please address them with the professor as far **in advance** as possible.

Any violation of the Ross School Academic Honor Code such as plagiarism, otherwise passing off anyone else's work as your own, unauthorized collaboration, use of materials generated for use during past offerings of this course, or any form of cheating will be referred to the Community Values Committee. Possible penalties include course failure with a permanent notation of an honor policy violation on your transcript and even expulsion. As a community we are all still adapting and learning how this applies to hybrid and remote learning environments, but the same principles of academic integrity apply.

Health and Safety- COVID-19: For the safety of all students, faculty, and staff on campus, it is important for each of us to be mindful of safety measures that have been put in place for our protection. By returning to campus, you have acknowledged your responsibility for protecting the collective health of our community. Your participation in courses on an in-person basis is conditional upon your adherence to all safety measures mandated by the State of Michigan and the University, including maintaining physical distancing of six feet from others, and properly wearing a face covering in class. Other applicable safety measures may be described in the [University's Maize and BluePrint](#) site and in the [University's Face Covering Policy for COVID-19](#). Your ability to participate in this course in-person as well as your grade may be impacted by failure to comply with campus safety measures. Individuals seeking to request an accommodation related to the face covering requirement under the Americans with Disabilities Act should contact the [Office for Institutional Equity](#). If you are unable or unwilling to adhere to these safety measures while in a face-to-face

class setting, you will be required to participate on a remote basis (if available) or to disenroll from the class. I also encourage you to review the Statement of [Students Rights and Responsibilities](#), which includes a [COVID-related Statement Addendum](#).

Wellness and Mental Health: Students may experience stressors that can impact both their academic experience and their personal well-being. These may include academic pressure and challenges associated with relationships, mental health, alcohol or other drugs, identities, finances, etc.

If you are experiencing concerns, seeking help is a courageous thing to do for yourself and those who care about you. If the source of your stressors is academic, please contact me so that we can find solutions together. For personal concerns, U-M and Ross offers the following resources:

- [Counseling and Psychological Services \(CAPS\)](#) – confidential; 734-764-8312; for after-hours urgent support, call and press 0; counseling, workshops, groups and more, counselors are embedded in some schools. The Ross School of Business has a CAPS Embedded Counselor available to its students. Embedded Counselors are located in school/college buildings (COVID conditions and policies permitting) and services are tailored to the school's climate. For more information, please visit the [CAPS Embedded Model](#) site. To schedule, please email [Julie Kaplan](#), LMSW. Also, the services offered by CAPS have been adapted to the unique needs of our community during COVID. You can schedule a tele-health appointment remotely from their home page. You may also find helpful their resources directly addressing mental health and wellness during COVID [here](#).
- [Dean of Students Office](#) - 734-764-7420; provides support services to students and manages critical incidents impacting students and the campus community.
- [Ginsberg Center for Community Service Learning](#) - 734-763-3548; opportunities to engage as learners and leaders to create a better community and world
- [Multi-ethnic Student Affairs \(MESA\)](#) - 734-763-9044; diversity and social justice through the lens of race and ethnicity
- [Office of Student Conflict Resolution](#) - 734-936-6308; offers multiple pathways for resolving conflict
- [Office of the Ombuds](#) - 734-763-3545; students can raise questions and concerns about the functioning of the university
- [Services for Students with Disabilities \(SSD\)](#) - 734-763-3000; accommodations and access to students with disabilities

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- [Sexual Assault Prevention and Awareness Center \(SAPAC\)](#) - confidential; 734-764-7771 or 24-hour crisis line 734-936-3333; addresses sexual assault, intimate partner violence, sexual harassment, and stalking
 - [Spectrum Center](#) - 734-763-4186; support services for LGBTQ+ students
 - [Trotter Multicultural Center](#) - 734-763-3670; intercultural engagement and inclusive leadership education initiatives
 - [University Health Service \(UHS\)](#) - 734-764-8320; clinical services include nurse advice by phone, day or night
 - [Well-being for U-M Students website](#) - searchable list of many more campus resources
 - [Wolverine Wellness](#) - confidential; 734-763-1320; provides Wellness Coaching and much more

Accommodations: The University of Michigan is committed to providing equal opportunity for participation in all programs, services and activities. Students wishing to receive testing accommodations must register with the University of Michigan [Services for Students with Disabilities \(SSD\)](#) office as soon as possible. Students must then submit their Verified Individualized Services and Accommodations (VISA) form online as early as possible, **but no later than two weeks prior to the first test or quiz for which accommodations are requested.** Accommodations arrangements are not guaranteed for students who submit their VISA form with less than two weeks' notice.

Requests must be sent using the [Ross Accommodations Request Form](#) and must include a scanned or photographed copy of the VISA form. This form only needs to be submitted once during your academic career with Ross unless your accommodations eligibility expires.

In rare cases, the need for an accommodation arises after the two week deadline has passed (example: a broken wrist). In these cases, students should still contact SSD and the Ross Accommodations Coordinator. However, due to logistical constraints, we cannot guarantee that an accommodation can be made after the two week deadline has passed. Questions can be directed to the Ross Accommodations Coordinator at RossAccommodationsCoordinator@umich.edu.

References

- [1] Andrew Metrick and Ayako Yasuda. The economics of private equity funds. *The Review of Financial Studies*, 23(6):2303–2341, 2010. [6](#)
- [2] Paul Gompers, Steven N Kaplan, and Vladimir Mukharlyamov. What do private equity firms say they do? *Journal of Financial Economics*, 121(3):449–476, 2016. [6](#)
- [3] Tim Jenkinson, Hyeik Kim, and Michael S Weisbach. Buyouts: A primer. Technical report, National Bureau of Economic Research, 2021. [6](#)
- [4] Francesca Cornelli and Oğuzhan Karakaş. Corporate governance of lbos: The role of boards. *Available at SSRN 1875649*, 2012. [6](#)
- [5] Taylor D Nadauld, Berk A Sensoy, Keith Vorkink, and Michael S Weisbach. The liquidity cost of private equity investments: Evidence from secondary market transactions. *Journal of Financial Economics*, 132(3):158–181, 2019. [6](#)
- [6] Paul A Gompers, Steven N Kaplan, and Vladimir Mukharlyamov. Private equity and covid-19. Technical report, National Bureau of Economic Research, 2020. [7](#)