

The Private Equity Book

A step-by-step guide to develop a flexible comprehensive operational due diligence program for private equity and real estate funds Addressing the unique aspects and challenges associated with performing operational due diligence review of both private equity and real estate asset classes, this essential guide provides readers with the tools to develop a flexible comprehensive operational due diligence program for private equity and real estate. It includes techniques for analyzing fund legal documents and financial statements, as well as methods for evaluating operational risks concerning valuation methodologies, pricing documentation and illiquidity concerns. Covers topics including fund legal documents and financial statement analysis techniques Includes case studies in operational fraud Companion website includes sample checklists, templates, spreadsheets, and links to laws and regulations referenced in the book Equips investors with the tools to evaluate liquidity, valuation, and documentation Also by Jason Scharfman: Hedge Fund Operational Due Diligence: Understanding the Risks Filled with case studies, this book is required reading for private equity and real estate investors, as well as fund managers and service providers, for performing due diligence on the noninvestment risks associated with private equity and real estate funds.

Venture Capital is a form of financing provided by wealthy investors, investment banks and other financial institutions to start-ups and small- to medium-sized enterprises with strong growth potential in exchange of private equity stakes. These investors are also known as venture capitalists. With the rise of start-ups and small ventures, the market of venture capitalist and the interest of people in venture capitalism are also increasing. The valuation of the firms done by the venture capitalist at the beginning is not just a betting game. It is a thorough research done using different strategies and computing formulas. Venture Capital Investments gives a fundamental understanding of various aspects of venture capital covering the nature of investments, deal evaluation, structure, economics and fundraising. It discusses the challenges a venture capitalist faces right from raising funds to evaluating a potential deal and exit valuation. The book begins by covering the difference between the private market and the public market. Finally, it discusses fund economics and fund structure in venture capital firms. The book will be a helpful read for entrepreneurs who want to get into the shoes of a venture capitalist and understand how they value a firm or a start-up. It will also be an informative read for the aspiring venture capitalists who are interested to enter the venture capital market.

Global financial markets might seem as if they increasingly resemble each other, but a lot of peculiar aspects qualify different markets with different levels of development. Private equity investors can take advantage of these variations. Structured to provide a taxonomy of the business, Private Equity and Venture Capital in Europe, Second Edition, introduces private equity and venture capital markets while presenting new information about the core of private equity: secondary markets, private debt, PPP within private equity, crowdfunding, venture philanthropy, impact investing, and more. Every chapter has been updated, and new data, cases, examples, sections, and chapters illuminate elements unique to the European model. With the help of new pedagogical materials, this Second Edition provides marketable insights about valuation and deal-making not available elsewhere. Covers new regulations and legal frameworks (in Europe and the US) described by data and tax rates Features overhauled and expanded pedagogical supplements to increase the versatility of the Second Edition Focuses on Europe Includes balanced presentations throughout the book

Introduction to Private Equity/Venture, Growth, LBO and Turn-Around Capital John Wiley & Sons

Venture Capital, Private Equity, and the Financing of Entrepreneurship stems from a realization that private equity overall - defined in this volume as venture capital and buyouts but

excluding hedge funds - has become a vastly more sizable and influential part of the global economic landscape over the past two decades. The text explores the world of active investing and showcases ways of doing business in a clear and concise manner. With more than 60 years of combined experience as practitioners in and/or academic investigators of private equity, Lerner, Leamon, and Hardyman explain how the fascinating world of private equity works, from start to finish, how it creates value, and where it may destroy value.

Fully revised and updated to reflect changes in the private equity sector Building on and refining the content of previous editions, *Introduction to Private Equity, Debt and Real Assets, Third Edition* adopts the same logical, systematic, factual and long-term perspective on private markets (private equity, private debt and private real assets) combining academic rigour with extensive practical experience. The content has been fully revised to reflect developments and innovations in private markets, exploring new strategies, changes in structuring and the drive of new regulations. New sections have been added, covering fund raising and fund analysis, portfolio construction and risk measurement, as well as liquidity and start-up analysis. In addition, private debt and private real assets are given greater focus, with two new chapters analysing the current state of these evolving sectors.

- Reflects the dramatic changes that have affected the private market industry, which is evolving rapidly, internationalizing and maturing fast
- Provides a clear, synthetic and critical perspective of the industry from a professional who has worked at many levels within the industry
- Approaches the private markets sector top-down, to provide a sense of its evolution and how the current situation has been built
- Details the interrelations between investors, funds, fund managers and entrepreneurs

This book provides a balanced perspective on the corporate governance challenges affecting the industry and draws perspectives on the evolution of the sector. This book deals with risk capital provided for established firms outside the stock market, private equity, which has grown rapidly over the last three decades, yet is largely poorly understood. Although it has often been criticized in the public mind as being short termist and having adverse consequences for employment, in reality this is far from the case. Here, John Gilligan and Mike Wright dispel some of the biggest myths and misconceptions about private equity. The book provides a unique and authoritative source from a leading practitioner and academic for practitioners, policymakers, and researchers that explains in detail what private equity involves and reviews systematic evidence of what the impact of private equity has been. Written in a highly accessible style, the book takes the reader through what private equity means, the different actors involved, and issues concerning sourcing, checking out, valuing, and structuring deals. The various themes from the systematic academic evidence are highlighted in numerous summary vignettes placed alongside the text that discuss the practical aspects. The main part of the work concludes with an up-to-date discussion by the authors, informed commentators on the key issues in the lively debate about private equity. The book further contains summary tables of the academic research carried out over the past three decades across the private equity landscape including: the returns to investors, economic performance, impact on R&D and employees, and the longevity and life-cycle of private equity backed deals.

Private equity firms are on the rise and rapidly changing the game. Today more than 5,500 P.E. firms own tens of thousands of companies, so it is essential for CEOs and senior management executives to understand exactly how private equity firms operate. This invaluable resource can help you devise a winning P.E. game plan for your own company that offers you greater freedom and financial success. CEO Adam Coffey has almost twenty years of experience building businesses for private equity companies. In this authoritative yet approachable handbook, he covers: The history and landscape of private equity Ground rules for finding the right firm to partner with Techniques for navigating the new governance Strategies for continued growth in the private equity space And more. *The Private Equity*

Playbook provides all the coaching you'll need to compete and win on this new playing field. This set combines the definitive guide to private equity with its case book companion, providing readers with both the tools used by industry professionals and the means to apply them to real-life investment scenarios. 1) *Mastering Private Equity* was written with a professional audience in mind and provides a valuable and unique reference for investors, finance professionals, students and business owners looking to engage with private equity firms or invest in private equity funds. From deal sourcing to exit, LBOs to responsible investing, operational value creation to risk management, the book systematically distills the essence of private equity into core concepts and explains in detail the dynamics of venture capital, growth equity and buyout transactions. With a foreword by Henry Kravis, Co-Chairman and Co-CEO of KKR, and special guest comments by senior PE professionals. 2) *Private Equity in Action* takes you on a tour of the private equity investment world through a series of case studies written by INSEAD faculty and taught at the world's leading business schools. The book is an ideal complement to *Mastering Private Equity* and allows readers to apply core concepts to investment targets and portfolio companies in real-life settings. The 19 cases illustrate the managerial challenges and risk-reward dynamics common to private equity investment. Written with leading private equity firms and their advisors and rigorously tested in INSEAD's MBA, EMBA and executive education programmes, each case makes for a compelling read.

What Explains the Recent Tremendous Growth in Private Equity Funds? How Have These Funds Created so Much Value? Can We Expect This Kind of Growth in Other Countries and Other Types of Investments? The pool of U.S. private equity funds has grown from \$5 billion in 1980 to over \$175 billion in 1999. Private equity's recent growth has outstripped that of almost every class of financial product. Whether you are an entrepreneur seeking private equity finance, a private equity investor grappling with the industry's changes, or an investor interested in private equity as a potential investment, this book is required reading! It presents a collection of real world cases-supplemented by detailed industry notes-that explore the exciting and dynamic world of venture capital and buyout funds. The organization mirrors that of the venture capital/private equity process itself: * The first part explores the raising and structuring of private equity funds, as well as the perspective of investors. * The second part explores the selection, oversight, and adding value to firms-the 'heart' of the private equity cycle. * The third part describes how private equity groups reap attractive returns from successful investments. * The final section explores the emerging efforts to translate the private equity model into other settings, such as corporate venturing programs. 'Private Equity' is an advanced corporate finance book that integrates a range of topics from a private equity investor's perspective. The book presents a set of cases used in the Private Equity Finance class, an advanced elective course offered in the Harvard Business School MBA elective curriculum. The structure of the book follows the timeline of a typical investment, starting with deal sourcing, due diligence, and valuation, followed by execution of the transaction, including issues related to capital structure and governance. 'Private Equity' then transitions to examining operational changes and management of the capital structure, closing with a set of cases related to exit. Intended for readers interested in working for private equity firms, investing in private equity as limited partners, or providing investment banking or consulting services to

private equity firms, 'Private Equity' is also appropriate for readers who are interested in a more detailed exploration of corporate finance.

Once an obscure niche of the investment world, private equity has grown into a juggernaut, with consequences for a wide range of industries as well as the financial markets. Private equity funds control companies that represent trillions of dollars in assets, millions of employees, and the well-being of thousands of institutional investors and their beneficiaries. Even as the ruthlessness of some funds has made private equity a poster child for the harms of unfettered capitalism, many aspects of the industry remain opaque, hidden from the normal bounds of accountability. *The Myth of Private Equity* is a hard-hitting and meticulous exposé from an insider's viewpoint. Jeffrey C. Hooke—a former private equity executive and investment banker with deep knowledge of the industry—examines the negative effects of private equity and the ways in which it has avoided scrutiny. He unravels the exaggerations that the industry has spun to its customers and the business media, scrutinizing its claims of lucrative investment returns and financial wizardry and showing the stark realities that are concealed by the funds' self-mythologizing and penchant for secrecy. Hooke details the flaws in private equity's investment strategies, critically examines its day-to-day operations, and reveals the broad spectrum of its enablers. A bracing and essential read for both the financial profession and the broader public, this book pulls back the curtain on one of the most controversial areas of finance.

A step-by-step, comprehensive approach to private equity and private debt *Private Capital Investing: The Handbook of Private Debt and Private Equity* is a practical manual on investing in the two of the most common alternative asset classes (private equity and private debt) and provides a unique insight on how principal investors analyze investment opportunities. Unlike other textbooks available in the market, *Private Capital Investing* covers the various phases that principal investors follow when analyzing a private investment opportunity. The book combines academic rigor with the practical approach used by leading institutional investors. Chapters are filled with practical examples, Excel workbooks (downloadable from the book website), examples of legal clauses and contracts, and Q&A. Cases are referred at the end of every chapter to test the learning of the reader. Instructors will find referrals to both third-party cases or cases written by the author.

- Covers analytical tools
- Includes the most common methods used to structure a debt facility and a private equity transaction
- Looks at the main legal aspects of a transaction
- Walks readers through the different phases of a transaction from origination to closing

Bridging the gap between academic study and practical application, *Private Capital Investing* enables the reader to be able to start working in private equity or private debt without the need for any further training. It is intended for undergraduates and MBA students, practitioners in the investment banking, consulting and private equity business with prior academic background in corporate finance and accounting.

Ten Leading private investors share their secrets to maximum profitability In *The Masters of Private Equity and Venture Capital*, the pioneers of the industry share the investing and management wisdom they have gained by investing in and transforming their portfolio companies. Based on original interviews conducted by the authors, this book is filled with colorful stories on the subjects that most matter to the high-level investor, such as selecting and working with management, pioneering new markets,

adding value through operational improvements, applying private equity principles to non-profits, and much more.

Economics of private equity (PE). Empirical evidence on Italian manufacturing firms resorting to internal equity only to finance investments with positive NPV. Normative framework providing guidelines on how their entrepreneurial model (governance, gearing, growth) would be favourably influenced by conventional PE actions. Policy recommendations on how to expedite PE ownership expansion in Italy and other European countries.

A little book full of enormous value for novices and seasoned venture capitalists alike. After having been thrown for a loop by the bursting of the tech bubble more than a decade ago, the venture capital industry suddenly has come roaring back to life over the past two years. In 2011 alone, more than \$7.5 billion in venture capital was invested—representing more than a 19% increase over the previous year—in more than 966 companies. A majority of these companies reside in the life sciences, Internet, and alternative energy sectors. In today's weak job market, VC is more important than ever, since financing new tech, alternative energy, media, and other small to mid-sized companies is vital to creating new jobs. Written by Lou Gerken, a noted international authority on venture capital and alternative investments, this book tells you everything you need to know about the venture capital industry's important role in enhancing economic growth and employment. It is also the perfect go to primer on making venture capital investments to enhance portfolio returns. Highly accessible explanations of the ins and outs of venture capital for would-be investors and experienced VCs. Highlights the historical VC track record, and offers expert advice and guidance on venture capital exposure, investment options, sourcing opportunities and due diligence. Provides proven strategies for successful investment selection, timing, monitoring, and exiting for optimum returns. Features endorsements from luminaries of the VC world, including Kleiner Perkins Caufield & Byers co-founder Frank Caulfield, and Dr. Art Laffer, among others.

"The best guide to private equity funds. Insight and explanations for both fund sponsors and investors. The gold standard." --Andrew Zalasin, General Partner and CFO: RRE Ventures

Best Practices for Organizing and Managing a Fund

With nearly \$7 trillion invested in more than 20,000 funds, investor interest in the private equity industry has returned, despite the economic turmoil of recent years. Still, guidance about the organization and administration of these funds is tough to find. This 1,400+ page resource, will equip corporate lawyers, investment professionals, and tax practitioners and with best practices to manage these funds effectively.

Private Equity Funds: Business Structure and Operations covers a wide range of important issues, such as: the key economic differences between various types of funds; structuring the private equity fund to meet economic expectations and investment goals; securing maximum tax benefits for the sponsor of the fund; duties of the fund's General Partner and Investment Advisor; the major regulatory issues affecting the private equity fund; and much more. Private Equity Funds: Business Structure and Operations reflects the aftermath of the financial crisis of 2007 to 2009. The authors also focus on cyber risk and the compliance obligations of investment advisers.

A look inside the strategy and operations of private equity firms reveals how they often manage to maximize investor value more successfully than private companies, detailing five key disciplines used by PE firms to attain their edge, from Invest with a thesis using a specific, appropriate three to five year goal, to Hire, motivate, and retain hungry managers.

The private equity industry is at a cross-roads. In the easy money years between 2004 and 2008, it was awash with investment, debt was easily obtained and some rash, over-leveraged deals were done by the so-called "mega buyout" funds. Today, fund managers are dealing with the legacy of that era, while also figuring out how best to secure new investment and make attractive returns in the age of deleveraging. Many firms are succeeding, sometimes spectacularly, in both developed and emerging markets. Some have developed innovative new business models, while others have reinvented the old. This book contains exclusive interviews with the leaders of many of the world's most successful and innovative funds. These include: Steve Klinsky and Ajit Nedungadi of US growth investors New Mountain Capital and TA Associates; Jon Moulton and Wol Kolade of the British turnaround and growth specialists Better Capital and ISIS Equity Partners; Niten Malhan of Warburg Pincus' Indian operation; Derek Sulger, an Anglo-American who transitioned from setting up telecoms businesses in China to founding Lunar Capital, which backs indigenous entrepreneurs; pan-emerging market specialist Actis and innovative investors in Africa and the Middle East such as Citadel Capital's Hisham El-Khazindar and Abraaj's Mustafa Abdel-Wadood. These in-depth interviews tease out issues such as how private equity managers can best create enterprise value and out-perform public markets without returning to pre-crisis levels of leverage, techniques for differentiating a firm's capital, the sustainability of private equity in emerging markets, the role of the industry in low-income countries and alternatives to the established limited partnership governance model. *The Future of Private Equity: Beyond the Mega Buyout* is essential reading for anyone working in or with the private equity industry, anywhere in the world.

Private equity firms are snapping up brand-name companies and assembling portfolios that make them immense global conglomerates. They're often able to maximize investor value far more successfully than traditional public companies. How do PE firms become such powerhouses? Learn how, in *Lessons from Private Equity Any Company Can Use*. Bain chairman Orit Gadiesh and partner Hugh MacArthur use the concise, actionable format of a memo to lay out the five disciplines that PE firms use to attain their edge:

- Invest with a thesis using a specific, appropriate 3-5-year goal
- Create a blueprint for change--a road map for initiatives that will generate the most value for your company within that time frame
- Measure only what matters--such as cash, key market intelligence, and critical operating data
- Hire, motivate, and retain hungry managers--people who think like owners
- Make equity sweat--by making cash scarce, and forcing managers to redeploy underperforming capital in productive directions

This is the

PE formulate for unleashing a company's true potential.

Bringing a unique joint practitioner and academic perspective to the topic, this is the only available text on private equity truly international in focus. Examples are drawn from Europe the Middle East, Africa and America with major case studies from a wide range of business sectors, from the prestigious collection of the London Business School's Coller Institute of Private Equity. Much more than a simple case book, however, International Private Equity provides a valuable overview of the private equity industry and uses the studies to exemplify all stages of the deal process, and to illustrate such key topics as investing in emerging markets; each chapter guides the reader with an authoritative narrative on the topic treated. Covering all the main aspects of the private equity model, the book includes treatment of fund raising, fund structuring, fund performance measurement, private equity valuation, due diligence, modeling of leveraged buyout transactions, and harvesting of private equity investments.

Building on the success of the author's previous book *Beyond the J Curve: Managing a Portfolio of Venture Capital and Private Equity Funds*, this work covers new and additional material and offers advanced guidance on the practical questions faced by institutions when setting up and managing a successful private equity investment programme. Written from the practitioner's viewpoint, the book offers private equity and venture capital professionals an advanced guide that will make high return targets more realistic and sustainable. Factors that can sometimes cause institutions to shy away from venture capital are the industry's opaque track record, unclear valuations and risks, perceived lack of transparency as well as the significant entry barriers to overcome before tangible results show. These issues are all addressed in details with practical solutions to the problems. Among other topics *J-Curve Exposure* includes discussions of: Experiences with the adoption of the International Private Equity and Venture Capital Valuation Guidelines to address fair value under IFRS. Approaches for splitting and prioritizing distributions from private equity funds. Techniques for track record analysis and other tools to help limited partners in their due diligence. Approaches to dealing with uncertainty, the relevance of real options, and co-investments and side funds as advanced portfolio management techniques. Questions related to limited partner decision making fallacies and how to manage portfolios of VC funds. Securitization backed by portfolios of investments in private equity funds. Real life case studies illustrate the issues relevant for the practitioner.

Private equity firms have long been at the center of public debates on the impact of the financial sector on Main Street companies. Are these firms financial innovators that save failing businesses or financial predators that bankrupt otherwise healthy companies and destroy jobs? The first comprehensive examination of this topic, *Private Equity at Work* provides a detailed yet accessible guide to this controversial business model. Economist Eileen Appelbaum and Professor Rosemary Batt carefully evaluate the

evidence—including original case studies and interviews, legal documents, bankruptcy proceedings, media coverage, and existing academic scholarship—to demonstrate the effects of private equity on American businesses and workers. They document that while private equity firms have had positive effects on the operations and growth of small and mid-sized companies and in turning around failing companies, the interventions of private equity more often than not lead to significant negative consequences for many businesses and workers. Prior research on private equity has focused almost exclusively on the financial performance of private equity funds and the returns to their investors. *Private Equity at Work* provides a new roadmap to the largely hidden internal operations of these firms, showing how their business strategies disproportionately benefit the partners in private equity firms at the expense of other stakeholders and taxpayers. In the 1980s, leveraged buyouts by private equity firms saw high returns and were widely considered the solution to corporate wastefulness and mismanagement. And since 2000, nearly 11,500 companies—representing almost 8 million employees—have been purchased by private equity firms. As their role in the economy has increased, they have come under fire from labor unions and community advocates who argue that the proliferation of leveraged buyouts destroys jobs, causes wages to stagnate, saddles otherwise healthy companies with debt, and leads to subsidies from taxpayers. Appelbaum and Batt show that private equity firms' financial strategies are designed to extract maximum value from the companies they buy and sell, often to the detriment of those companies and their employees and suppliers. Their risky decisions include buying companies and extracting dividends by loading them with high levels of debt and selling assets. These actions often lead to financial distress and a disproportionate focus on cost-cutting, outsourcing, and wage and benefit losses for workers, especially if they are unionized. Because the law views private equity firms as investors rather than employers, private equity owners are not held accountable for their actions in ways that public corporations are. And their actions are not transparent because private equity owned companies are not regulated by the Securities and Exchange Commission. Thus, any debts or costs of bankruptcy incurred fall on businesses owned by private equity and their workers, not the private equity firms that govern them. For employees this often means loss of jobs, health and pension benefits, and retirement income. Appelbaum and Batt conclude with a set of policy recommendations intended to curb the negative effects of private equity while preserving its constructive role in the economy. These include policies to improve transparency and accountability, as well as changes that would reduce the excessive use of financial engineering strategies by firms. A groundbreaking analysis of a hotly contested business model, *Private Equity at Work* provides an unprecedented analysis of the little-understood inner workings of private equity and of the effects of leveraged buyouts on American companies and workers. This important new work will be a valuable resource for scholars, policymakers, and the informed public alike.

Investment funds are the driving force behind much global private economic development, and yet the world of investment funds can be complex and confusing. *Funds: Private Equity, Hedge and All Core Structures* is a practical introductory guide to the legal and commercial context in which funds are raised and invest their money, with examinations of the tax and regulatory background, and an analysis of the key themes and trends that the funds industry face following the financial crisis. The book looks at asset classes, investor return models, the commercial and legal pressures driving different structures and key global jurisdictions for both fund establishment and making investments. It also contains a comprehensive analysis of fund managers, from remuneration, best practice through to regulation. The book is written for readers from all backgrounds, from students or newcomers to the industry to experienced investors looking to branch out into alternative asset classes, or existing asset managers and their advisers wanting to know more about the structures elsewhere within the industry.

This second edition of *Introduction to Private Equity* is more than an update, it reflects the dramatic changes which have affected an industry which is evolving rapidly, internationalizing and maturing fast. What is recognized as a critical yet grounded guide to the private equity industry blends academic rigour with practical experience. It provides a clear, synthetic and critical perspective of the industry from a professional who has worked at many levels within the industry; including insurance, funds of funds, funds and portfolio companies. The book approaches the private equity sector top-down, to provide a sense of its evolution and how the current situation has been built. It then details the interrelations between investors, funds, fund managers and entrepreneurs. At this point, the perspective shifts to bottom-up, how a private business is valued, how transactions are processed and the due diligence issues to consider before moving ahead. *Introduction to Private Equity, Second Edition* covers the private equity industry as a whole, putting its recent developments (such as secondary markets, crowdfunding, venture capital in emerging markets) into perspective. The book covers its organization, governance and function, then details the various segments within the industry, including Leveraged Buy-Outs, Venture Capital, Mezzanine Financing, Growth Capital, Distressed Debt, Turn-Around Capital, Funds of Funds and beyond. Finally, it offers a framework to anticipate and understand its future developments. This book provides a balanced perspective on the corporate governance challenges affecting the industry and draws perspectives on the evolution of the sector, following a major crisis. Private equity-backed companies are ubiquitous and economically significant. Consequently, the corporate governance of these companies matters to all of us, and – not surprisingly – is coming under increasing scrutiny. Simon Witney, a practicing private equity lawyer, positions private equity portfolio companies within existing academic theory and examines the laws that apply to them in the UK. He analyses the actual governance frameworks that are put in place and

identifies problems created by the legal rules – as well as the market's solutions to them. This book not only explains why these governance mechanisms are established, but also what they are expected to achieve. Witney suggests that private equity owners have both the incentives and the capability to focus on responsible investment practices. Good governance, he argues, is a critical success factor for the private equity industry.

This collected edition captures the essence of private equity development in emerging markets, examining the evolution of the private equity industry as well as exit opportunities, financial performance, and anticipated future trends. It also discusses the 'hands-on' aspects of private equity investing in emerging markets. How can private equity investors exploit investment opportunities in foreign markets? Peter Cornelius uses a proprietary database to investigate and describe private equity markets worldwide, revealing their levels of integration, their risks, and the ways that investors can mitigate those risks. In three major sections that concentrate on the risk and return profile of private equity, the growth dynamics of discrete markets and geographies, and opportunities for private equity investments, he offers hard-to-find analyses that fill knowledge gaps about foreign markets. Observing that despite the progressive dismantling of barriers investors are still home-biased, he demonstrates that a methodical approach to understanding foreign private equity markets can take advantage of the macroeconomic and structural factors that drive supply and demand dynamics in individual markets. Foreword by Josh Lerner Teaches readers how to investigate and analyze foreign private equity markets Forecasts private equity investment opportunities via macroeconomic and structural factors in individual markets Draws on data from a proprietary database covering 250 buyout and VC funds and 7,000 portfolio companies.

“Private equity is more economically significant than ever, as institutions hunt for high returns in a risky world. Private Equity 4.0 examines the role, workings and contribution of this important industry in a straightforward yet revealing manner.”
Dr. Josh Lerner Jacob H. Schiff Professor of Investment Banking Chair, Entrepreneurial Management Unit Harvard Business School A multi-perspective look at private equity's inner workings Private Equity 4.0 provides an insider perspective on the private equity industry, and analyzes the fundamental evolution of the private equity asset class over the past 30 years, from alternative to mainstream. The book provides insightful interviews of key industry figures, and case studies of some of the success stories in the industry. It also answers key questions related to strategy, fund manager selection, incentive mechanisms, performance comparison, red flags in prospectuses, and more. Private Equity 4.0 offers guidance for the many stakeholders that could benefit from a more complete understanding of this special area of finance. Understand the industry's dominant business models Discover how value is created and performance measured Perform a deep dive into the ecosystem of professionals that make the industry hum, including the different incentive systems that support the industry's

players Elaborate a clear set of guidelines to invest in the industry and deliver better performance Written by a team of authors that combine academic and industry expertise to produce a well-rounded perspective, this book details the inner workings of private equity and gives readers the background they need to feel confident about committing to this asset class. Coverage includes a historical perspective on the business models of the three major waves of private equity leading to today's 4.0 model, a detailed analysis of the industry today, as well as reflections on the future of private equity and prospective futures. It also provides readers with the analytical and financial tools to analyze a fund's performance, with clear explanations of the mechanisms, organizations, and individuals that make the system work. The authors demystify private equity by providing a balanced, but critical, review of its contributions and shortcomings and moving beyond the simplistic journalistic descriptions. Its ecosystem is complex and not recognizing that complexity leads to inappropriate judgments. Because of its assumed opacity and some historical deviant (and generally transient) practices, it has often been accused of evil intents, making it an ideal scapegoat in times of economic crisis, prodding leading politicians and regulators to intervene and demand changes in practices. Unfortunately, such actors were often responding to public calls for action rather than a thorough understanding of the factors at play in this complex interdependent system, doing often more harm than good in the process and depriving economies of one of their most dynamic and creative forces. Self-regulation has clearly shown its limits, but righteous political interventions even more so. Private equity investment can be a valuable addition to many portfolios, but investors need a clear understanding of the forces at work before committing to this asset class. With detailed explanations and expert insights, Private Equity 4.0 is a comprehensive guide to the industry ways and means that enables the reader to capture its richness and sustainability.

A comprehensive look at the world of leveraged buyouts The private equity industry has grown dramatically over the past twenty years. Such investing requires a strong technical know-how in order to turn private investments into successful enterprises. That is why Paul Pignataro has created Leveraged Buyouts + Website: A Practical Guide to Investment Banking and Private Equity. Engaging and informative, this book skillfully shows how to identify a private company, takes you through the analysis behind bringing such an investment to profitability—and further create high returns for the private equity funds. It includes an informative leveraged buyout overview, touching on everything from LBO modeling, accounting, and value creation theory to leveraged buyout concepts and mechanics. Provides an in-depth analysis of how to identify a private company, bring such an investment to profitability, and create high returns for the private equity funds Includes an informative LBO model and case study as well as private company valuation Written by Paul Pignataro, founder and CEO of the New York School of Finance If you're looking for the best way to hone your skills in this field, look no further than this book.

The dynamic environment of investment banks, hedge funds, and private equity firms comes to life in David Stowell's introduction to the ways they challenge and sustain each other. Capturing their reshaped business plans in the wake of the 2007-2009 global meltdown, his book reveals their key functions, compensation systems, unique roles in wealth creation and risk management, and epic battles for investor funds and corporate influence. Its combination of perspectives—drawn from his industry and academic backgrounds—delivers insights that illuminate the post-2009 reinvention and acclimation processes. Through a broad view of the ways these financial institutions affect corporations, governments, and individuals, Professor Stowell shows us how and why they will continue to project their power and influence. Emphasizes the needs for capital, sources of capital, and the process of getting capital to those who need it. Integrates into the chapters ten cases about recent transactions, along with case notes and questions Accompanies cases with spreadsheets for readers to create their own analytical frameworks and consider choices and opportunities.

The definitive guide to private equity for investors and finance professionals Mastering Private Equity was written with a professional audience in mind and provides a valuable and unique reference for investors, finance professionals, students and business owners looking to engage with private equity firms or invest in private equity funds. From deal sourcing to exit, LBOs to responsible investing, operational value creation to risk management, the book systematically distills the essence of private equity into core concepts and explains in detail the dynamics of venture capital, growth equity and buyout transactions. With a foreword by Henry Kravis, Co-Chairman and Co-CEO of KKR, and special guest comments by senior PE professionals. This book combines insights from leading academics and practitioners and was carefully structured to offer: A clear and concise reference for the industry expert A step-by-step guide for students and casual observers of the industry A theoretical companion to the INSEAD case book Private Equity in Action: Case Studies from Developed and Emerging Markets Features guest comments by senior PE professionals from the firms listed below: Abraaj • Adams Street Partners • Apax Partners • Baring PE Asia • Bridgepoint • The Carlyle Group • Coller Capital • Debevoise & Plimpton LLP • FMO • Foundry Group • Freshfields Bruckhaus Deringer • General Atlantic • ILPA • Intermediate Capital Group • KKR Capstone • LPEQ • Maxeda • Navis Capital • Northleaf Capital • Oaktree Capital • Partners Group • Permira • Terra Firma

Global Best Practice in Private Equity Investing Private Equity in Action takes you on a tour of the private equity investment world through a series of case studies written by INSEAD faculty and taught at the world's leading business schools. The book is an ideal complement to Mastering Private Equity and allows readers to apply core concepts to investment targets and portfolio companies in real-life settings. The 19 cases illustrate the managerial challenges and risk-reward dynamics common to private equity investment. The case studies in this book

cover the full spectrum of private equity strategies, including: Carve-outs in the US semiconductor industry (LBO) Venture investing in the Indian wine industry (VC) Investing in SMEs in the Middle East Turnaround situations in both emerging and developed markets Written with leading private equity firms and their advisors and rigorously tested in INSEAD's MBA, EMBA and executive education programmes, each case makes for a compelling read. As one of the world's leading graduate business schools, INSEAD offers a global educational experience. The cases in this volume leverage its international reach, network and connections, particularly in emerging markets. Private Equity in Action is the companion to Mastering Private Equity: Transformation via Venture Capital, Minority Investments & Buyouts, a reference for students, investors, finance professionals and business owners looking to engage with private equity firms. From deal sourcing to exit, LBOs to responsible investing, operational value creation to risk management, Mastering Private Equity systematically covers all facets of the private equity life cycle.

This overview of a complex and often misunderstood subject takes the reader through the issues that are faced throughout the life cycle of a private equity investment, from the identification of an opportunity, through the various stages of the transaction and the lifetime of the investment, to the eventual exit by the investor. The analysis of key documentation and legal issues covers company law, employment law, pensions, taxation, debt funding and competition law, taking into account recent legal developments such as the Companies Act 2006, the recent emergence of private equity in the UK and the challenges faced by the industry as a result of the financial crisis.

The cornerstone resource from two of the industry's leading authorities is now available with analysis of extensive changes resulting from the 2017 Tax Act and Proposed Regulations including: Code Section 199A - Reduces the tax rate for certain qualified owners of flow through business entities Reduction of the corporate income tax rate to 21% Imposition of greater than 4 year holding period for carried interest for capital gains interest formula Code Section 163(j) - New limitations on Section 163(j) formula limitations deduction business interests (which applies regardless of whether the business is a corporation, partnership, or sole proprietorships) Structuring Venture Capital, Private Equity and Entrepreneurial Transactions, 2020 Edition, will guide you through the complex changes in the 2017 Tax Act and help you and avoid legal pitfalls and minimize your clients' tax liability, as well as maximize returns on successful transactions. With extensive updates and practical explanations, Structuring Venture Capital gives you one-step-at-a-time, start-to-finish structural guidance for the following common business transactions: Venture capital financing New business start-ups Brains-and-money deals Growth-equity investments Leveraged and management buyouts Industry consolidations Troubled company workouts and reorganizations Going public Selling a business Forming a private equity fund Guided by Jack S. Levin and Donald E. Rocap's dynamic, transaction-by-transaction approach,

you'll make the tax, legal, and economic structuring consequences of every deal benefit your client every time. In this extraordinary hands-on resource by the most sought-after authorities in the field, you'll see exactly how to: Distribute the tax burden in your client's favor Maximize returns on successful transactions Control future rights to exit a profitable investment And turn every transaction into a winning venture! Note: The bundle includes the CD-ROM and Print version. Online subscriptions are for three-month periods.

Other books present corporate finance approaches to the venture capital and private equity industry, but many key decisions require an understanding of the ways that law and economics work together. This revised and updated 2e offers broad perspectives and principles not found in other course books, enabling readers to deduce the economic implications of specific contract terms. This approach avoids the common pitfalls of implying that contractual terms apply equally to firms in any industry anywhere in the world. In the 2e, datasets from over 40 countries are used to analyze and consider limited partnership contracts, compensation agreements, and differences in the structure of limited partnership venture capital funds, corporate venture capital funds, and government venture capital funds. There is also an in-depth study of contracts between different types of venture capital funds and entrepreneurial firms, including security design, and detailed cash flow, control and veto rights. The implications of such contracts for value-added effort and for performance are examined with reference to data from an international perspective. With seven new or completely revised chapters covering a range of topics from Fund Size and Diseconomies of Scale to Fundraising and Regulation, this new edition will be essential for financial and legal students and researchers considering international venture capital and private equity. An analysis of the structure and governance features of venture capital contracts In-depth study of contracts between different types of venture capital funds and entrepreneurial firms Presents international datasets from over 40 countries around the world Additional references on a companion website Contains sample contracts, including limited partnership agreements, term sheets, shareholder agreements, and subscription agreements Includes contributions from a team of experts from PWC, Deloitte, KMPG, Duff & Phelps, and TOPQ.

Introduction to Private Equity is a critical yet grounded guide to the private equity industry. Far more than just another introductory guide, the book blends academic rigour with practical experience to provide a critical perspective of the industry from a professional who has worked at many levels within the industry, including insurance, funds of funds, funds and portfolio companies. The book looks at private equity from the point of view of the individual or the business. How is a private business valued? How is the acquisition transaction processed? What are the due diligence issues that should be considered before moving ahead? A valuable insight to a rather opaque market. Introduction to Private Equity covers the private equity industry as a whole, highlighting its historical

development in order to put its recent development into perspective. The book covers its organization, governance and function, then details the various segments within the industry, including LBO, Venture Capital, Mezzanine Financing, Growth Capital and beyond. Finally, it offers a framework to anticipate and understand its future developments. It provides a balanced perspective on the current corporate governance challenges which are affecting the industry and draws perspective to understand the evolution of the sector, following one of its major crises.

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