

# Private Equity Certificate

Syllabus and learning outcomes

## Course 1: Private Markets Essentials

### Learning outcomes

Upon completion of this course, learners will acquire a fundamental toolkit in three critical areas essential for navigating private markets. They will explore fixed income securities analysis, including calculating bond prices, yields, and spreads, alongside gaining insights into interest rate structures and derivatives valuation. In financial statement analysis, participants will learn to discern between business forms, grasp financial reporting principles, prepare financial statements, and utilize historical data for forecasting financial performance. The course also introduces financial modeling techniques, enabling learners to create and refine forecasts by integrating financial statements for strategic decision-making.

This foundational skill set is vital for anyone looking to thrive in the private markets sector, providing the groundwork for the more specialized topics covered in the subsequent courses of the Private Equity Certificate.

### Syllabus

#### Module 1: Fixed Income and Derivatives Concepts

Learners will be equipped to describe the features, cashflow structures, and market segments of fixed income securities, as well as calculate bond prices, yields, and yield spread measures for both fixed-rate and floating-rate instruments. They will also demonstrate an understanding of interest rate term structures, the basics of derivatives pricing and valuation, and interpret measures to assess risk and return in fixed income investments.

- Lesson 1: Fixed Income Instruments: Features, Cash Flows and Types
- Lesson 2: Fixed and Floating Rate Bond Valuation
- Lesson 3: Fixed Income Risk Management
- Lesson 4: Derivatives Basics

#### Module 2: Accounting Concepts

Learners will compare business forms, describe corporate features, and differentiate between public and private entities. They'll demonstrate an understanding of revenue and expense recognition, reporting non-recurring items, and accounting policies, as well as intangible asset, financial instrument, and non-current liability reporting. Learners will describe financial statement linkage, prepare cash flows, convert methods, contrast IFRS and US GAAP, and calculate ratios for analysis and forecasting.

- Lesson 1: Introduction and Setting the Scene
- Lesson 2: Understanding Income Statements
- Lesson 3: Understanding Balance Sheets
- Lesson 4: Understanding Statements of Cash Flows
- Lesson 5: Introduction to Financial Analysis Techniques

### **Module 3: Introduction to Financial Modeling**

Learners will proficiently utilize historical data, ratio analysis, and assumption development to create financial predictions. They will also demonstrate the ability to construct detailed financial models integrating the Income Statement, Balance Sheet, and Cash Flow Statement, while refining forecasts iteratively and resolving circular references to ensure model integrity.

- Lesson 1: Introduction to Excel for Financial Modelling
- Lesson 2: Construction of a Basic Three-Statement Model

## **Course 2: Private Equity**

### **Learning outcomes**

By the end of this course, learners will have a clear understanding of private equity, focusing on value creation and the synergy between private equity firms and portfolio company managers. They will be equipped to navigate through private equity strategies for different company life stages, including venture capital, growth equity, and buyouts. Additionally, learners will be adept at analyzing the LBO model and VC investments, exploring various exit strategies in private equity, and evaluating the risk and return of these investments within a strategic asset allocation.

### **Syllabus**

#### **Module 1: Introduction and Value Creation in Private Equity**

Learners will be able to explain sources of value creation in private equity and how private equity firms align their interests with those of the managers of portfolio companies.

- Lesson 1: Introduction to Private Equity Investments and the Business Life Cycle
- Lesson 2: Value Creation
- Lesson 3: Alignment of Interests

#### **Module 2: PE Strategies, VC, Growth Capital and Buyout Equity**

Learners will be proficient in discussing private equity strategies over the company life cycle and describing the characteristics of venture capital, growth equity, and buyout equity.

- Lesson 1: PE Strategies
- Lesson 2: VC, Growth Capital and Buyout Equity

#### **Module 3: Valuation of Private Equity Investments**

Learners will be able to interpret both the LBO model and the output of the VC method effectively.

- Lesson 1: Leveraged Buyouts
- Lesson 2: VC Investments

## Module 4: Exiting PE and Risks

Learners will be capable of explaining alternative exit routes in private equity and their impact on value, while also discussing the risk and return associated with private equity investments compared to other investments within a Strategic Asset Allocation (SAA) framework.

- Lesson 1: Exit Routes
- Lesson 2: Risks in PE

## Course 3: Private Debt for Private Equity Practitioners

### Learning outcomes

This course provides an in-depth exploration of private debt instruments and their applications in take-private transactions, focusing on their structures, terms, conditions, and providers, and the broader financial ecosystem. Participants will gain a comprehensive understanding of credit risk, credit valuation adjustments, and the methodologies for assessing corporate creditworthiness through both qualitative and quantitative lenses. Additionally, the course covers the role of derivatives in managing risks in private debt used in take-private transactions. By the end of this course, learners will be equipped to understand and analyze private debt from the GP's perspective in various market conditions.

### Syllabus

#### Module 1: Private Debt Instruments

Learners will be able to compare and contrast various private debt instruments available to facilitate take-private transactions.

- Lesson 1: Syndicated Leveraged Loans
- Lesson 2: Direct Loans
- Lesson 3: High-Yield Bonds
- Lesson 4: Mezzanine Debt
- Lesson 5: Convertible Debt

#### Module 2: Private Debt Structures and Providers (Ecosystem)

Learners will be able to explain key private debt structures and describe the ecosystem of private debt providers, demonstrating an understanding of how these elements interact within financial markets.

- Lesson 1: Private Debt Structures
- Lesson 2: Private Debt Providers (Ecosystem)

#### Module 3: Credit Analysis and Valuation of Private Debt

Learners will be able to define credit risk and components of the credit valuation adjustment for private debt, explain and use qualitative and quantitative methods to evaluate corporate borrowers' creditworthiness including financial ratios, and discuss the impact of macroeconomic, market, and issuer-specific factors on credit spreads for private debt.

- Lesson 1: Defining Credit Risk
- Lesson 2: Assessing Private Debt Issuer Creditworthiness
- Lesson 3: Factors Influencing Credit Spreads and Impact on Private Debt Valuation

## Module 4: Risk Management of Private Debt

Learners will be able to describe how derivatives instruments and other methods can be used to mitigate various risks in private debt.

- Lesson 1: Mitigating Interest Rate Risk for Private Debt
- Lesson 2: Mitigating Credit Risk for Private Debt
- Lesson 3: Mitigating Currency Risk for Private Debt

## Course 4: Intermediate Financial Modeling

### Learning outcomes

This course delves into the intricacies of financial modeling with a special focus on applications within the private equity sector. Learners will advance their skills in constructing financial models that accurately forecast company performance and facilitate effective valuation.

Through a series of comprehensive modules, participants will explore advanced revenue modeling, cost analysis, asset management, and the integration of tax considerations into financial forecasts, culminating in comprehensive LBO modeling. This hands-on course is designed to equip learners with the practical skills needed to evaluate investment opportunities and make informed decisions in the private equity arena.

### Syllabus

#### Module 1: Revenues and Costs

Learners will be able to formulate and implement effective revenue forecasting strategies by explaining diverse revenue stream projections and their impacts on financial models, and by assessing the suitability of various forecasting models for different business scenarios.

- Lesson 1: Forecasting Revenue Streams
- Lesson 2: Advanced Revenue Recognition Practices
- Lesson 3: Detailed Cost Forecasting
- Lesson 4: Building and Scaling Costs

#### Module 2: Taxes

Learners will be able to incorporate, evaluate, and optimize the impact of taxation and deferred taxes on company cash flows, financial forecasts, and valuation, developing tax strategies to enhance financial outcomes.

- Lesson 1: Modeling Tax Implications

#### Module 3: Noncurrent Assets, Working Capital and Capital Structure

Learners will be able to forecast and assess the long-term financial impact of noncurrent assets, including the effects of depreciation and amortization policies, on business valuation and financial performance indicators.

- Lesson 1: Managing Noncurrent Assets
- Lesson 2: Working Capital
- Lesson 3: Capital Structure

## **Module 4: Intro to LBO Modeling**

Learners will be able to develop and apply detailed cost forecasting models that accurately reflect business operations, evaluating different cost structures and their implications on financial forecasts.

- Lesson 1: LBO Modeling Initial Steps
- Lesson 2: LBO Modeling
- Lesson 3: IRR Calculation and Sensitivity Analysis

## **Course 5: GP Perspectives**

### **Learning outcomes**

Upon completion of the course, learners will possess a comprehensive understanding of the roles and responsibilities of a general partner in managing private investment funds. They will also be adept at discussing the mechanisms and strategies used by private investment firms to align interests with investors, evaluating fund performance, selecting investment opportunities, enhancing value within portfolio companies, and conducting due diligence while establishing business plans in the private investment process.

### **Syllabus**

#### **Module 1: GP Roles and Responsibilities**

Learners will be able to discuss a general partner's roles and responsibilities in managing private investment funds.

- Lesson 1: Introduction, Pre-Commitment and Capital Commitment
- Lesson 2: Capital Deployment, Distribution and Exit

#### **Module 2: LP Perspectives**

Learners will be equipped to discuss the mechanisms and strategies employed by private investment firms to align their interests with those of investors, including governance frameworks, fee structures, and incentive alignments. They will also demonstrate the ability to calculate, interpret, and discuss the impact of management fees and carried interest on private market fund performance from an investor perspective, utilizing methodologies for performance measurement and benchmarking.

- Lesson 1: Investor (LP) Perspectives and Alignment of Interests
- Lesson 2: Fees and Performance Management

#### **Module 3: Investment Selection Process and Value Creation Strategies**

Learners will be able to identify and discuss the criteria and processes utilized by general partners in selecting private investment opportunities, incorporating due diligence methods and evaluating potential for value creation. They will also be proficient in explaining the strategies employed by general partners to enhance value within portfolio companies, encompassing operational improvements, strategic repositioning, and the significance of significant minority positions in these strategies.

- Lesson 1: Investment Selection Process
- Lesson 2: Strategies for Value Creation

#### **Module 4: Due Diligence, Strategy Execution and Exit Strategies**

Learners will be able to understand and discuss the importance of conducting due diligence and establishing a business plan in the private investment process.

- Lesson 1: Due Diligence
- Lesson 2: Strategy Execution
- Lesson 3: Private Investment Exit Strategies