BUS F724
Venture Capital & Private Equity
Fall 2025 Course Outline

Finance and Business Economics Area
DeGroote School of Business
McMaster University

COURSE OBJECTIVE

This course focuses on the availability and use of venture capital and private equity by small- and medium-sized and growing companies. The course is recommended for students considering careers in the venture capital and private equity industries and merchant and investment banking, as well as those who anticipate careers as entrepreneurs. Topics include issues in the financing of entrepreneurial companies, business assessment and valuation, transaction and negotiation strategies, and exit strategies. This course will cover a range of industries and financing structures.

INSTRUCTOR AND CONTACT INFORMATION

Tuesdays at 11.30 AM
All times referenced in this document are Eastern.

Adeel Mahmood
Instructor
Tel: 905-525-9140
Office Hours: After class or by appointment

COURSE ELEMENTS

Credit Value:	3	Leadership:	Yes	IT skills:	No	Global view:	Yes
Avenue:	No	Ethics:	No	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group Work:	Yes	Oral skills:	Yes

COURSE PREREQUISITES AND COMPLEMENTS

Students should have the academic credit of BUS F650 or FIN 601 – or an equivalent preparation – prior to the start of this course.

COURSE DESCRIPTION

This course focuses on the availability and use of venture capital and private equity by small- and medium-sized and growing companies. The style of instruction is centred on the case method and project work but will also include lectures and discussions. It may also be supplemented by the participation in class of guest speakers.

The course is centred on early-stage, growing, and private companies and will be of interest to those considering careers in finance or as entrepreneurs. The course follows the arc of the private investment process: due diligence; valuation; negotiation of deal terms; working with the investee company; and exiting the investment.

In addition, from the perspective of an entrepreneur, the course will allow students to research and potentially implement the valuation and financing of an early-stage, growing, or private company, including a family business.

LEARNING OUTCOMES

There are both individual and team learning aspects of this course.

Individual Learning Outcomes

Upon completion of this course, students will be able to exhibit sound knowledge of the following key topics:

- Assess the risk/reward of an investment in an entrepreneurial company;
- Identify the material that an entrepreneur must provide to an investor;
- Conduct the necessary due diligence to decide if an investment is warranted;
- Perform the financial analysis necessary to support an investment decision (as an investor) or prepare the necessary financial materials for submission to an investor;
- Determine an appropriate valuation for making an investment (as an investor) or accepting private capital (as an entrepreneur);
- Understand a term sheet for investment and analyze the related legal terms; and
- Determine the best course for exiting an investment, including IPO or private sale, and understand the steps of doing so.

Team Learning Outcomes

The learning keystone of this course is an investment-focused valuation and financing project centred on actual businesses. Working in teams, students will research the valuation and financing of a business by first proposing to take it private and then offer insights into improving it. While the focus of the projects will be on analyzing and presenting the valuation and financing analysis of an investment case, teams can incorporate this project in a broader business plan or corporate project they may be pursuing elsewhere.

REQUIRED COURSE MATERIALS AND READINGS

Course content and class communication available on Avenue:

- http://avenue.mcmaster.ca

OPTIONAL COURSE MATERIALS AND READINGS

Leach, Melicher; Entrepreneurial Finance, *Fifth (5th) Edition*; CENGAGE learning, 2014

- ISBN: 9781285425757

Metrick and Yasuda, Venture Capital and the Finance of Innovation, *Second (2nd) Edition*; Wiley, 2010:

- ISBN: 9780470454701

EVALUATION

Individual learning in this course results primarily from in-class discussions based on thorough preparation in advance of the assigned cases. The balance of the individual learning results from lectures on specific topics, student research, and industry speakers.

Team learning focus of this course is on an investment-focused valuation and financing project centred on an actual business. Working in teams, students will research the valuation and financing of an early-stage, a growing, or a private business, including a family business.

The final grade will be calculated as follows:

Components and Weights

Class Participation	In class or reflection (individual)	10%
Term Tests	Variable weights (individual)	50%
Private Equity Assignment	Due online during the term (group)	10%
Private Equity Project	Due online at the end of the term (group)	30%
Total		**100%**

Class Participation

Your participation is needed for a successful class. As in the workplace, your contribution matters to the success of the course. You bring insights and perspectives that can help your classmates understand the concepts better. For the most part, applications of the concepts become clear through class discussion and exercises. This is particularly true for the cases in our course where there is rarely a right or wrong answer and the key learning outcomes are achieved through a deeper discussion in which we engage as a class.

A detailed rubric for this component will be posted on the course website.

If you miss a class and/or want to increase your participation points after class, you can complete a **class reflection** online, summarizing the chapter, case, and activity completed in that class. The deadline to submit your reflections is the end of the term (see the schedule below). Late submissions are not accepted.

Term Tests

Two term tests – ***open-book***, ***open-notes*** tests – will be written during the term. More details of the format, structure, and content coverage will be provided on the course website.

A student ***missing a Term Test*** is required to contact the 'Student Experience – Academic Office' and obtain an official approval of relief if he or she wishes to avoid getting a zero (0) grade for the test. If 'Student Experience – Academic Office' adjudicates that relief be provided, the student will be able to write an alternate test, in lieu of the missed test, during the final exam period at the end of the term.

While the combined weight of the two term tests is 50%, **the test in which the student's percentage mark is higher will form 30% of the student's final grade** with the other test forming the remaining 20%. This re-weighting is still applicable if an alternate test is written in lieu of a missed test.

Private Equity Assignment

The ***Private Equity Assignment*** will be completed and submitted for marking online by students in groups. More details of the format, structure, and content coverage will be provided during the term. **Late submissions** are subject to a 25% mark deduction for every 24 hours the submission is late.

Students will form groups for this component. Each student group will also complete the ***Private Equity Project*** as described further below. *The group members will be assigned individual grades relative to the group grade based on the peer assessments completed during the course.*

Private Equity Project

The learning keystone of this course is an investment-focused valuation and financing project centred on actual businesses. Working in teams, students will research the valuation and financing of an early-stage, a growing, or a private business, including a family business.

Students will form groups for this component. Each student group will also complete the ***Private Equity Assignment*** as described further below. *The group members will be assigned individual grades relative to the group grade based on the peer assessments completed during the course*.

Each group will choose to complete **either a VC Project or an LBO Project**.

VC Project

In the VC Project, you will approach an existing start-up or an existing small business and complete a valuation and financing plan for the company. Alternatively, you can approach an existing VC or investment firm and help the firm analyze a target company from a valuation and financing perspective.

The target company must have less than $100 MM in total annual revenues for the most recent fiscal year. (The company may have no revenue at all.) The target company must be a private company. The company can be as small as a student-led startup with just a business plan.

Your task will be to analyze the target company from the perspective of a VC firm.

LBO Project

You can choose a company listed on a major stock exchange in North America (NYSE, NASDAQ, or TSX) and with a market capitalization of between $500 MM and $5,000 MM as of the project proposal date. Alternatively, you can approach an existing investment firm and help the firm analyze a target public company for a potential LBO.

Your task will be to analyze the target company from the perspective of an LBO firm.

More Details

The project is due online by the end of the term. See course schedule for the dates. **Late submissions** are subject to a 25% mark deduction for every 24 hours the submission is late.

Grade Conversion

At the end of the course, your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

LETTER GRADE	PERCENT	POINTS
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

COMMUNICATION AND FEEDBACK

Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:
http://mbastudent.degroote.mcmaster.ca/contact/anonymous/

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

Instructors are encouraged to conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

COURSES WITH AN ONLINE ELEMENT

All courses use some online elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

Students may be required to use the Respondus LockDown Browser and Respondus Monitor. The Respondus LockDown Browser is a downloadable program that allows a student to take an Avenue to Learn quiz in a secure environment. Quizzes can be set to use LockDown Browser or LockDown Browser.

For more details about McMaster's use of Respondus Lockdown Browser please go to https://avenuehelp.mcmaster.ca/exec/respondus-lockdown-browser-and-respondus-monitor/

The available information is dependent on the technology used. Continuation in a course that uses online elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the ***Code of Student Rights & Responsibilities*** (the "Code"). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of A2L, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students' access to these platforms.

POTENTIAL MODIFICATIONS TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

COPYRIGHT AND RECORDING

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Speak with the instructor if this is a concern for you.

ACADEMIC INTEGRITY

You are expected to exhibit honesty and use ethical behaviour in all aspects of learning. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, at:

www.mcmaster.ca/academicintegrity

Students are responsible for being aware of and demonstrating behaviour that is honest and ethical in their academic work. Such behaviour includes:

- following the expectations articulated by instructors for referencing sources of information and for group work;
- asking for clarification of expectations as necessary;
- identifying testing situations that may allow copying;
- preventing their work from being used by others (e.g., protecting access to computer files); and
- adhering to the principles of academic integrity when conducting and reporting research.

GENERATIVE AI

Students may use generative AI for editing, translating, and revising their work throughout the course so long as the use of generative AI is referenced and cited. Use of generative AI outside the stated use of editing, translating, and revising without citation will constitute academic dishonesty. It is the student's responsibility to be clear on the limitations for use and to be clear on the expectations for citation and reference and to do so appropriately.

MISSED ACADEMIC WORK

Missed Mid-Term Examinations / Tests / Class Participation

Please do not use the online McMaster Student Absence Form (MSAF) as this is for Undergraduate students only. The MBA program will not accept an MSAF.

When students miss regularly scheduled term work which contributes 10% or more to the final grade, for legitimate reasons as determined by the Student Experience – Academic Office (SEAO), the activity necessary to compensate for the missed work will be determined by the course instructor. The compensatory activities assigned will vary with the nature of the course and the missed requirement. They include, but are not restricted to, an alternative assignment, a rescheduled midterm exam, or re-weighting the marks for the missed component to other mark components. Documentation explaining such missed work must be provided to the SEAO within five (5) working days of the scheduled date for completion of the work.

Acceptable reasons for missed work, along with the Petition for Missed Term Work and the MBA Student McMaster University Student Health Certificate, can be found on the DeGroote MBA Student website (mbastudent.degroote.mcmaster.ca). Please direct any questions about acceptable documentation to the MBA Academic Advisors (askmba@mcmaster.ca).

University policy states that a student may submit a maximum of three (3) Petition for Missed Term Work per academic year, after which the student must meet with the Director of the program.

If term work is missed without an approved reason, students will receive a grade of zero (0) for that component.

Missed Final Examinations

Students must be available for the duration of the posted exam period regardless of their personal exam schedule. This is to ensure student availability throughout the entire exam period in the event that an exam must be rescheduled due to unforeseen circumstances (university closure, power outage, storm policy, etc.). A student who misses a final examination without valid reason will receive a mark of 0 on the examination.

Students who have missed a final exam for a valid reason can apply to the SEAO to write a deferred examination by submitting an Application for Deferring a Final Exam with supporting documentation. The application must be made within five days of the scheduled exam.

The Application for Deferring a Final Exam and the MBA Student McMaster University Student Health Certificate can be found on the DeGroote MBA Current Student website (mbastudent.degroote.mcmaster.ca).

Deferred examination privileges, if granted, are normally satisfied during the examination period at the end of the following semester. In select cases, the deferred examination may be written at a time facilitated by the SEAO and agreed to by the course instructor.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

ACADEMIC ACCOMMODATION FOR STUDENTS WITH DISABILITIES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

http://sas.mcmaster.ca

Use of Test Accommodations at McMaster University Burlington Campus Ron Joyce Centre

Whereas Student Accessibility Services (SAS), on Main Campus, determines all MBA student accommodations, the MBA Faculty Office manages the coordination of accommodations for tests, midterms, and exams at the Ron Joyce Centre in Burlington.

Process for Students

- SAS will now be using our online system, MySAS Portal, for graduate students to share accommodation letters with their Instructors and their Faculty/Program. Students will be responsible to activate their accommodations on a term-by-term basis and the approved accommodation letter will be directly sent to the Instructor.

- Students must engage the DSSAO (DSB Student Services Academic Office) to implement their accommodation(s) (e.g., extra-time, memory aid, etc.) for each upcoming test, midterm, or exam, at least two weeks in advance. Students can do this by emailing DeGroote MBA SAS scheduling office at DSBSAS@mcmaster.ca. If a student cannot meet this deadline, they should contact DSBSAS@mcmaster.ca to discuss alternative arrangements. The program is committed to exploring flexibilities where possible to support students.

- All tests, midterms, and exams are booked synchronously with the class's start time. Any deviations from the start time (e.g. start earlier than the class to enable completion at the same end time) requires a discussion with their instructor on protocol at the time of accommodation activation.

- Students will leverage the accommodation (e.g., extra-time, memory aid, etc.), in a designated testing room. Rooms will be booked according to the student's SAS accommodation. Unless the accommodation states otherwise, students should expect that they will be writing in a room with other students. One or more invigilators will always be in the room.

- Following the request to implement the accommodation(s), dsbsas@mcmaster.ca will reach out to the student with their test, midterm, or exam details, including the date, time, and room number. As there may be other students writing tests in the room, we ask that students enter the room quietly and leave all personal items at the front of the room.

All policies and procedures, including restroom access, how extra-time is allocated for assessments under Universal Design, and the submission of memory aids in advance, are consistent with those of SAS on Main Campus. The only variance in procedure is communication around, and physical location of, assessment. There is not a dedicated testing space at RJC. Existing classrooms and lecture halls will be used for most testing. All SAS-approved accommodations will be honoured by our staff; however, core testing elements are not eliminated in alternative testing formats. Students should expect and plan for invigilation, incidental noise, and other potential distractions.

ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the RISO policy. Students should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of this course will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly**.

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE

WK.	DATE	CONTENT	CASES
1	Tue. Sep 9	**Introduction** *Ch. 1 – An Introduction to Private Equity*	-
2	Tue. Sep 16	**Due Diligence and Financial Instruments** *Ch. 2 – Financial Instruments in Private Equity*	-
3	Tue. Sep 23	**Term Sheets** *Ch. 3 – Venture Capital Term Sheets*	-
4	-	**Valuation of Private Companies** *Valuation of Private Companies*	-
5	Tue. Oct 7	**Term Test 1** (Written in Class Hours)	
6	Tue. Oct 14	**Venture Investment Model** *Ch. 4 – The Venture Investment Model*	-
7	Tue. Oct 21	**VC Case Study** *Application to full lifecycle of a startup*	Half & Full
8	Tue. Oct 28	**Leveraged Buyouts: *Debt Layers / Capacity*** *Ch. 5 – An Introduction to Leveraged Buyouts*	-
9	Tue. Nov 4	**Leveraged Buyouts: *LBO Model*** *Ch. 6 – The Leveraged Buyout Model*	-
10	Tue. Nov 11	**Exit Strategies**	Workbrain Corp
11	Tue. Nov 18	**Term Test 2** (Written in Class Hours)	
12	Tue. Nov 25	**Distressed Debt Investing** *Introduction to Distressed Debt Investments*	H Partners and Six Flags
-	Tue, Nov 25	***Private Equity Assignment*** due online by the end of the day	
13	Tue. Dec 2	**Healthcare Ventures**	(TBA*)
-	Sun. Dec 7	**Private Equity Project** due online by the end of the day	

* To be announced during the term