BUS F724
Venture Capital and Private Equity
Fall 2026 Course Outline

Finance and Business Economics Area
DeGroote School of Business
McMaster University

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 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

Wednesdays at 2.30 PM
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:	Yes	Global view:	Yes
Avenue:	Yes	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 F600 or F650 – or an equivalent preparation – prior to the start of this course.

COURSE OBJECTIVES

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.

The learning keystone of this course is investment-focused valuation and financing work centred on actual businesses. Working in teams, students will complete two required projects. In the **VC Project**, teams work with a real startup or small business over several weeks and present a valuation and financing plan to the entrepreneur. In the **Buyout Project**, teams analyze a buyout target and defend their proposal before a panel of practitioners. Teams can incorporate this work in a broader business plan or corporate project they may be pursuing elsewhere.

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;
- Structure and evaluate the debt layers of a leveraged buyout, including the role of private credit and fund-level financing; and
- Determine the best course for exiting an investment, including IPO, private sale, and secondary market solutions, and understand the steps of doing so.

REQUIRED COURSE MATERIALS AND READINGS

Course content and class communication available on Avenue:

- http://avenue.mcmaster.ca

Evaluation

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

Team learning is centred on two group projects. The VC Project runs through the venture portion of the course and is completed with a real startup or small business. The Buyout Project runs through the buyout portion of the course and concludes with a presentation.

The final grade will be calculated as follows:

Components and Weights

Class Participation	In class or reflection (individual)	10%
Term Tests	Variable weight, written in person (individual)	50%
VC Project – Part 1	Due in the fifth week (group)	5%
VC Project – Part 2	Due at the end of the term (group)	15%
Buyout Project	Due at the end of the term (group)	20%
Total		**100%**

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+	77-79	9
B	73-76	8
B-	70-72	7
F	00-69	0

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. Classes in which participation is recorded and scored are tagged as **P1** to **P6** in the course schedule.

If you miss a class and/or want to increase your participation points after class, you can complete a **class reflection** online, summarizing the content covered in that class using a rubric posted on the course website. 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 DSSAO (DSB Student Services 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 the DSSAO 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.

VC Project – Parts 1 and 2

The **VC Project** is a group project completed with a real business over several weeks. It begins in Week 4 and concludes with the deliverables at the end of the term.

In the VC Project, your team will approach an existing startup 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. The project is completed in two parts:

- **Part 1** (5%): due diligence report and preliminary valuation. Due online between the two term tests. See the schedule below for the dates.
- **Part 2** (15%): final valuation and financing plan, presented to the entrepreneur or sponsoring firm. Due online by the end of the term.

Late submissions are subject to a 25% mark deduction for every 24 hours past the deadline. If there is a valid reason as supported with documentation for a late submission, the deadline will be extended to the time allowed in the documentation. *The team members may be assigned individual grades relative to the group grade based on the peer assessments completed towards the end of the course*.

Buyout Project

The Buyout Project is a group project that begins with the LBO sessions in Week 6 and concludes with the deliverables at the end of the term.

Each group will choose to complete **either** an LBO analysis **or** an ETA (entrepreneurship through acquisition) analysis.

LBO option. 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.

ETA option. You can identify a small private business suitable for acquisition through a search fund. Your task will be to analyze the target from the perspective of a searcher and the search fund's investors, including the acquisition financing and the post-acquisition plan.

Late submissions are subject to a 25% mark deduction for every 24 hours past the deadline. If there is a valid reason as supported with documentation for a late submission, the deadline will be extended to the time allowed in the documentation. *The team members may be assigned individual grades relative to the group grade based on the peer assessments completed towards the end of the course*.

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.

AUTHENTICITY/PLAGIARISM DETECTION

Some courses may use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., on-line search, other software, etc.). For more details about McMaster's use of Turnitin.com please go to www.mcmaster.ca/academicintegrity.

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.

Online Proctoring

Some courses may use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

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.

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 in this course in accordance with the guidelines outlined for each assessment, and so long as the use of generative AI is referenced and cited following citation instructions given in the syllabus. Use of generative AI outside assessment guidelines or without citation will constitute academic dishonesty. It is the student's responsibility to be clear on the limitations for use for each assessment and to be clear on the expectations for citation and reference and to do so appropriately.

Two principles apply in all assesments. First, students remain fully responsible for everything they submit, including anything an AI tool produced on their behalf: an error generated by a tool is the student's error. Second, students must be able to explain their own submitted work: how it was produced, why the choices in it were made, and how its outputs were checked. Work that cannot be explained by its authors is treated as work they did not do.

ATTENDANCE

Arriving late or missing class disrupts the learning experience for both you and your peers. Punctuality and attendance are crucial to maintaining a respectful, professional and productive environment for everyone, including our faculty.

Instructors may use Top Hat in their course in a variety of ways, including to capture attendance in their classes. Attendance is recorded by submitting a unique 4-digit code displayed in your physical classroom using your personal device.

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 DSB Student Services – Academic Office (DSSAO (DSB Student Services Academic Office)), 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 DSSAO (DSB Student Services Academic Office) **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 DSSAO (DSB Student Services Academic Office) 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 deferred examination period as set by the Office of the Registrar.

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 must activate their accommodation(s) (e.g., extra-time, alone room, etc.) via mySAS portal at the beginning of each term, normally, within the first three (3) weeks of classes. 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

- Student Accessibility Services (SAS) now uses the online mySAS Portal for graduate students to share accommodation letters with their instructors and Faculty/Program. Students are responsible for activating their accommodations each term through the mySAS Portal. Once activated, an approved accommodation letter will be automatically sent to the instructors associated with the student's enrolled courses for that term.

- Students must engage the DSSAO (DSB Student Services Academic Office) to implement their accommodation(s) (e.g., extra-time, alone room, 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 or completing the Accommodation Implementation form. 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, alone room, 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.

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.

Research Using Human Subjects (Only if Applicable)

Research involving human participants is premised on a fundamental moral commitment to advancing human welfare, knowledge, and understanding. As a research intensive institution, McMaster University shares this commitment in its promotion of responsible research. The fundamental imperative of research involving human participation is respect for human dignity and well-being. To this end, the University endorses the ethical principles cited in the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans:

http://www.pre.ethics.gc.ca

McMaster University has mandated its Research Ethics Boards to ensure that all research investigations involving human participants are in compliance with the Tri-Council Policy Statement. The University is committed, through its Research Ethics Boards, to assisting the research community in identifying and addressing ethical issues inherent in research, recognizing that all members of the University share a commitment to maintaining the highest possible standards in research involving humans.

If you are conducting original research, it is vital that you behave in an ethical manner. For example, everyone you speak to must be made aware of your reasons for eliciting their responses and consent to providing information. Furthermore, you must ensure everyone understands that participation is entirely voluntary. Please refer to the following website for more information about McMaster University’s research ethics guidelines:

http://reo.mcmaster.ca/

Organizations that you are working with are likely to prefer that some information be treated as confidential. Ensure that you clarify the status of all information that you receive from your client. You MUST respect this request and cannot present this information in class or communicate it in any form, nor can you discuss it outside your group. Furthermore, you must continue to respect this confidentiality even after the course is over.

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.

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

#	DATE	CONTENT	DUE
1	Wed, Sep 9	**Introduction to Private Equity** Fund structure and economics, GPs and LPs, fees	-
2	Wed, Sep 16	**Valuation of Private Companies** Valuation methods, in-class valuation exercises	**P1** in class
3	Wed, Sep 23	**Financial Instruments and Due Diligence** Ownership and debt instruments, term sheets	**P2** in class
4	Wed, Sep 30	**The Venture Investment Model** Valuing a startup, rounds of financing, equity stakes	**P2** in class
5	Wed, Oct 7	**Term Test 1** written in class	
6	Wed, Oct 14	**Leveraged Buyouts: Debt Layers / Capacity** Firm-level capacity and leverage, NAV lending	**P4** in class
7	Wed, Oct 21	**Leveraged Buyouts: The LBO Model** LBO modelling, measuring buyout returns	**P5** in class
-	Mon, Oct 26	**VC Project, Part 1** – Due online by 10.00 AM	
8	Wed, Oct 28	**Exits and Liquidity Solutions** IPO, private sale, growth equity, secondaries	**P6** in class
9	Wed, Nov 4	**Distressed Debt Investing + Private Credit** Distress investing thesis, special situations	**P7** in class
10	Wed, Nov 11	**Term Test 2** written in class	
11	Wed, Nov 18	**Healthcare Ventures** Drug development, milestone financing, royalty structures	**P8** in class
12	Wed, Nov 25	**AI Infrastructure Investments** Hyperscalers and neoclouds, GPU-backed lending	**P9** in class
13	Wed, Dec 2	***Project Presentations*** *VC Project feedback, Buyout Project presentations*	-
Tue, Dec 8		**VC Project, Part 2** – Due online by 10.00 AM **Buyout Project** – Due online by 10.00 AM	

Note: **P1** to **P9** represent the in-class components of class participation