CFA Institute

Advanced Private Equity Certificate

Syllabus and learning outcomes

Course 1: General Partner Toolkit

Learning outcomes

This course equips learners with advanced tools and strategies essential for working as general partners (GP’s). It covers due diligence, deal sourcing, and execution strategies from a GP’s perspective as well as the roles of operational and financial management in enhancing portfolio company performance and ensuring strategic exit planning. The course concludes with a module on strategic communication and crisis communication, which are necessary skills for establishing and maintaining working relationships with limited partners and navigating inevitable challenges effectively. This course is designed to refine the expertise of private equity professionals, paving the way for successful investment management and partnership governance.

Syllabus

Module 1: Understanding Target Companies

How to conduct due diligence on target companies from the perspective of the GP.

- Lesson 1: Undertaking a Conventional PE Due Diligence
- Lesson 2: Identifying Common Pitfalls in a Conventional PE Due Diligence
- Lesson 3: Case Studies of Due Diligence Successes and Failures

Module 2: Deal Sourcing, Screening Techniques, and Deal Execution

Explore the strategies and best practices for sourcing, evaluating, and executing private equity deals, with a strong emphasis on aligning deal structures with strategic investment goals.

- Lesson 1: Deal Sourcing
- Lesson 2: Screening Techniques
- Lesson 3: Deal Structuring and Execution

Module 3: Operational and Financial Management

Discuss the direct impact of asset management strategies on operational efficiency and financial outcomes in private equity, including performance measurement and exit strategy formulation.

- Lesson 1: Asset Management
- Lesson 2: Performance Measurement and Optimization
- Lesson 3: Exit Strategies and Liquidity Management

Module 4: Strategic Communications and Crisis Management

This module covers essential communication strategies for managing relationships with limited partners (LPs) and effectively handling crises, ensuring stability and transparency throughout the investment lifecycle.

- Lesson 1: Strategic Communications
- Lesson 2: LP Relationship Management
- Lesson 3: Crisis Communication

Course 2: Advanced Private Debt Valuation Techniques

Learning outcomes

This course will cover advanced private debt valuation techniques, with a focus on private debt used in private equity transactions. Primary topics will include advanced credit analysis of private debt, valuing private debt with embedded options (callable, convertible, etc.), and valuing distressed private debt, among other topics.

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Module 1: Advanced Private Debt Valuation Models

This module will cover advanced private debt valuation models for valuing changes in credit risk and credit migration.

- Lesson 1: Credit Valuation Adjustment and Credit Quality Migration
- Lesson 2: Reduced Form Models for Valuing Private Debt

Module 2: Valuing Private Debt with Embedded Options

This module will demonstrate the use of the binomial tree model for valuing private (LBO) debt with embedded options.

- Lesson 1: Options Primer
- Lesson 2: Private Debt with Embedded Options versus Straight Private Debt
- Lesson 3: Binomial Trees for Valuing Private Debt with Embedded Options
- Lesson 4: Valuing Floating Rate Private Debt with Caps and Floors
- Lesson 5: Valuing Convertible Private Debt

Module 3: Valuing Distressed Private Debt

This module will cover characteristics of private debt issuer financial distress, and valuing distressed private debt.

- Lesson 1: Characteristics of Private Debt Issuer Financial Distress
- Lesson 2: Valuing Distressed Private Debt

Course 3: Advanced Financial Modeling

Learning outcomes

This course is designed to equip learners with advanced skills in financial modeling, focusing on scenario and results modeling, acquisition finance, debt capacity, discount cash flow analysis, and complex leveraged buyout (LBO) scenarios. This course builds on foundational knowledge to prepare learners for the sophisticated financial analyses required in private equity and related fields. Through a combination of screen capture videos and hands-on exercises, participants will develop practical mastery in updating financial models, projecting cash flows, and evaluating complex financial structures.

Syllabus

Module 1: Scenario Analysis and Updating Models for Results

This module will cover building three-statement models using analyst and consensus estimates, as well as updating models based on quarterly results.

- Lesson 1: Modeling with Estimates
- Lesson 2: Updated Models Based on New Data

Module 2: Further Applications in Financial Modeling

This module delves into advanced financial modeling techniques, including acquisition finance and debt capacity assessment, as well as DCF analysis and valuation. Participants will learn to project cash flows and estimate the intrinsic value of companies, incorporating sophisticated financial metrics and discount rate determination.

- Lesson 1: DCF Analysis and Valuation
- Lesson 2: Acquisition Finance and Debt Capacity
- Lesson 3: Add-on Acquisitions

Module 3: Advanced LBO Modeling and Complexities

This module explores specialized and complex aspects of financial modeling, particularly in the context of leveraged buyouts (LBOs). Learners will master advanced LBO modeling, including multi-tranche financing structures, stub periods, capital structure variations, and refinancing scenarios, enabling them to model and evaluate intricate financial deals.

- Lesson 1: Advanced LBO Modeling
- Lesson 2: LBO Modeling Complexities

Module 4: Strategic Payouts and Incentive Planning

This module covers dividend recapitalizations and management incentive plans. Learners will model debt restructuring and explore earnouts and ratchet mechanisms, enhancing their understanding of financial engineering in private equity.

- Lesson 1: Dividend Recapitalization
- Lesson 2: Management Incentive Plans

Course 4: Limited Partner Perspectives

Learning outcomes

By completing this course, learners will be able to critically evaluate general partners (GPs) from a limited partner's (LP) viewpoint, taking into account due diligence, risk assessment, and ESG, thereby acquiring the tools to make informed decisions. The course also covers advanced strategies for portfolio construction and investment screening, enabling learners to effectively manage and mitigate risks in a private equity context.

Syllabus

Module 1: Evaluating General Partners (LP Perspective)

Conduct thorough due diligence on general partners by critically evaluating their fund strategies, management competencies, and legal frameworks to identify potential risks and ensure alignment with the limited partner's investment objectives.

- Lesson 1: Assessing Fund Strategy and Management Competency
- Lesson 2: Legal and Documentation Reviews
- Lesson 3: Due Diligence Frameworks for LPs

Module 2: Integrating Sustainability Considerations

Develop and implement robust methodologies to assess sustainability factors, enabling limited partners to make informed and sustainable investment decisions that align with long-term objectives.

- Lesson 1: Sustainability Frameworks and Methodologies
- Lesson 2: Practical Sustainability Evaluation Techniques
- Lesson 3: Incorporating Sustainability Considerations into Due Diligence

Module 3: Portfolio Construction, Risk, and Liquidity Management

Master the principles of portfolio construction and investment screening, applying advanced risk assessment techniques to formulate and execute effective risk management strategies. Additionally, develop expertise in cash flow and liquidity management to ensure that portfolios maintain sufficient liquidity to meet commitments and capitalize on investment opportunities within a private equity context.

- Lesson 1: Portfolio Construction
- Lesson 2: Comprehensive Risk Assessment and Liquidity Management