**SUMMARY**

The course applies finance tools and concepts to the world of venture capital and financing of projects in high-growth industries. Students are introduced to all institutional aspects of the venture capital industry. Students analyze various aspects of VC finance using an investors' perspective.

**Content**

1. Introduction to venture capital
2. Methods for valuation of high-growth companies
3. Venture capital investing and option pricing analysis

**Keywords**

Venture capital - Private equity - Finance of innovation - Valuation - Option pricing theory

**Learning Prerequisites**

**Required courses**

- Introduction to finance

**Recommended courses**

- Investments

**Learning Outcomes**

By the end of the course, the student must be able to:

- Describe all the institutional aspects of the venture capital industry.
- Give an example of the asymmetric information problem that drives contracting in the venture capital industry
- Recall discounted cash-flow and comparables valuation techniques
- Apply finance tools and concepts to the world of venture capital and financing of projects in high-growth industries.
- Use option pricing techniques to price the preferred securities issued to venture capitalists
- Describe how leveraged buyout transactions work

**Transversal skills**
• Plan and carry out activities in a way which makes optimal use of available time and other resources.
• Give feedback (critique) in an appropriate fashion.
• Take feedback (critique) and respond in an appropriate manner.
• Summarize an article or a technical report.

**Teaching methods**
Lectures, homework, case studies, expert talks, exercises

**Assessment methods**
30% Homework and case studies
25% midterm exam
45% Final exam

Homework is open book. Midterm and final exam are closed-book.

**Supervision**
Assistants: Yes

**Resources**
**Bibliography**
Venture Capital and the Finance of Innovation by Andrew Metrick and Ayako Yasuda, John Wiley and Sons.

**Ressources en bibliothèque**
• Venture Capital and the Finance of Innovation / Metrick