CEPRES
Center of Private Equity Research

Current Research Agenda
October 2009

European Venture Capital

European Venture Capital: What can we learn from the Tech-Bubble and its Aftermath?

Subject

- Analysis of the performance of European VC after the bubble in comparison to the period before the bubble and to the US VC market
- Analysis of LP success in European VC investing during and after the bubble. Did some LP groups see the trends and invest better than others?
- Investigation of the reasons for the bad investment success of funds raised during and after the bubble (market conditions, innovation & entrepreneurship, LP behaviour, fund manager behaviour)

Previous Publications

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Status

Analysis and paper largely completed

Cooperation

Armin Höll (LMU München), Prof. Kaserer (TU München), EVCA

Data Requirements

Fund description and cashflow data from a European fund-of-funds-investor including data on investing limited partners, CEPRES cash flow data on company basis, supplementary macroeconomic data

Mezzanine Pricing

Specifics of Mezzanine Pricing

Subject

- What drives Mezzanine Pricing?
- Does the European Mezzanine (floating interest) or the US model (fixed payments) better optimize the total utility?

Previous Publications

Daniel Schmidt/ Matthias Unser/ Mark Wahrenburg (2004): Mezzanine Fonds und Eigenkapitalrisiken: Anspruch und Wirklichkeit, Venture Capital Magazin Oktober 2004

Status

Largely completed

Cooperation

ICG Intermediate Capital Group (Industry Partner); Dr. Axel Buchner (CEPRES Researcher)

Data Requirements

CEPRES Mezzanine loan cashflow data and CEPRES Mezzanine Market Report market data

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Infrastructure

Infrastructure Private Equity

Subject

- Private Equity as a financing alternative for infrastructure projects (esp. PPPs)
- Specifics of infrastructure Private Equity investing vs. normal private equity investing (greenfield, brownfield etc.)

Previous Publications

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Status

Recently completed

Available for purchase at www.cepres.de

Cooperation

EIF European Investment Bank (sponsor)

Prof. Dr. Christoph Kaserer (TUM), Dr. Axel Buchner (CEPRES Researcher)

Data Requirements

CEPRES return data and special CEPRES infrastructure database (qualitative parameters)

Cash Flow Modeling

Stochastic Modeling and Balance Assessment of Private Equity Funds

Subject

- Development of continuous time models of the cash flow dynamics of PE funds
- Derivation of an evaluation model for PE funds based on balance of considerations

Previous Publications

Buchner, A.: Stochastische Modellierung von Private Equity Fonds – Eine theoretische und empirische Analyse, EUL Verlag, 2008

Buchner, A.; Kaserer, C.; Wagner, N.: Stochastic Modeling of Private Equity - An Equilibrium Based Approach to Fund Valuation. CEFS Working Paper, 2006-2

Status

Study available in second draft form

Cooperation

Prof. Dr. Christoph Kaserer (TU München)

Prof. Dr. Niklas Wagner (Universität Passau)

Dr. Axel Buchner (CEPRES Researcher)

Data Requirements

CEPRES cash flow data on fund and company basis

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Portfolio Optimization

Integration of Private Equity in the overall Portfolio Management - A Simulation-Based Approach in Constant Time

Subject

- Theoretical model development of a consistent and practically implemented cash framework for the design of optimal PE portfolios
- Expansion of the base model for the integration of PE funds in an overall portfolio

Previous Publications

Buchner, A.; Kaserer, C.: Zur Integration von Private Equity in die Portfoliosteuerung – Ein Vorschlag. In: BAI-Newsletter, Bundesverband Alternative Investments e.V., Juni 2006

Status

Initial stage; First simulation results

Cooperation

Prof. Dr. Christoph Kaserer (TU München)
Prof. Dr. Niklas Wagner (Universität Passau)
Dr. Axel Buchner (CEPRES Researcher)
BHF-Bank AG (sponsor)

Data Requirements

CEPRES cash flow data

PE Liquidity Risk

Private Equity Performance and Liquidity Risk

Subject

- What drives risk and return of private equity investments?
- What is the impact of aggregate liquidity risk on private equity performance?

Previous Publications

-

Status

Study available in second draft form

Cooperation

Prof. Francesco Franzoni (University of Lugano and Swiss Finance Institute)
Prof. Eric Nowak (University of Lugano and Swiss Finance Institute)
Prof. Ludovic Phalippou (University of Amsterdam Business School and fellow Tinbergen institute)

Data Requirements

CEPRES company cash flow data and descriptive variables

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PE-Index

Are some Buy-out Managers better than others? Manager Attributes and Performances

Subject

- Research target: construction of a Private Equity Index
- The time-dependent evolution of logarithmic returns is described within the framework of a 2-component model
- Index creation by combination of the time-dependent trend term and the time-dependent default rate to a time-dependent index value

Previous Publications

-

Status

Study available in a very preliminary first draft version

Cooperation

Prof. Sanjai Bhagat (University of Colorado at Boulder)
Prof. Liang Peng (University of Colorado at Boulder)

Data Requirements

CEPRES company cash flow data and descriptive variables

Risk and Return of PE Funds

Risk and Return Measurement of Private Equity Funds: A non-parametric Approach using Copulae

Subject

- Development of a Rating System for Private Equity transactions in order to define the default probability
- Use of copula analyses to define private equity return characteristics: impact of micro- and macroeconomic parameters, definition of probability distributions by Wavelets, aggregation of single deal return probability distributions to a funds' return probability distribution by using copula functions

Previous Publications

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Status

Study available in first draft form

Cooperation

Prof. Dr. Mark Wahrenburg, Prof. Dr. Andreas Hackethal, Christian Rauch, Thomas Litty, Valentin Braun, (Prof. Dr. Novemestky, Polytechnic Institute Brooklyn, CEPRES research partner for copula analyses)

Data Requirements

CEPRES company return data, descriptive variables on PE transactions

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