

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Albert Jelínek
Advisor:	PhDr. Pavel Streblov MSc
Title of the thesis:	Drivers of private equity fundraising and investment: Comparison of Central and Eastern Europe and Western Europe

OVERALL ASSESSMENT

The bachelor thesis of Albert Jelinek seeks to identify the key drivers and determinants of the volume of private equity markets - both on the fundraising as well as on the investment side.

The thesis is structured as follows. The first part deals with an introduction into private equity markets and specifics of development of these markets in selected Western European and CEE countries. The second part provides an introduction into the lifecycle of typical private equity funds and investments. The core of the thesis presents results of an econometric model estimating the main determinants of private equity fundraising and investment based macroeconomic as well as data collected by the European industry body EVCA.

As I am operating in the world of private equity myself, I can appreciate that the author has shown a very good understanding of the structure and incentives within the private equity industry. The covered topic is particularly interesting in light of the ongoing discussion about pros and cons of private equity markets and their efficiency. The presented econometric model is properly founded on existing research in this area and author's own additions are in my opinion well justified. The author has on the basis of his dataset concluded that the determinants of both fundraising and investment are somewhat different between Western Europe and the CEE. Given its relative immaturity, the CEE private equity market is more driven by parameters directly related to the private equity cycle rather than to the underlying economic development or other macroeconomic parameters. The interrelation between the amount of fundraising and investment is however clearly identifiable in the dataset from Western Europe too and this raises the topic of the efficiency of the investment making process.

I would like to highlight the good readability of the document and in particular its clear and straightforward structure that corresponds in its form to an academic paper. It is properly referenced with respect to both data and previous research and is written in fairly good English.

There are following potential areas of further research and improvement of the thesis:

- a) The main difference between the Western European and CEE private equity market is the fact that most of the capital operating in CEE comes from abroad and its investment life-cycle is thus rather dependent on the market development in Western Europe. It would be interesting to include this consideration into the model in order to see whether the comparably lower explanatory strength of the CEE model would be improved.
- b) The author has identified that the investment cycle of private equity markets may be more linked to parameters directly related to the private equity cycle of

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fundraising/investment, especially in the CEE. It would be interesting to identify whether such trend is changing as a result of the current crisis or whether the recent development has further exuberated this effect – investments/divestments are more driven by the investor's cash availability/requirements rather than underlying performance of individual assets in the private equity funds.

I believe the thesis has in a very structured and methodologically prudent way analysed a clearly defined hypothesis and has with its form and content exceeded the requirements put on a bachelor thesis. I recommend grade A for the thesis and kindly request the examination panel to consider an award of the dean's special award.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	28
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	91
GRADE (1 – 2 – 3 – 4)	A

NAME OF THE REFEREE: *Pavel Streblov*

DATE OF EVALUATION: 16/6/2013

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong Average Weak
20 10 0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong Average Weak
30 15 0

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong Average Weak
30 15 0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong Average Weak
20 10 0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě