

Report on Master Thesis

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

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| Student: | Bc. Vojtěch Mravec |
| Advisor: | PhDr. Petra Kolouchová |
| Title of the thesis: | Further Determinants of Private Equity |

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

The author of the Master Thesis focuses on one of the most common form of alternative investments – private equity. After a brief introduction into what private equity is, how it can be categorized, measured and what is its value proposition, the author provides an outline of what have been the recent developments on private equity market and how regulation of private equity has evolved in Europe. First then, the literature on private equity is summarized and based on that hypotheses are formulated and followingly tested. The author has two sets of hypotheses, each being tested on a different data sample. Data sample sourced from Capital IQ database is used for testing the hypothesis on secondary buyouts performance, Preqin dataset is applied for learning about performance of different PE funds, namely real estate, distressed debt, turnaround and secondaries funds. The author's findings confirm initial expectations that distressed debt, turnaround and secondaries funds outperform PE market in the times of economic downturn, while real estate funds underperform the PE market. Also, the author concludes that secondary buyouts multiples tend to be higher than primary buyouts multiples.

The author undoubtedly selected a very attractive and relevant topic. However, the attractiveness of the topic becomes limited once data availability is taken into account. Private equity funds have only a very limited disclosure obligation and thus, unlike usually transparent public markets, private equity markets suffer from lack of information. Therefore, despite huge money invested in this form of investment in the last decade, academic research has been rather scarce. Yet, the author managed to deal with the data limitation problem well. I believe that he made use of the best datasets currently publicly available and made out of it the most what could be done, testing his own original hypotheses. I also highly appreciate that the author stresses limitations of his findings where necessary and discusses potential consequences of the related biases (e.g. reporting bias) on his conclusions.

The Master Thesis is well structured. The only objection relates to the extent of the first, rather descriptive part of the Thesis, which could be shorter. The author reviews relevant literature on the topic and builds on it well in his own research. The author tests a number of original hypotheses which are well explained and motivated. In terms of methodology applied, the author uses a range of statistical methods and approaches in order to arrive at robust results. The methods are sufficiently described and appropriately used. The individual findings can well serve both the academia and investors community in further understanding of private equity investments and thus contributes to the ongoing discussion on private equity performance.

I believe that the Master Thesis meets more than well all criteria for master theses. Overall I recommend the highest grade for the Thesis. I also recommend to the examination committee to consider awarding the distinctions.

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

| CATEGORY | POINTS |
|---|---------------|
| <i>Literature</i> (max. 20 points) | 20 |
| <i>Methods</i> (max. 30 points) | 30 |
| <i>Contribution</i> (max. 30 points) | 29 |
| <i>Manuscript Form</i> (max. 20 points) | 28 |

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| TOTAL POINTS | <i>(max. 100 points)</i> | 97 |
| GRADE | <i>(1 – 2 – 3 – 4)</i> | 1 |

NAME OF THE REFEREE: *Petra Kolouchová*

DATE OF EVALUATION: *5/10/2012*

Referee Signature