



## Equity fund offers real-life experience

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CHAPEL HILL -- A private equity fund at UNC's Kenan-Flagler Business School is giving students hands-on experience in operating a private investment fund.

The UNC students have the capital to invest and learn from the changing financial environment as they manage a private equity fund and seek to bring real returns to limited partners.

With an educational mission, the UNC Kenan-Flagler Private Equity Fund is the first and only student-run fund associated with a leading business school in the United States that seeks to provide real returns to its limited partners.

It also provides the Kenan-Flagler Business School Endowment Fund with an opportunity to share in any profits.

As a result, students feel the real-world responsibility of making sound investment decisions.

With more than \$1.3 million of committed capital under management, students manage all aspects of the UNC Kenan-Flagler Private Equity Fund. They raise capital, source deals, perform due diligence, make investment decisions and present their decisions to a faculty/advisory investment committee and a board of directors.

The students look to the UNC alumni network to help source deals and already have partnered with other private equity firms across the country.

The average deal size for each transaction is between \$20 million to \$125 million in enterprise value, and the fund can invest between \$100,000 and \$150,000 of equity capital per investment transaction.

After raising capital in 2007, students have had the ability to capitalize on lower valuations without the need to scramble for deals. They have successfully completed several investments in companies in the medical and technology fields that are more recession-resistant and promise higher growth than other sectors.

The fund recently recruited its third generation of students since it began in 2007. The 12-person management team of graduate (master's of business administration) and undergraduate business students serves three-semester terms and participates in a series of private equity courses, lectures and activities.

Fund I will be fully committed by the third quarter of 2009, and students will begin to raise Fund II next fall that will be open to qualified investors that are friends and family of the UNC community.

The economic crisis has provided a valuable learning experience and created investment opportunities.

"We are grappling with complex decisions amid a widened scope of risks and considerations. We have broadened our scope of due diligence and are benefiting from lower valuations and a five- to six-year investment horizon to our limited partners," said Michael Kopeikin, MBA Class of 2010 and fund director.

"We are committed to returning the best return given realistic values, co-investing with top quartile fund managers on leading transactions and thinking about how traditional exit strategies are changing. We are leveraging each member's expertise and the expertise of our limited partners to get our investments right."

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