



## **COPERATIVE EDUCATION REPORT**

**A Case Study Approach on Evaluating Value Creation Methodologies &  
Strategies in Private Equity**

**WRITTEN BY**

**Parash Khatri**

**Student ID. 6408040007**

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**Title:** A Case Study Approach on Evaluating Value Creation Methodologies & Strategies in Private Equity

**Written by:** Mr. Parash Khatri

**Department:** Bachelor of Business Administration, (Investment & Banking)

**Academic Advisor:** Mr. Asutosh Mishra

We have approved this cooperative report as a partial fulfillment of the cooperative education program semester 3/2023.

**Oral Presentation Committees**

*Ashutosh Mishra*

(Mr. Asutosh Mishra)

Academic Advisor

*Dibyanshu Wagle*

(Mr. Dibyamshu Wagle)

National Fund Management, Research & ESG

Job Advisor

*Bikash Dahal*

(Mr. Bikash Dahal)

Co-Op Education Committee

*Maruj Limpawattana*

(Asst. Professor Maruj Limpawattana, Ph.D.)

Assistant President & Director of Cooperative Education Department

**Project Title:** A Case Study Approach on Evaluating Value Creation Methodologies & Strategies in Private Equity

**Institution:** Kathmandu College of Management, Siam University

**Author:** Mr. Parash Khatri

**Academic Advisor:** Mr. Asutosh Mishra

**Degree:** Bachelor of Business Administration (BBA), Department of Business Administration

**Major:** Investment & Banking

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### **Abstract**

This document offers a summary of my Co-Operative Education experience at National Fund Management, serving as a private equity intern for 4 months. The Co-Op sought to connect academic learning with practical applications, enabling me to acquire hands-on experience in Investment & Private Equity.

Value Creation is central to achieving superior returns on Investment in private equity. Value creation methodologies and strategies can vary depending on the type of investment, the stage of the business, and the specific objectives of the private equity firm. Some still use traditional method of business valuation such as Market Capitalization and Time Revenue multiplier while most of the firm nowadays use modern approach of valuation like Discounted Cashflow.

This report shows what kind of Value Creation Methodologies is/are applied in National Fund & the Strategies applied for possible investment opportunities in a market. The 4 months intern in NFM help me to gather knowledge regarding different tools & tactics in investment screening followed by Value capturing and Deal making.

This report also comprises works and activities during my Co-Op placement where I utilized financial theories and valuation methods in practical situations, deepening my grasp of private equity processes and investment approaches, including financial forecasts, company evaluations, Discounted Cashflow Method, WACC calculations, and more.

Finally, this report examines the skills acquired, challenges encountered, and understanding of the private equity industry, emphasizing the demanding process of investment evaluation and decision-making. This internship has built a strong basis for my future career, enabling me to gain insights into office culture, market knowledge, and enhance my resume.

**Keyword:** Private Equity, DCF, Financial Modeling, Risk

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I offer my regards to all my family and friends who supported me in any respect during the completion of both the internship and this report. Finally, I'm extremely grateful and thankful to all the person who guided & helped me directly & indirectly. This report writing has been one of the significant academic's challenges for me.

Name: Parash Khatri

Student ID: 6408040007

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## **List of Abbreviations:**

NFM: National Fund Management  
SIF: Specialized Investment Fund  
NEPSE: Nepal Stock Exchange  
PEVC: Private Equity Venture Capital  
RTGS: Real Time Gross Settlement  
SEBON: Securities Board of Nepal  
NPEA: Nepal Private Equity Association  
ROE: Return on Equity  
IRR: Internal Rate of Return

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# Chapter I

## Introduction

In this chapter, I will give a brief background of National Fund Management, its organizational structure, strategic analysis of a company and my objectives of joining the National Fund Management.

### 1.1 Company Profile

National Fund Management Limited (National Fund or NFM) is a licensed specialized fund manager regulated by the Securities Board of Nepal. It became a member of NPEA on 20th July 2023. Mr. Saroj Guragain is the co-founder and CEO of National Fund who had remarkable career experience in the banking industry serving as Assistant CEO at Sanima Bank. In around just 2 years of establishment, National Fund Management has been able to deliver its promise to its stakeholder entitling itself as a prominent player in the PEVC sector of Nepal. National Fund operates under a unique public-private partnership (PPP) model, with the Employees Provident Fund, Nepal holding a leading stake. It launched National Equity Fund-I (NEF-I), an NPR 7 billion close-ended private equity fund on September 21, 2023 (National Fund Management Limited, 2022).

Its expertise encompasses various fields such as private equity, venture capital, hedge funds, and capital markets. Prominent entities such as Sanima Bank Limited, Himalayan Bank Limited, Machhapuchchhre Bank Limited, Agricultural Development Bank Limited, Nepal DoorSanchar Company Limited, Kamana Sewa Bikas Bank Limited, NRN Infrastructure and Development Limited, and distinguished individuals including NRNs from diverse backgrounds have played a pivotal role in promoting National Fund Management (National Fund Management Limited, 2022).



*Figure 1: National Fund Management Logo*

#### 1.1.1 Vision:

To become a "Preferred investment partner to create wealth, augment social value and drive sustainable growth"



### 1.1.2 Mission:

1. To generate reasonable returns through ethically disciplined investment,
2. To provide reliable capital and financial expertise &
3. To nurture a culture of high professionalism, meritocracy and integrity

### 1.1.3 Strategies & Investment Sectors of National Fund:

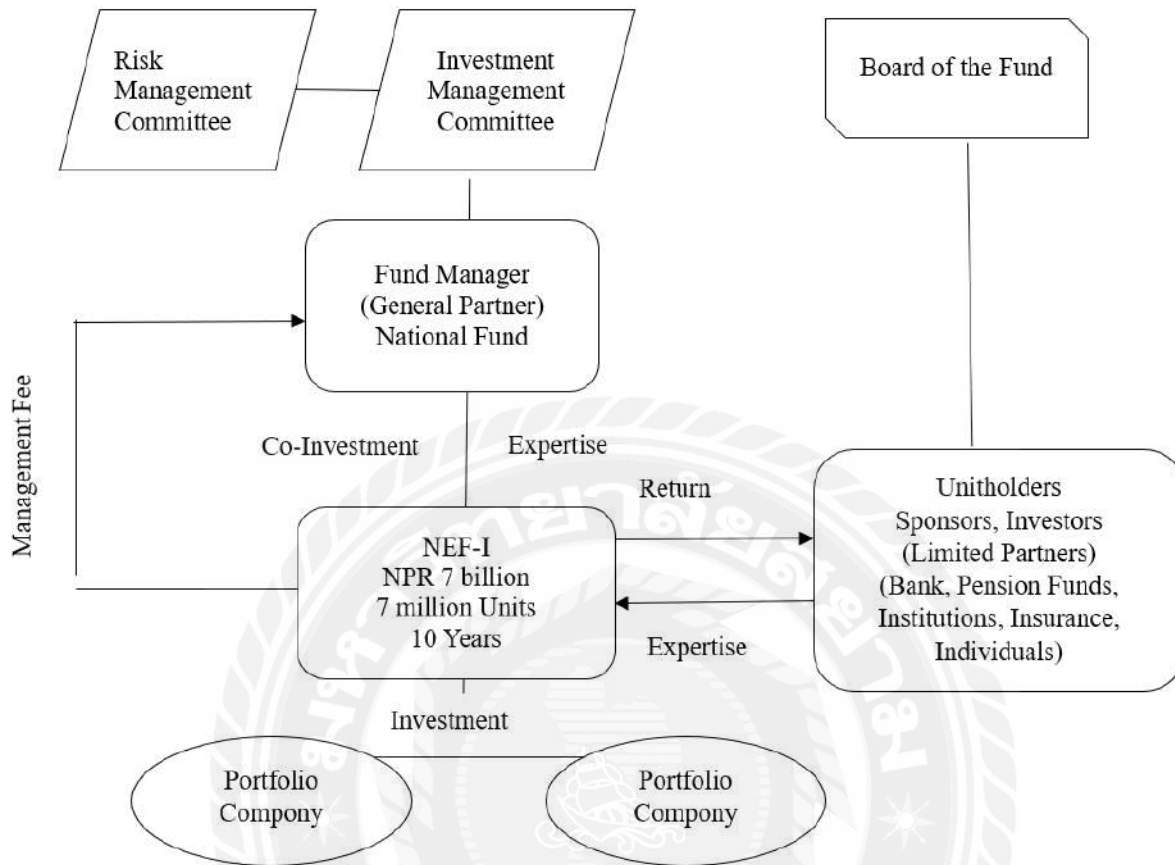
National fund involves a series of processes before investment. They have their own Investment Policy Statement (IPS) to follow while making an investment. Assessment of market size, 4’P, Company’s operational & internal factors, ESG, etc. are necessary during the screening process. It performs its own analysis and valuation alongside recruiting other evaluator companies to minimize biases. These are the sectors where National Fund invest (National Fund Management Limited, 2023):

1. Tech-enabled businesses
2. Hydropower, renewable energy & energy efficient technologies
3. Agriculture-based industries
4. Tourism & landscape marketing
5. Healthcare
6. Education
7. Manufacturing
8. Logistics, transportation & Trade
9. Real Estate
10. Capital Markets

### 1.1.4 National Equity Fund-I (NEF-I):

National Fund launched (NEF-I), an NPR 7 billion close-ended private equity fund on September 21, 2023. National Fund, a Fund manager, expects to provide an ROE of 20-25% or IRR 18-20% by the end of 10 years tenure. Sanima Bank, a leading Commercial Bank in Nepal has given 10% commitment in the fund. Meanwhile 7 million units are issued by the fund with the Unit price of NPR 1,000 (Approx. USD 7.37) (National Fund Management Limited, 2023).

## NEF-I Fund Structure



*Figure 2: Fund Structure of National Equity Fund*

### 1.2 Organizational Structure

National Fund has the following ownership design and structure:

a) Board of Directors

Boards of Directors (BOD) are the group of individuals that has been elected as the representatives of the shareholders to formulate corporate important management policies and make decisions on their behalf.

The BOD & Team Members of National Fund Management consists of the following members with their respective position:

**Board of Directors:**

1. Ghanshyam Thapa, Chairman
2. Jitendra Dhital, Director, Representative Employees Provident Fund
3. Mr. Prasadha Raj Aryal, Director, Representative Machhapuchchhre Bank Limited
4. Bhism Raj Chalise, Director, Representative Sanima Bank Limited
5. Shobha Shrestha, Independent Director

1.2.1 Diagram of Organizational Structure:

This the organizational structure of Team members in National Fund (National Fund Management Limited, 2022):

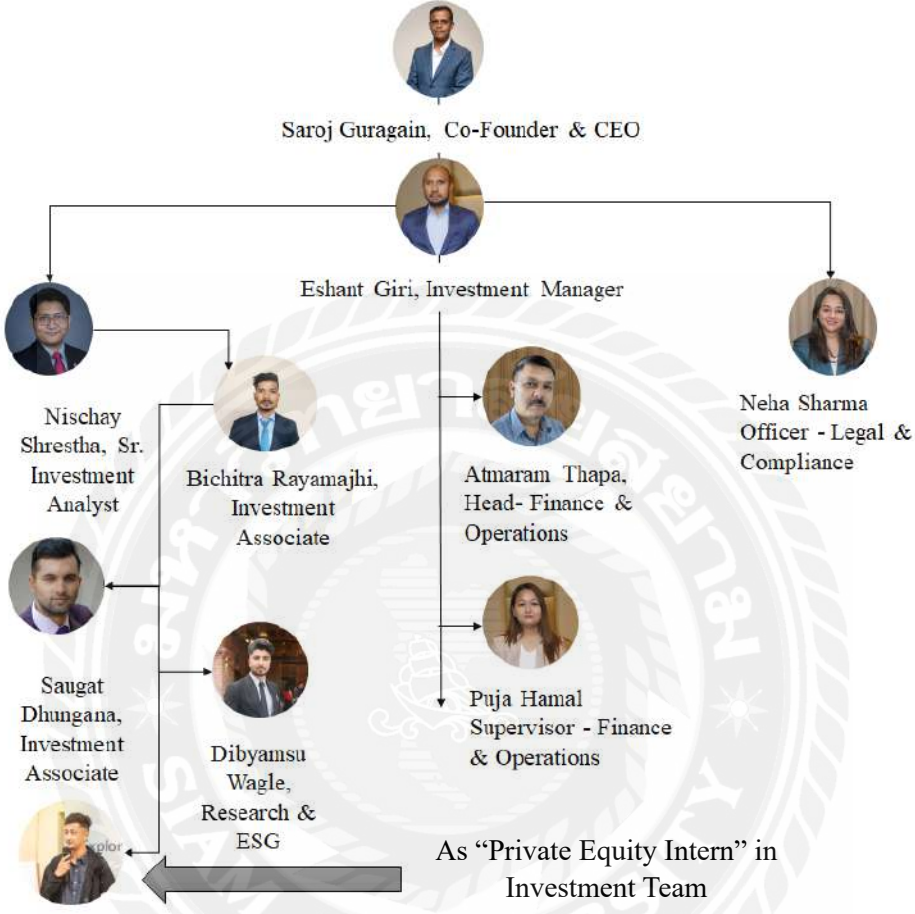


Figure 3: Organizational Chart of National Fund Management

I joined as a Private Equity Intern in National Fund Management supervised by Mr. Dibyansu Wagle who handles the Research & ESG Department in the Investment team.

1.2.2 My Job Position:

During my Co-Operative Education studies for 4 months in National Fund Management as an intern was the “Private Equity Intern” in the Investment Team. My role was to assist the Investment team during investment analysis, performing Industry analysis, portfolio management, due diligence and conduct Valuation.

1.2.3 My Job Position in the Company's Organizational Structure:

My role in the National Fund was majorly focused on the Investment team and Finance team. I usually perform analysis, and present it to the supervisor. And in the meantime, I used to support the investment team and Finance team during their work. Being under the supervisor, Mr. Dibyamsu Wagle My position was to update him in the investment world and vice versa and create the analysis tools for any private equity stock.

1.3 Motivation to join National Fund:

The objectives/motivation for joining National Fund are:

1. To acquire knowledge & exposure of overall procedure investment in Private Equity,
2. Develop hard technical skills require in the field,
3. Generate a thorough understanding of the workplace, performing activities and engaging oneself in the working environment,
4. National Fund is new to the market, thus I can able to understand the working procedure from basic level,
5. National Fund comprises of a small team, all qualified and with long exposure in the market field. It will be beneficial to learn and expand networks with such individuals.
6. Fulfill the partial requirement for the Bachelors of Business Administration program

1.4 Strategic Analysis of the Company

To conduct the Strategic Analysis of the company, I am using SWOT analysis, which

is given as:

<p><b><u>Strength:</u></b></p> <ol style="list-style-type: none"> <li>1. <b>Robust backup-</b> National Fund is backed by major commercial banks of Nepal &amp; state-owned enterprises.</li> <li>2. <b>Growing Track Record-</b> In less than 2 years, it has been able to create a strong fund portfolio investing in companies like Laxmi steel, aloft, Riddhi siddhi Cement, and 10 others diversified companies.</li> <li>3. <b>Young &amp; Skilled employees-</b> Its employees' team are highly professional, young &amp; skilled with solid background in the field of</li> </ol>	<p><b><u>Weakness:</u></b></p> <ol style="list-style-type: none"> <li>1. <b>Limited Brand Recognition-</b>National Fund is new to the market. Thus, it may pose challenges in building trust with international investors or large-scale companies looking for capital.</li> <li>2. <b>Lack of Communication-</b> Most decisions and deal structures are predominantly handled by top-level management, with insights from lower levels receiving comparatively limited consideration.</li> <li>3. <b>Limited Capital-</b> Nepal is such an untapped market, there are a lot of brands and businesses that require Capital. Limited Fund restricts</li> </ol>
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<p>finance, banking and private equity. Team possesses extensive local market expertise.</p>	<p>National Fund to take enough risk in the business.</p> <p>4. <b>Less Experience-</b> National Fund has limited experience in the private equity and venture capital sector, showing focus solely on private equity funding and no record of venture funding or successful market exits.</p>
<p><b><u>Opportunities:</u></b></p> <ol style="list-style-type: none"> <li>1. <b>Growing Market-</b> Nepal is a growing market and a lot of new business and start-up are coming in the market. The National Fund can capitalize those early bird opportunities.</li> <li>2. <b>Untapped Sectors-</b> Most of the industries in Nepal are untapped and in an early stage. Nepal has a lot of potential in tourism, IT, agriculture. The National Fund can diversify in those sectors.</li> <li>3. <b>Demand for Capital has Increased-</b> Since so many businesses are in the market, they seek capital to grow. The National Fund has opportunities to fund promising businesses that may not have access to traditional financing.</li> <li>4. <b>Hydropower potential-</b> Nepal has issued survey licenses for 302 projects with a total capacity of 15,885 MW (Gunatilake, Wijayatunga, &amp; Holst, 2020). The National Fund has a lot of opportunities in the hydropower sector.</li> </ol>	<p><b><u>Threat:</u></b></p> <ol style="list-style-type: none"> <li>1. <b>Economic Vulnerabilities-</b> Nepal's economy is highly vulnerable to external factors, such as global oil prices, remittance fluctuations, FDI and regional trade dependencies. It can significantly affect business performance. Hence National Fund business can be affected.</li> <li>2. <b>Lack of sufficient business &amp; economic data-</b> For PEVC business, data and information are often crucial to analyze and understand business, its performance and situation. Lack of economic &amp; business data especially of private industry &amp; sectors is really depressing for PEVC funds like The National Fund.</li> <li>3. <b>High Political Risk:</b> It has been more than 20 years; Nepal became a Republic country but did not have a stable government for a single tenure in this period Nepal. This led to lack of stable long-term policy for business and economy. Thus, impacting business operations, entrepreneurship spirit, investor confidence, and deal structures. This is not a good sign for private equity business.</li> </ol>

Table 1: SWOT Analysis of National Fund Management

### 1.5 Objectives of this Co-Op Study:

Along with the main objective of this Co-Operative Education Studies i.e. to gain practical knowledge of a work environment while applying theoretical knowledge learned in class. Some of the objectives are.

- a. To understand how works are conducted within a PEVC,
- b. To understand the process of Investment & Research from the bottom level,
- c. To know about issues faced in the industry and resources needed to support all operations.
- d. To understand various methods/tools for research, investment & finance,
- e. To link and apply theoretically learned knowledge into the real working environment.



## Chapter 2

### Co-Op Activities

Internships are formal programs designed to provide practical experience in real world environment to students who are new to the industry. They are typically short-term, hands-on work experience offered by organizations to students or recent graduates to help them gain practical knowledge and skills in a particular field. The internship has provided a solid foundation for my future career, allowing me to better understand the company/corporate culture. It helps to build a competent resume by providing students viable work experience. Internships are generally reserved for college students looking to gain experience in a particular field.

In this chapter, my job descriptions, job responsibilities, job process and contributions to the company are presented as follows:

#### 2.1 My Job description

Title: Private Equity Intern

Company: National Fund Management

Location: Dhungana Complex 4th Floor, Yala Sadak, Kupondol 10, Lalitpur, Nepal

Duration: (4 months) From 21<sup>st</sup> July 2024 to 21<sup>st</sup> Nov 2024

My role centered around supporting the investment team with comprehensive research, financial analysis, and project collaboration as a private equity Intern.

#### 2.2 My Job Responsibilities

My job responsibilities centered around the Investment team and Finance team mostly. Since the company is in the beginning stages, the number of people was limited giving me the opportunity to work and interact with all of them.

My major responsibilities included:

1. Industry & Market Research:

- Most of the time in this internship, I spent my time conducting industry & market research around multiple industries. The private equity sector in Nepal isn't formal and developed. Lack of limited data and information alongside poor regulation makes it difficult for industry and market research in the private equity sector of Nepal. Anyway, I got the chance to research multiple industries that help me to know about the industries size, growth, operations, Financials, Strength & Weakness and whole industries in a nutshell. Some of the industries of Nepal where I deep dive were Footwear, Biscuits, Cement, Data Centers & Fish Feed.

Year		2075/76	2076/77	2077/78	2078/79	2079/80	2080/81
Pond (Crap)	Production (Mt.)	37,635	40,144	44,216	46,392	49,297	
Cage	Fish Culture	305	307	309	313	370	
Trout	Fish Culture	420	551	668	747	1,007	
	Public Sector	19	7	5	5	8	
	Fish production (Mt.)	38,379	41,009	45,198	47,457	50,682	
	FCR	1.7	1.7	1.7	1.7	1.7	
Total Feed	Consumption (In Mt.)	65,244	69,715	76,836	80,677	86,159	
	MPP1	120.3	130.6	135.0	156.5	163.6	162.8
	Feed price per Kg	67.3	73.0	75.5	87.5	91.5	91
	Market size	4,387,699,400	5,091,749,917	5,798,756,117	7,035,990,892	7,882,330,418	CAGR → 12.43%

Assumptions:

- 1 FCR for fish is 1.0-2.4. Thus, taken average of 1.7
- 2 According to Network of Aquaculture

→ Market size of NPR. 7.88 Billion by 2079/80

*Note: Certain data points in this section have been*

*Figure 4: Sample of prepared Market Analysis*

## 2. Administration & AD hoc Task:

During my tenure, I performed several Ad-hoc Tasks such as Document processing & management, Bank Deposit, Receptionist, print operational staff, etc. It helps to understand overall functions in private equity at a basic level. This helps me to understand how small minute details missed by junior level employees can affect significantly in overall business.

## 3. Due Diligence Support:

- I also assisted in the due diligence process by reviewing financial statements, operational data, and legal documents of target companies. I conducted/ helped conducted risk assessment and contributed findings to investment memos used in the decision-making process. For this work like preparation of due diligence reports and presentations were involved.

## 4. Financial modeling & Valuation:

- I created and built financial models, utilizing valuation methods like Discounted Cash Flow (DCF) analysis and comparable company analysis to evaluate possible investment opportunities. Throughout the process, I worked alongside senior analysts within the company, particularly with my supervisor, to develop financial forecasts, assess essential financial metrics, and determine the company's financial well-being and growth prospects. I acquired practical experience with sophisticated Excel modeling and data analysis tools related to equity valuation.

I get to learnt about other valuations techniques like Revenue/Income Model (Such as DCF model), Cost Model (Such as Replacement Cost Model, Net Assets Model), Market Model (Such as Earning Capitalization Model, Other Market Comparable methods) and Other Models (Such as Dave Berkus, Scorecard, Risk-Factor Summation, Venture Capital, First Chicago, etc.)



FCFF/FCFE Valuation							
In Rs. 000's	2081/2082 'P'	2082/2083	2083/2084	2084/2085	2085/2086	2086/87	
Net profit	698,740	795,829	646,878	565,287	426,754	389,721	
Add: Depreciation	140,459	149,197	156,657	167,965	180,066	198,841	
Add: Ammortization	262	278	292	313	335	370	
Less: Change in Non-Cash WC	271,445	440,052	(34,783)	(177,804)	(154,093)	(147,999)	
Less: CapEx	179,487	235,535	201,085	304,817	326,193	506,103	
FCFE prior to Debt	388,528	269,717	637,524	606,551	435,055	230,828	
PV	356,891	227,580	494,124	431,836	284,518	138,665	
Terminal Value	██████████						
PV of Terminal Value	██████████						
Value	5,521,629						
Basic shares outstanding	50,270						
Value/share	██████████						
Current Market price	██████████						→ Overpriced
Margin of Safety	██████████						

Figure 5: Sample of prepared DCF Valuation Dashboard

Note: Certain data points in this section have been withheld to adhere to confidentiality agreements.

### 2.3 Job Process Diagram:

In my role as Private Equity Intern in the National Fund for 4 months, I undertook a range of responsibilities that involved industry research, financial analysis, due diligence & collaboration with the investment team. The organized procedure I adhered to for major project is shown in the job process diagram that follows. This procedure provides a comprehensive and effective method for assessing possible investment opportunities, assisting in decision-making, and advancing the team's strategic goals. Every phase of this procedure was essential to providing insightful information and preserving the precision and caliber of my study.

#### Market Analysis of XYZ Industry

Step 1: Project Initiation- Receive Instruction from supervisor for the industry/sector to conduct analysis,

Step 2: Define Scope and Objectives- Identifying the specific goals of the analysis (Such as market size, growth trends, competitive landscape)

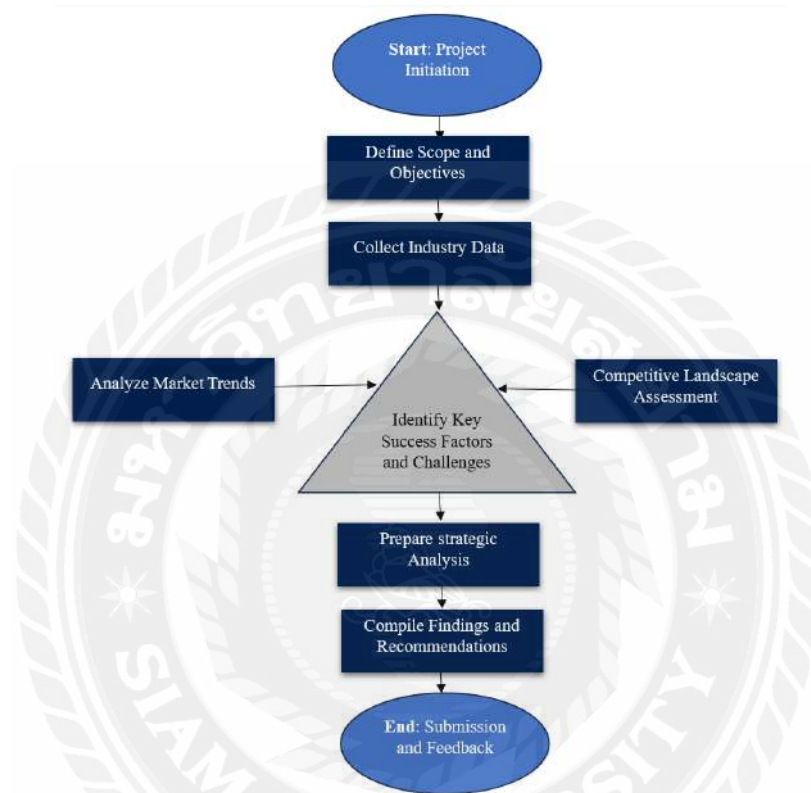
Step 3: Collect Industry Data- Gather & collect quantitative data from reliable sources (e.g., industry reports, newsletter, government publications, financial databases).

Step 4: Analyze Market Trends & other competitive landscape- Analyze industry growth patterns, emerging trends, and economic factors affecting the industry, technological, regulatory, or consumer behavior trends, etc.

Step 5: Prepare Strategic analysis of Industry such as SWOT, Porter's 5 forces, etc.

Step 6: Compile Findings and Recommendations & Report Submission- Submit the market analysis report to the supervisor for review & feedback.

### **Job Process Diagram (a)**



*Figure 6: Job Process of Market Analysis of XYZ Industry*

### **Preparing DCF Valuation of a Company:**

Step 1: Project Initiation- Receive Instruction from supervisor for the company to value or conduct a DCF Valuation of a company.

Step 2: Gather Financial Data- Collect the company's financial data, relevant industry's data & other market data for benchmark comparisons.

Step 3: Conduct forecasting & Calculation- Analyze historical data, determine growth trend, forecast financials, determine WACC & Terminal Value and other analysis

Step 4: Review and Document Findings- Prepare a presentation or summary for the investment team compiling valuation findings, assumptions, and results into a detailed report

Step 5: Submission and Feedback- Submit the final DCF valuation report and receive feedback from the supervisor.

**Job Process Diagram (b)**

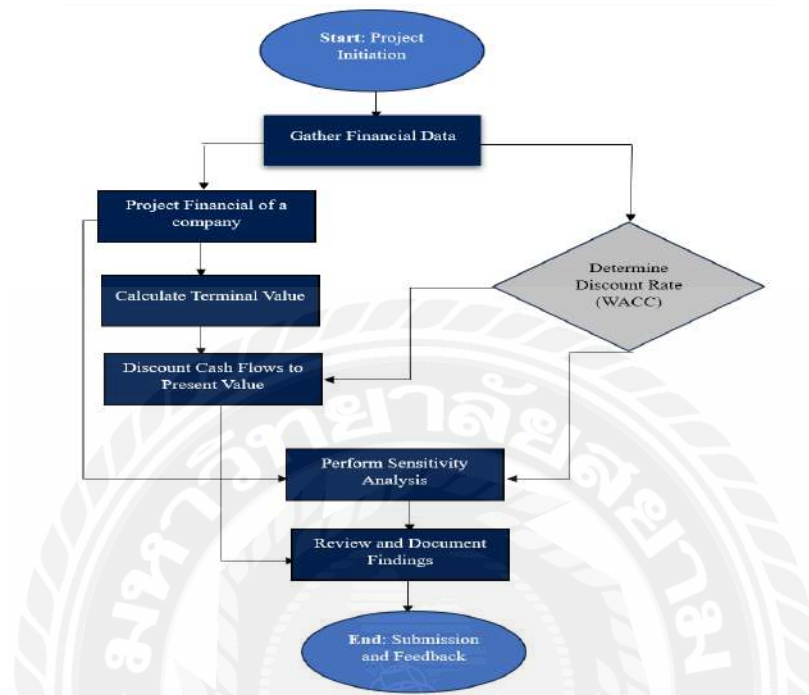


Figure 7: Job Process for DCF Valuation of a Company

**2.4 Works & Activities**

During my 18 weeks internship, I underwent several tasks and responsibilities. From Week 1 to 18, The table below describes works & responsibilities I perform during my internship tenure.

<b><u>Weeks:</u></b>	<b><u>Works &amp; Responsibilities:</u></b>
Week 1-2	<ul style="list-style-type: none"> <li>• Meet up with team members, learn about company norms and rules,</li> <li>• learn ways of Research &amp; Analysis, learn about PEVC, Capital Market, and investment industry &amp; Learn about Bank Deposit, RTGS &amp; other Banking transactions procedure,</li> <li>• Monetary policy analysis, Study of Base rate, inflation and other monetary index and how it effects on private sectors industry &amp; Learn ways of Research &amp; Analysis</li> </ul>
Week 3, 4, 5 &	<ul style="list-style-type: none"> <li>• In-depth Excel skills, Pivot table, Conditional formatting Power Query, etc.,</li> </ul>

	<ul style="list-style-type: none"> <li>• Analysis of Footwear industry in Nepal, study on its Demand, Market size and future growth</li> <li>• Perform Admin tasks such as document management, RTGS, and help seniors in their analysis.</li> </ul>
Week 7, 8, 9 & 10	<ul style="list-style-type: none"> <li>• Analysis of Biscuits industry, study on its Demand, Market size and trends,</li> <li>• Analysis of Cement industry, study on its Demand, Market size, export-import, self-sustainedly and future growth,</li> <li>• Study of materials regarding Financial Modelling, Study of Model structure, Sensitivity analysis, model forecasting and Interpretation</li> </ul>
Week 11, 12 & 13	<ul style="list-style-type: none"> <li>• Analysis of Data Centers and Electric Wire industry, study on its Demand, Market size and trends,</li> <li>• Analysis of Fish feed industry in Nepal, study on its Demand, Market size and trends</li> <li>• Study of various listed NEPSE companies Financial Statement and other related documents</li> <li>• Study of materials &amp; preparing resources regarding Valuation and Financial Modeling</li> </ul>
Week 14-15	<ul style="list-style-type: none"> <li>• Study of materials &amp; preparing resources regarding Valuation and Financial Modeling</li> <li>• Financial Modeling, Data collection, Valuation, Discounted Cashflow and Relative Valuation</li> </ul>
Week 16, 17 & 18	<ul style="list-style-type: none"> <li>• Analysis of Hydropower in Nepal</li> <li>• Macroeconomics Data Analysis</li> <li>• Prepare Excel files,</li> <li>• Perform Admin tasks such as document management, RTGS, and help seniors in their analysis</li> <li>• Reporting</li> </ul>

*Table 2: Summary of Job Process*

## 2.5 Contributions as a Co-Op Student in National Fund:

As a Co-Op Student in National Fund, a leading PEVC firm in Nepal, I made a major impact by supporting the team with research, analysis, and project-based tasks that align with the firm's investment strategies. I had the opportunity to apply my academic knowledge in a professional environment while actively supporting the investment team. Some of the contributions made were:

- a) Financial Modeling and Valuation:

- I significantly contributed to the financial modeling and valuation of potential target companies. Collaborating with the supervisor and other members of the investment team, I helped to develop and enhance Discounted Cash Flow (DCF) models and conduct comparable company analysis. Though learning these methods and strategies in class and their practical application in the corporate world differed somewhat, it gave me a clear understanding of how they function. Regardless, this experience enabled me to build a solid base in valuation methods and acquire hands-on abilities in financial modeling, particularly using Excel.
  
- b) Industry and Market Research:
  - I performed extensive market research on various industries relevant to company's investment scope. I organized my findings into comprehensive reports, delivering the team essential insights into market dynamics and emerging trends, aiding the firm's decision-making process and investment thesis development.
  
- c) Portfolio Monitoring and Reporting:
  - During Investment planning class, I learnt various strategies and methods of portfolio management and I got the chance of its application in this internship. I helped in overseeing the company's current portfolio. I assisted in monitoring key performance indicators (KPIs) for portfolio companies and created regular performance reports. Even though I wasn't able to access the entire portfolio system, I did obtain a general overview of it.
  
- d) Contribution to Investment Presentations:
  - By structuring research results and valuation outcomes into concise and compelling presentations, I enhanced the quality of our communications both internally and externally, leading to a clearer understanding of investment proposals.

## Chapter 3

### Learning Process

Given Chapter 3 consists of problems I face in the company during the internship and my suggestion on how it can be solved. In addition, I have highlighted my learning from internship and how some of the coursework enabled me to conduct various tasks.

#### 3.1 Problem/issues during learning process

During the internship training, I got the chance to learn many things. But as a co-op student interning in a private equity firm like NFM, there are several challenges I faced:

- a) **Limited Networking Experience:** Building relationships and networking is crucial, as they play a significant role in private equity for obtaining deals and insights. As an introvert, I find it difficult to engage with senior professionals and develop a valuable network.
- b) **Adjusting to the office dynamics:** As a student, I found it challenging to adapt an office culture & understand team dynamic. Determining the right moments to ask questions versus when to work autonomously, for instance, can be challenging to assess. Additionally, since PEVC firms often maintain confidentiality regarding many details even with interns, it was challenging for me to connect with other professionals and limited my ability to learn further.
- c) **Pressure & High Expectation:** Since PEVC firms are operated in high-performance environments, they maintain similar standards for accuracy, analytical skills, and attention to detail. Error can have significant implications, so the pressure to get things right was intense.

#### 3.2 How was it solved?

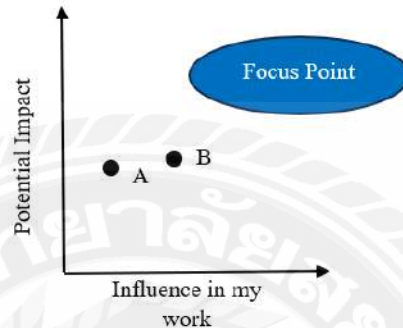
“We cannot solve our problems with the same thinking we used when we created them.”

-Albert Einstein

As I began with the internship training, I had to face several problems like time management, high pressure & office culture and had to steeply learn the overall finance field. I was a student with no real-world experience. I began to analyze every problem I face and define it clearly as Charles Kettering said, “A well-defined problem is a problem half-solved”. I used bulletproof problem-solving techniques by Charles Conn & Robert Mclean. This technique has been my all-time favorite as I have used it several times in my life whenever I am struck with problems.

- a. Define the problems:

- Many initiatives fail due to lack of refined problem definition (Verhulst, Young, & Zahuranec). So, it was my job to find exact problems I face in the internship. This helps me to work on these things. I used the SMART Goal framework to set focused & realistic goals.
- b. Disaggregate the problem & Prioritize:
  - After defining the problems in a table, I prioritize each of them according to necessity. For this I prune the logic tree where I define a problem in a graph according to requirement/potential impact and influence in my work.



*Figure 8: Logic Tree*

For example, problem A is Networking with professionals vs problem B is building industrial knowledge. And as per graph, I had to focus on problem B more.

- c. Analyze the problem objectively:
  - I start to analyze the problem. To save time/effort, I started with first-cut heuristics for a quick initial diagnosis. Sometimes I use root cause thinking if the problem is serious and I have time to analyze one by one.
- d. Synthesize Findings & Work on it
 

There can be many ways to find the solution to the problems. Sometimes I seek help from my supervisor or seniors' members and most of the time I try to learn by myself. For example, to ensure I improve my communication and networking skills I try to talk and communicate with office staff members and I recall incidents and write the experience in the manner of Gibb's reflective cycle. Gibb's reflective cycle offers a framework for examining experiences, and given its cyclic nature lends itself particularly well to repeated experiences, allowing you to learn and plan from things that either went well or didn't go well (Gibbs, 2013). This helps me to improve my communication & networking skills.

### 3.3 What I learnt in Co-Op Studies?

During my Co-Op placement in National Fund, one of Nepal's leading private equity firms, I gained firsthand experience in the core functions of private equity, including investment analysis, financial modeling, market research, and due diligence.

Apart from understanding of private Equity business, Following are the details of some of the key knowledge learnt during my internship period:

- Behavioral & Professional Knowledge: I got an opportunity to learn and improve on the behavioral skills one needs in their professional life. After carefully observing the way the employees of National Fund deal with the seniors and among their colleagues, I too learnt the proper way to behave in the workplace. To be specific, I learnt to behave well i.e. friendly, cordially and respectfully with employees, staff, etc. regardless of any situation I was caught in.
- Gain insights of overall industries: Investment industry covers a lot of fields, one thing I realized is that most of theoretical knowledge; like for instance, accounting (Understand financial statement & its representation), Finance (Understand company status, financial analysis), Marketing (Understand the company's strategy, growth and future, etc.), Statistics (For Research and analysis), Economics (For macro analysis of industry and company), Operational management (Understand the working function & environment of company), Computer applications (For desk research, analysis and presentation), Investment sectors of National Fund (To find investment opportune & schemes) and Technologies (Understand new technologies that could disrupt the market and business) all were very much being applied in this sector.
- One important thing I learnt during this Co-Op placement is that reading and learning should never be stopped and you have to have enthusiasm to learn new things every day.

### 3.4 Application of Coursework to the Real working Situation

Statistics and Research class help me to understand key techniques like correlation, regression, mean, etc. and SPSS tools which were often useful during my Co-Op placement. Research writing helps me to prepare reports after analysis.

I learnt about Ratio analysis, DCF Valuation, comparable, lease and intrinsic value during my business finance class. They were used frequently during mu Co-Op studies. Majorly the numerical performed during the class such as Compounding, discounting, M&A & lease calculation were used more than once in a Co-Op period.

Another is from Investment planning and portfolio management class where I learnt key concepts of portfolio management such as Brinson model, Assets allocation methods & diversification methods. Subjects like Economics, Accounting, and Marketing were mostly used because they are the basis of Private Equity.



Even though not all these concepts were applied on an everyday basis, these concepts however, helped me gain a better understanding of the responsibilities I was assigned with.

### 3.5 Special Skills & Knowledge I learnt during Co-Op Studies

During the internship I got to learn various technical skills. Some of them were:

- a. **Financial Modeling & Analysis:** I had the opportunity to develop essential skills in the private equity domain, particularly in financial modeling and valuation. It includes three statement modeling, Scenario and sensitivity analysis, DCF Model development and Excel proficiency.
- b. **Data Analysis tools:** During my Co-Op studies at National Fund, I work closely with the Investment & Research team. I used scraper & SQL (For Data Extraction), MS Excel & Power BI (For Data integration & Visualization development) as a tool. The ability to process, analyze, and visualize data has not only improved my analytical thinking but also prepared me for roles requiring data-driven decision-making.
- c. **Portfolio Management:** I learned the practical aspects of managing and optimizing the performance of portfolio companies. I learnt performance monitoring (KPI Tracking, Trend analysis, Variance analysis) & portfolio reporting (Such as dashboard creation for real-time insights of portfolio performance & benchmarking analyses to compare portfolio companies against industry peers)
- d. **Regulatory & Compliance Knowledge:** I got the chance to gain in depth knowledge of regulatory frameworks and compliance requirements relevant to private equity operations in Nepal. I gained insights of specialized Investment Fund Rules for Private Equity operation, FDI's regulation like Foreign Investment and Technology Transfer Act (FITTA), securities laws like Securities Act and others like Income Tax and Companies Act. It helps me significantly during the due diligence process and regulatory risk assessment.
- e. **Research:** I gained hands-on experience in conducting industry and market research to support investment decision-making. I learnt to use various methodological tools such as Extraction of Governmental & other Report data (for data collection), Excel and power BI (for data organization, trend visualization, and report generation) and Desk research such as phone calls and databases.
- f. **MS- Office:** I got to practice various MS-Office tools such as MS Excel, MS PowerPoint and MS Word. During my tenure I had to perform a lot of industrial analysis where usage of MS- Office tools were mandatory. MS- Excel is the most commonly used tool during my Co-Op period. Whereas MS- Word and MS-PowerPoint were constantly used during Report submission and presentation.

## Chapter 4

### Conclusion

This internship has been an excellent and rewarding experience. I can conclude that there have been a lot I've learnt from my work at the National Fund. Internships help one to test their skills, competencies along with helping them to identify the knowledge gap between the theoretical principles and the practical work setting. It can be said that it provides students and graduates a platform to know how an organization actually works in the real life setting with the help of personal interaction.

#### 4.1 Self-Assessment as a professional

During my 4 months Internship period, I had a chance to work in the Investment, Research and Finance department in the National Fund. Having spent so much time with qualified and experienced people gave me a good exposure to work culture. I also believe that all the activities that were undertaken by me in these 4 months have helped me develop my overall cognitive, analytical and professional skills. It has taught me to deal with different people differently. In addition, it helped me view things from several angles and not from only one point. Thus, this actually helped to improve my analytical skills. It helped me to develop professional skills such as; communication, soft social skills & hard technical skills.

#### 4.2 Limitation of Co-Op Studies

Co-op studies offer valuable work experience, but as they say coin has two sides, it also has certain limitations. As a Co-Op student, I was mostly assigned entry-level or supportive responsibilities, which I believe restrict my exposure to high-level advance and executive jobs. The scope of work was narrowly focused, hindering a thorough exploration of specific areas within the field.

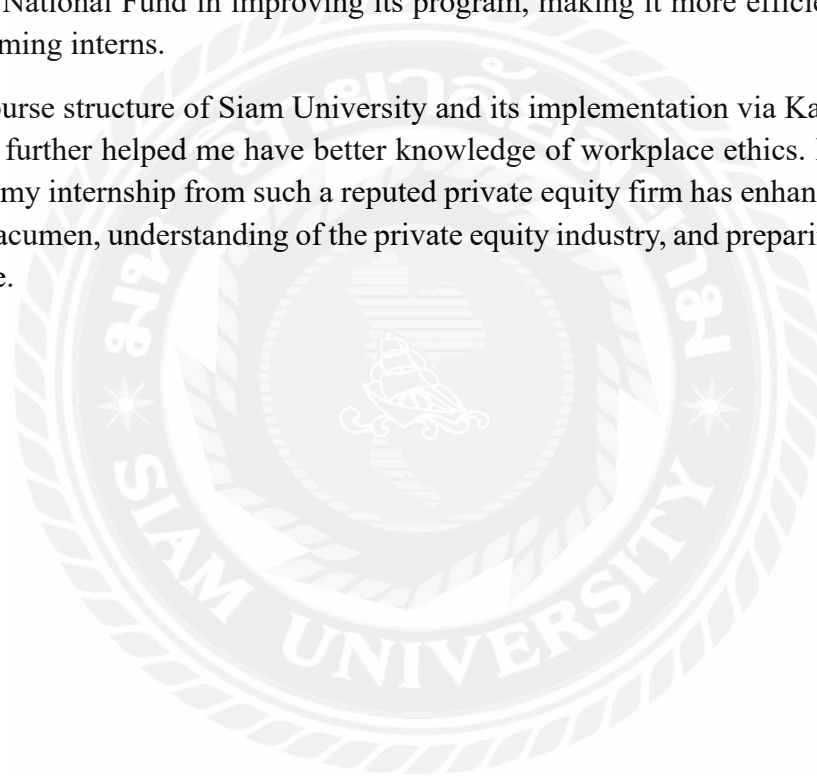
Additional limitations included Limited Experience Duration and reliance on Supervisor Support. In my view, this 4 months Co-Op placement was quite short. It did not allocate sufficient time to thoroughly grasp the intricacies of long-term projects or to observe the complete lifecycle of investments in areas such as private equity. In my view, the necessity of a supervisor or mentorship for Co-Op studies detracts from a truly enriching learning experience.

#### 4.3 Recommendation

The overall experience of this Co-Op studies was satisfactory & fulfilling. In my opinion, National Fund can do following things to further improve the internship experience:

- a. It would be beneficial for the National Fund to create a structured onboarding program that familiarizes interns with essential concepts, including the firm's investment strategies and best practices in investment.
- b. I believe the company ought to show some level of transparency with interns about resources and the database. This access to databases enables interns to conduct more thorough and in-depth analysis, improving their performance.
- c. I believe Interns can enhance their learning by scheduling weekly or fortnightly sessions where other investment members share insights on news, industry's trends, recent deals or effective investment strategies with them.
- d. I believe it would be advantageous if end-of-term assessments are implemented where interns can share their experiences and provide feedbacks to the internship program. It will help the National Fund in improving its program, making it more efficient and appealing for upcoming interns.

The overall course structure of Siam University and its implementation via Kathmandu College of Management further helped me have better knowledge of workplace ethics. I strongly believe that completing my internship from such a reputed private equity firm has enhanced my analytical skills, financial acumen, understanding of the private equity industry, and preparing me for a future career in finance.



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## Appendices



*Figure 9: Pictures of National Fund Office*



*Figure 10: National Fund Office at Dhungana Complex, Kupondole, Lalitpur, Nepal*