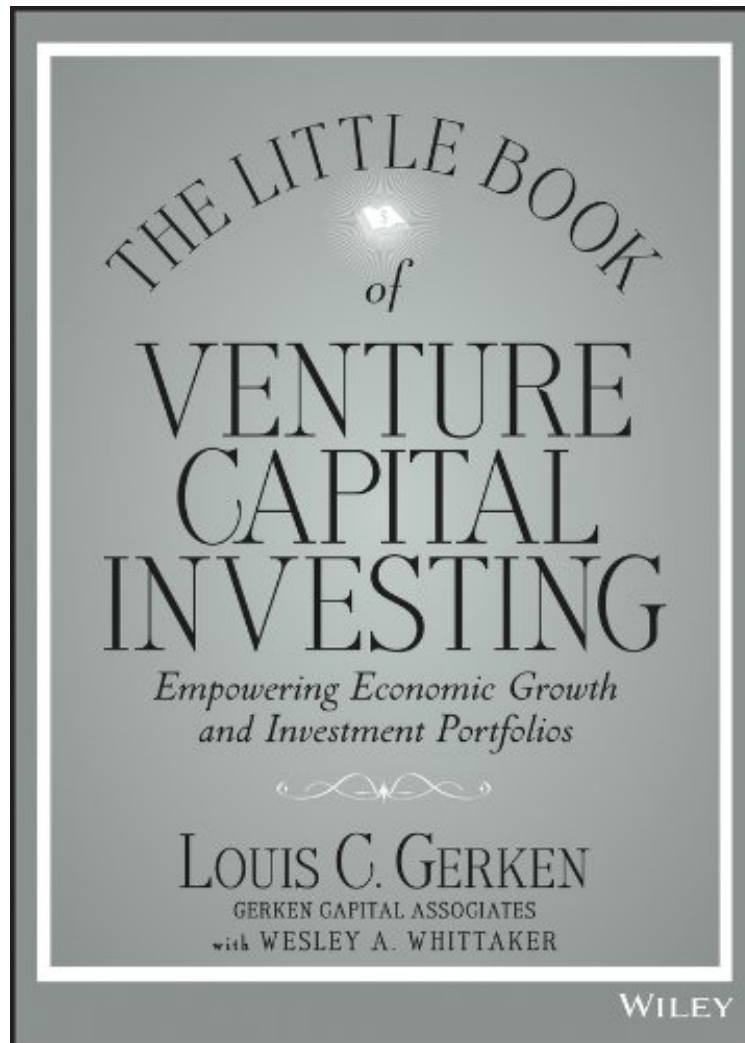


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The Little Book of Venture Capital Investing: Empowering Economic Growth and Investment Portfolios (Little Books. Big Profits)

Louis C. Gerken

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Louis C. Gerken : The Little Book of Venture Capital Investing: Empowering Economic Growth and Investment Portfolios (Little Books. Big Profits) before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Little Book of Venture Capital Investing: Empowering Economic Growth and Investment Portfolios (Little Books. Big Profits):

1 of 1 people found the following review helpful. very useful for selecting the best Fund managersBy Gianfilippo CuneoThe book is a comprehensive review of the venture capital industry and provides insights for investors on how

to participate in it; it also offers interesting advice for fund managers in raising capital and improving the investment process. Lou Gerken is at ease in explaining success stories and failures, and shows how to learn from both. However, one area where the book doesn't go deep enough is whether investing in venture capital funds is today worth the associated risks: the only statistical evidence offered is a single page summary of returns prepared by Cambridge Associates but those statistics are biased because they do not include the negative returns of the funds that failed and also are deeply affected by the selection of the reference periods and of the benchmarks. If it was possible to access the internal statistics of some of the largest investors, such as CALPERS (more than euro; 60 billion invested in hundreds of private equity and venture capital funds in a period of 20 years), one could have a truer view of the trend in average returns to investors because they are based on hundreds of investments of different vintages; those statistics normally show that in recent years (i.e. after 2004) the returns have decreased to the point that, considering the risk involved in venture capital and private equity, it may no longer be wise to invest in that sector. The venture capital and private equity professionals, both on the side of the limited partners and of the general partners, obviously do not share that view, which would mean the end of their jobs; they claim that recent results are affected by the J curve (i.e. in the initial life of the fund there are many costs and no exits, and the investments made are valued at the initial book value, thus underestimating - hopefully - the value creation underway) and, most importantly, they claim that all the funds that have been affected by the 2009/10 crisis (i.e. almost everyone) should not be counted in the statistics because of the unprecedented and non recurring situation of the crisis. The common belief is that sooner or later the average returns will match the comfortable double-digit levels of 10 years ago; that is a real leap of faith and the book doesn't explain why it should be so. It is quite possible that today's external conditions are substantially different than yesterday's; in the end, making money in an industry (adjusted for risk) depends on the demand/supply in that industry, i.e. whether there is an oversupply of capital chasing a limited supply of deals, and the size/duration of the unbalance. Up to 2008 there was an irrational exuberance that allowed many venture capital funds to be quite successful and the big question is if that condition is present today or will continue in the future. Gerken however offers an interesting insight on how to select the fund managers that have the highest probability of making money even if the industry itself doesn't offer the expectation of returns higher than the cost of capital. That part is the most valuable and original contribution of Gerken, and it quite credible because it is based on his successful professional experience.

2 of 2 people found the following review helpful. Required ready!

By MKFI devoured the book in a weekend, and loved the way it gives a complete and very clear picture of the business. This book is not only a must-read for those aspiring to a career in venture capital, but also for entrepreneurs seeking to raise venture capital. Entrepreneurs (myself included) ordinarily do not appreciate the challenges unique to VCs, namely the struggle involved in raising a fund, appraising opportunities across a wide-range of technologies, and overseeing portfolio companies. "Venture Capital Investing" book does an excellent job in terms of helping entrepreneurs understand those challenges. Again, I think it is an invaluable resource for those in the start-up community, regardless of which side of the table you sit on!

0 of 0 people found the following review helpful. Worth 10X the cost for a Value Investor

By Neal Klugei buy and read every book connected to Value Investing (Buffett: "What other type of investing is there?"). This book added to my knowledge and will return its cost many many times over just from Chapter One - A historic overview of Venture Capitalism-. I sincerely thank for suggesting this book, like ,any others; please keep them coming.....

A little book full of enormous value for novices and seasoned venture capitalists alike

After having been thrown for a loop by the bursting of the tech bubble more than a decade ago, the venture capital industry suddenly has come roaring back to life over the past two years. In 2011 alone, more than \$7.5 billion in venture capital was invested - representing more than a 19% increase over the previous year - in more than 966 companies. A majority of these companies reside in the life sciences, Internet, and alternative energy sectors. In today's weak job market, VC is more important than ever, since financing new tech, alternative energy, media, and other small to mid-sized companies is vital to creating new jobs. Written by Lou Gerken, a noted international authority on venture capital and alternative investments, this book tells you everything you need to know about the venture capital industry's important role in enhancing economic growth and employment. It is also the perfect go to primer on making venture capital investments to enhance portfolio returns.

Highly accessible explanations of the ins and outs of venture capital for would-be investors and experienced VCs

Highlights the historical VC track record, and offers expert advice and guidance on venture capital exposure, investment options, sourcing opportunities and due diligence

Provides proven strategies for successful investment selection, timing, monitoring, and exiting for optimum returns

Features endorsements from luminaries of the VC world, including Kleiner Perkins Caufield Byers co-founder Frank Caulfield, and Dr. Art Laffer, among others

Like most books in The Little Book series, The Little Book of Venture Capital Investing: Empowering Economic Growth and Investment Portfolios packs extensive information and stories, with lucid exposition, into a modest number of pages. Louis C. Gerken, founder of alternative asset manager Gerken Capital

Associates, recounts the venture capital (VC) industry's evolution and describes its internal processes, from initial screening to due diligence to the signing of agreements. The book focuses exclusively on the US venture capital industry, and it includes a glossary for quick and easy reference.

—CFA Institute Book From the Inside Flap

After having been thrown for a loop by the bursting of the tech bubble more than a decade ago, the venture capital industry suddenly has come roaring back to life over the past two years. In 2011 alone, over \$7.5 billion in venture capital was invested in more than 966 companies, representing more than a 19% increase over the previous year. A majority of those companies are in the life sciences, Internet, and alternative energy sectors. While this is certainly good news for those industry sectors, the implications of this new wave of venture capital extends far out into the general economy. In today's weak job market, VC is more important than ever, since financing new tech, alternative energy, media, and other small to mid-sized companies is vital to creating new jobs. This book offers you a golden opportunity to benefit from the experience of one of today's most internationally respected authorities on VC investing and alternative investments. Drawing upon his considerable experience as well as that of other notable investors from around the world, author Lou Gerken fills you in on everything you need to know to take advantage of the new wave of VC investing. Writing for novice investors and experienced venture capitalists alike, Mr. Gerken explores the venture capital industry's central role in enhancing economic growth and employment, highlighting its historical track record. Then, in plain English, he:

- Clearly explains the ins and outs of venture capital in today's more risk-averse, highly regulated climate
- Offers expert advice and guidance on venture capital exposure and investment options
- Describes proven investment selection, timing, monitoring, and exiting strategies for achieving optimum returns
- Shows you how to spot the most promising investments in both new and emerging industries and economies as well as long-established ones
- Explains how to make venture capital investing an integral part of your overall portfolio management strategy
- Offers proven techniques for using VC investing to significantly enhance portfolio returns while reducing investment risk in bull, bear, and sideways markets
- Supplies real-world examples and case studies of successful (and a few not-so-successful) VC investment strategies across a range of industry sectors

Written by one of today's most listened-to experts on direct investment opportunities globally, this book is your guide to confidently surfing the new wave of VC investing for market-beating returns, year in and year out.

From the Back Cover

Praise for *The Little Book of Venture Capital Investing*

- "From my point of view, VC is the ultimate in supply-side, and this Little Book captures this in a way not done before." —Arthur B. Laffer, Laffer Associates
- "The only VC-related book I'm aware of providing a lively and contemporary go-to synopsis on the state of the VC industry, the ins-and-outs on how to invest in the space, and a forward look of what's needed to reignite the VC growth engine." —Frank J. Caufield, Partner Emeritus, KPCB
- "From an educator's perspective, the book offers great insight into VC's importance as a U.S. jobs and income creator." —The Honorable William Bennett, Former Secretary of Education