



LIBOR

Little Investment Bankers of Rutgers

LIBOR Workshop #1: Intro to Wall Street Careers

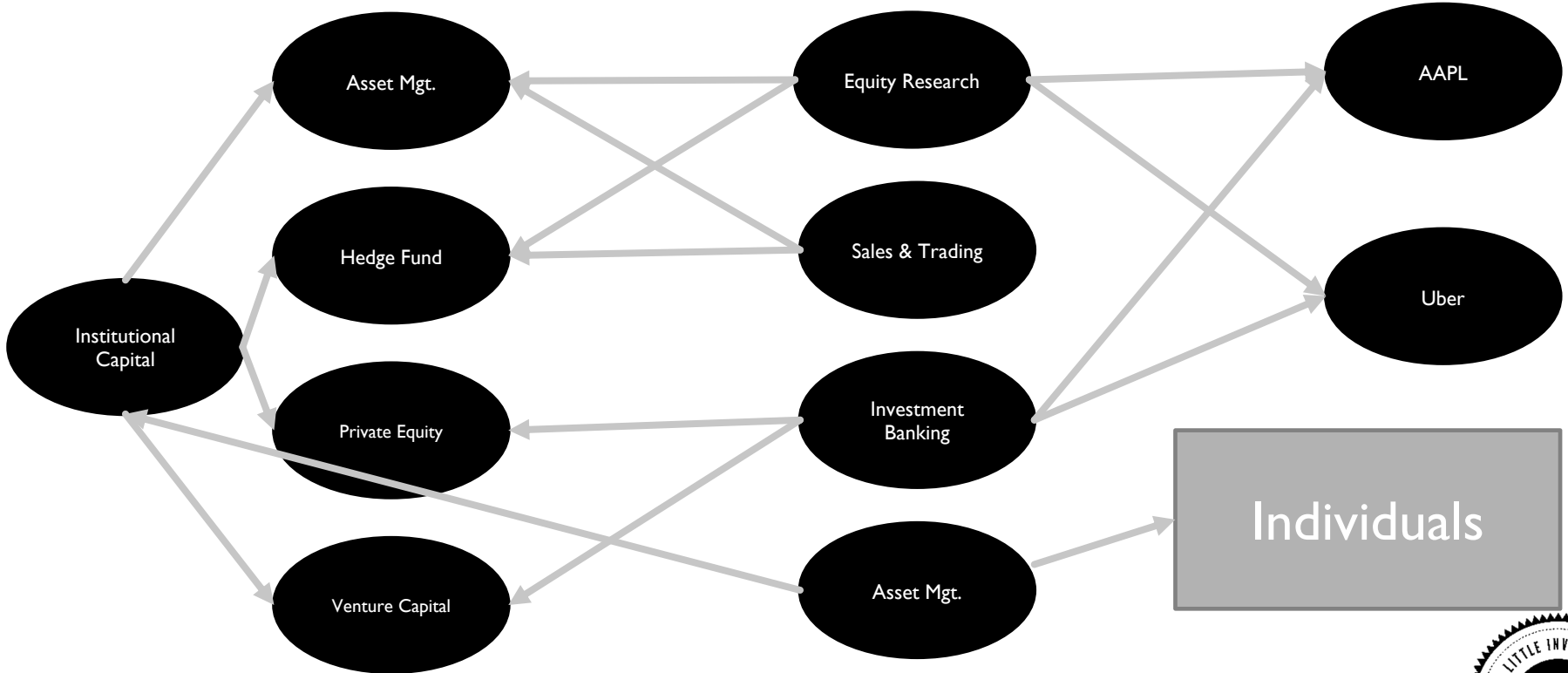
8:30 PM, September 21st, 2023

Finance Ecosystem

Buy-Side

Sell-Side

Corporations

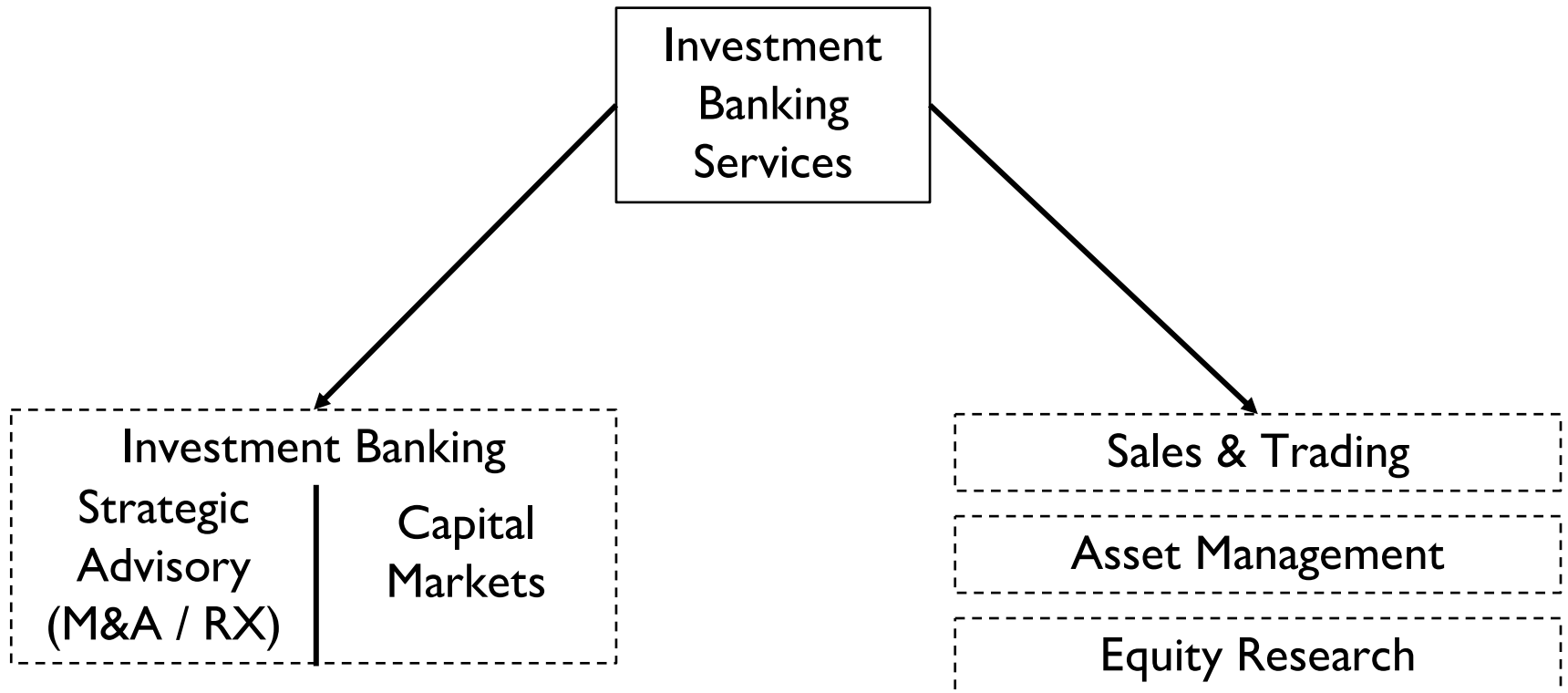




Sell-Side

What is the Sell-Side?

Investment Banks are sell-side firms that sell financial services



Types of Investment Banks

Bulge Bracket

Largest, international investment banks with lending capabilities

Morgan Stanley



CREDIT SUISSE

J.P.Morgan

Bank of America
Merrill Lynch

Deutsche Bank

Middle Market

Focus on businesses with under \$1 billion in revenue



Jefferies

Harris Williams

William Blair



Elite Boutique

Small firms, focusing on M&A advisory & restructuring

EVERCORE

P/W/P
PERELLA WEINBERG
PARTNERS

MOELIS & COMPANY

CENTERVIEW PARTNERS



Investment Banking

Investment Banking = M&A Advisory & Financing

Industry Coverage Groups



Financial Institutions



Technology Media &
Telecom



Healthcare



Consumer & Retail



Industrials



Energy

Product Groups

- M&A
- Leveraged Finance
- Equity Capital Markets
- Debt Capital Markets
- Restructuring



Investment Banking Scenarios

Rutgers Blue Shoes is a consumer products company

RBS wants to buy TCNJ Sneakers to expand into the children's shoes market

RBS wants to issue a \$10 billion bond to fund their set-up of 20 new stores

The owners of RBS wish to sell ownership to Princeton Partners, a PE firm investing in shoe companies

Consumer group + M&A group would advise RBS

Consumer group + Debt Capital Markets group

Consumer group + Leveraged Finance group

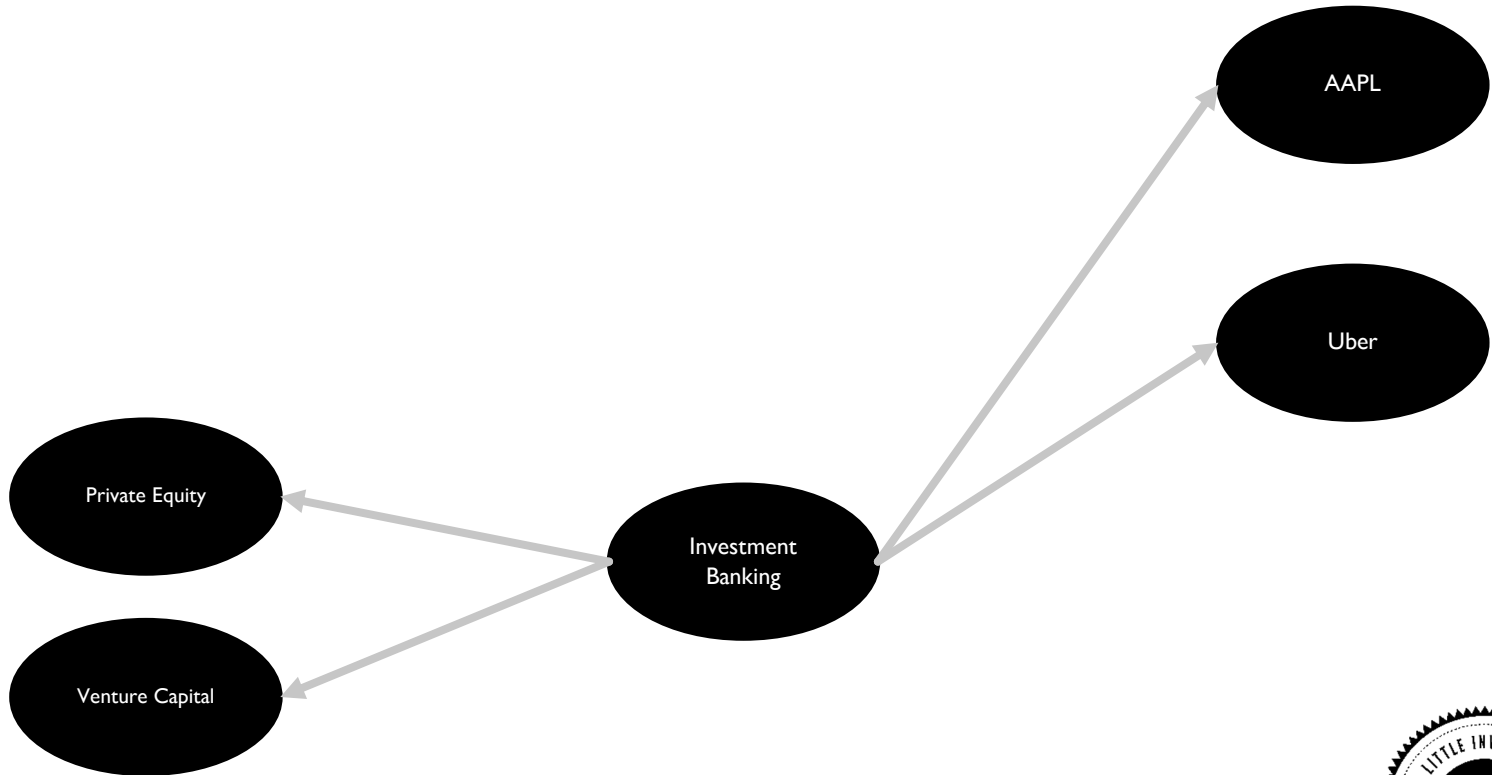


Finance Ecosystem

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Sales and Trading

Sales & Trading = Pitching Trades + Managing Risk + Making Markets

Sales

- Manage relationships
- Monitor markets and generate trade ideas
- Generate new client relationships
- Middleman between trader and client

Trading

- Manage risk
- Make markets: match buyers and sellers and execute trades for clients
- Manage risk & capital by hedging against client exposure
- First line to see how buy-side reacts to market events



Sales and Trading Desks

Salespeople and Traders Focus on Asset Classes

- Equities
- Fixed Income
 - US Interest Rates
 - Foreign Exchange (FX)
 - Emerging Market rates and credit (EM)
 - Mortgage-Backed Securities
- Credit
 - Investment Grade Debt
 - High Yield & Leveraged Loans
 - Distressed Debt
- Commodities (Gold, Oil, etc.)



Sales & Trading Scenarios

Rutgers Blue Shoes is now a public company

BlackRock wants to take a \$100MM position in RBS

Fed is hinting at a 75-bps rate hike in June, but the market has not yet priced in the hike

War has broken out between Russia & Ukraine!

BlackRock trader contacts equities sales team and equities trader quotes bid/offer

Interest Rates sales team will propose trades to client traders

Commodities team will assess risk + help RBS investors enter and exit positions



Finance Ecosystem

Buy-Side

Sell-Side

Corporations

Asset Mgt.

Hedge Fund

Sales & Trading



Equity Research

Write published analyses on public equities

Researching

- Being aware of what companies & industry are doing
- Generate research ideas
- Deep dives on industry, company, and/or competitors

Writing

- Initiation reports
- Buy/Sell/Hold reports
- Industry Primers
- Build & maintain financial models
- Develop views on companies

Expertise

- Develop deep expertise in a select sub-sector
- Sell research/expertise to buy side firms
- Offer corporate access



Equity Research Coverage Groups

Analysts will continuously cover a select group of companies



Healthcare

- Specialty Pharma
- Biotechnology
- Life Sciences & Diagnostic Tools
- Healthcare Facilities & Managed Care
- Health Care Technology



Technology Media & Telecom

- Cable & Satellite Services
- Media
- Semiconductors
- IT Hardware
- Software
- [Region] Internet
- Payments, Processors and IT services



Consumer & Retail

- Restaurants
- Food
- Autos
- Alcoholic Beverages & Soft Drinks
- Household & Personal Care Products
- Gaming & Lodging Leisure



Strategy

- Washington Research
- Environmental Social, and Governance (ESG)
- Equity Linked Strategies
- Global strategy

Note: Not a complete list



Equity Research Scenarios

Event Timeline

Rutgers Blue
Shoes is now
a public
company

Rutgers Blue
Shoes
publishes first
earnings

Rutgers Blue
Shoes
continues to
publish

Rutgers Blue
Shoes
explores
M&A deals

LIBOR
Securities'
Consumer
ER team
helps with
vetting
process

ER teams
lead CEO/
CFO Q&A;
update
models,
publish
reports

ER analyzes
reports, as
well as the
effects of
macro
events on
RBS

ER provides
reports and
advice used
by I-bankers
and asset
managers in
process

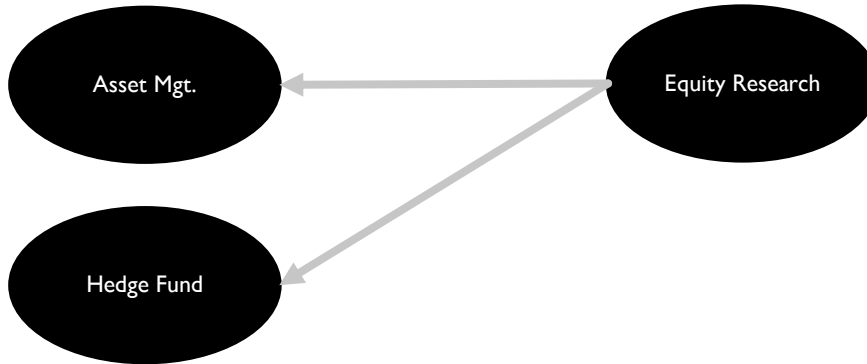


Finance Ecosystem

Buy-Side

Sell-Side

Corporations



Asset Management

Asset Management = management of portfolios for individual or institutional investors

Asset Coverage Groups

- U.S. Equity
- Emerging Markets
- International & Global Equity
- Fixed Income
- Real Estate
- Multi-Asset

Product Groups

- Exchange-Traded Funds
- Mutual Funds
- Private Equity
- Private Credit
- Sustainable Investing
- Alternative Lending



Asset Management Scenarios

Riley Brooke Sullivan is a high net-worth individual
RUNP is a non-profit organization

RBS wants to invest
her money into
international stocks

Rutgers Non-Profit
wants to invest in real
assets like commercial
areas

Rutgers Non-Profit
wants to invest in a
growing market with
sustainable practice

International Equity +
ETF would advise on
where to invest

Real Estate Investing +
Private Equity would
advise RU NP

Emerging Markets +
Sustainable Investing
would advise RU NP



Why is asset management put with sell-side?

Investment Bank

Front Office

IB

ER

S&T

AM

Middle/Back Office

Risk

Treasury

Tech/IT

Ops

HR

Legal

Yes, these managers are overseeing client portfolio and "buying" for them. So why group it with IB, S&T, ER?

1. AM jobs out of college are often **divisions of sell-side banks** and recruit in similar timelines/ways
2. AM is **incredibly client-facing** like IB, S&T, ER – PE/HF is not
3. Not only is it way more accessible as a new grad, **but most who go into conventional AM stay in AM.** The buy-side jobs outlined later tend to require a different first job and differ in pay, work, and lifestyle.



Hierarchy & Compensation

- ❑ **Summer Analyst:** \$100-120k (prorated, ~\$23k/10w)
- ❑ **Analysts:** \$100-120k base, bonus 60-110% of base.
- ❑ **Associates:** \$150-180k base, bonus 100-150% of base.
- ❑ **Vice Presidents & Directors:** \$200-300k base, bonus 120-150% of base.
- ❑ **Managing Directors:** \$400-600k base, bonus highly variable.
- ❑ **Group Heads / Heads of IB:** Variable, in the millions

Compensation steps up with each year, i.e. a second year analyst will have a higher base + bonus than a first year.



Sell-Side Recruiting Timeline

Sophomore Fall

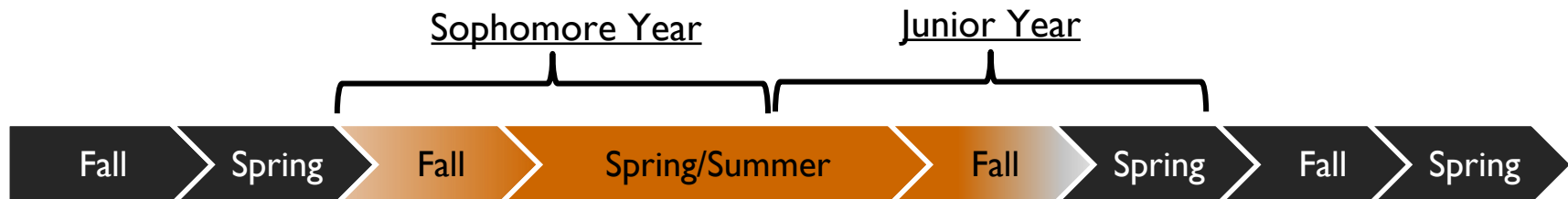
- Preparation with mock interviews, technical guides, resume review
- Networking heavily to achieve referrals

Spring Semester/Summer

- Re-connecting with old contacts and continuing to network
- Submit applications
- Go through interviews

Fall Semester

- Late stage, last inning interviews
- Begin taking relevant finance electives and courses, if not already

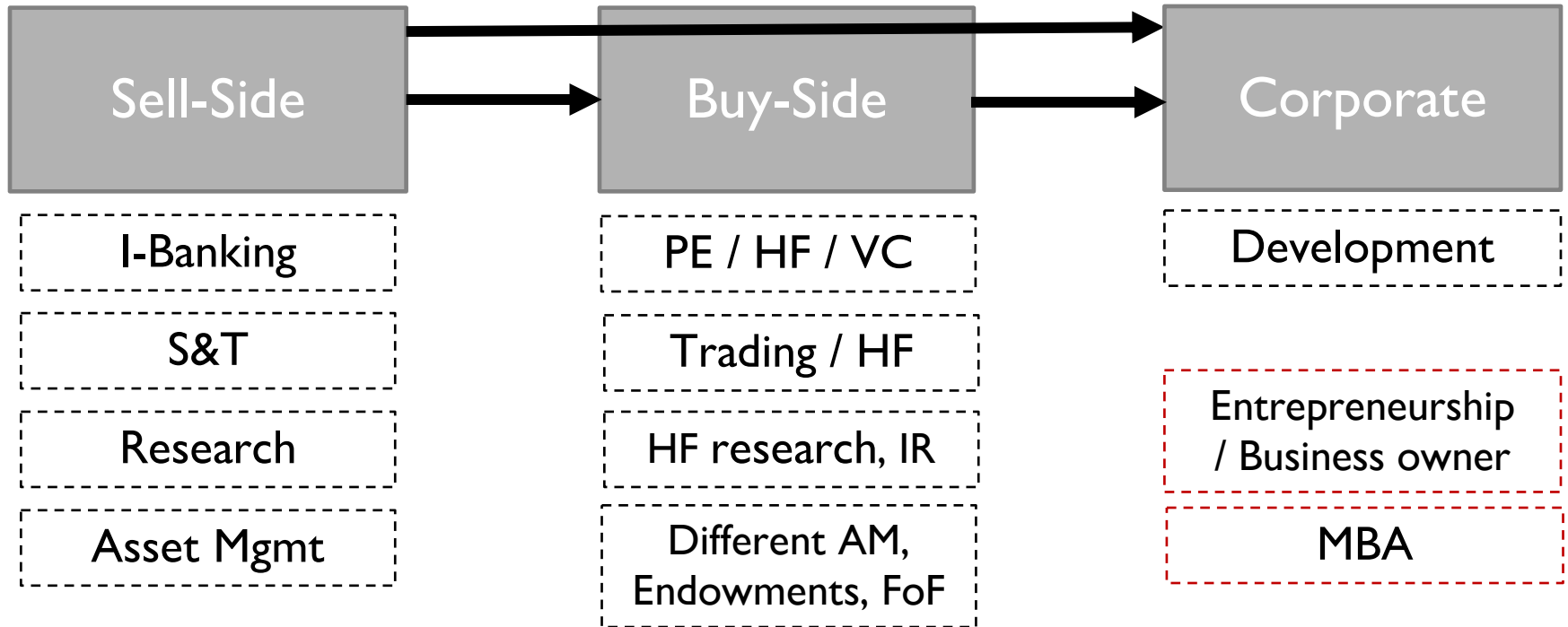


Freshmen: Focus on learning, getting involved, first internship

Juniors/Seniors: Most roles found via connections – heavily network & interview prep (let e-board know you're recruiting!)



Traditional Career Progression



But why?

Most sell-side roles provide an analyst program, a 2–3-year period with a relative low experience requirement but HUGE learning curve





Buy Side

Types of Buy Side Firms

Institutional Capital

Private Equity

Hedge Funds

Venture Capital

Other Asset Managers



Institutional Capital

Institutional capital invests on behalf of others

Pension Funds
Endowments
Mutual Fund
Insurance Companies

Asset Mgt.

Hedge Fund

Private Equity

Venture Capital

RUTGERS University Finance and Administration



Private Equity

Firms buy companies using debt/equity mix, improve them, and resell

Mega Funds



CARLYLE

KKR

Advent International
GLOBAL PRIVATE EQUITY



WARBURG PINCUS

Upper Middle Market

Berkshire



Partners AMERICAN SECURITIES

LGP | LEONARD GREEN
& PARTNERS

Middle Market

HP HARVEST
PARTNERS

L CATTERTON

NAUTIC
and 100+ more!

Target Businesses

- Financially stable
- Fragmented industry
- Low debt level
- Strong management
- Room for add-on M&A

Firms vary by
investment style,
industry sectors, team
size, and location



Different Investment Areas

Growth Equity

- Established with product/market fit, recurring customers
- Room to be upscaled, operationally improved
- Little to no debt in deals
- Minority investments, can be by multiple firms

Leveraged Buyout

- Use of high debt and “financial engineering”
- Mature company taken private for 5-10 years
- Pay debt with company cash flow for max return
- Firm is sole shareholder
- “PE” usually means this

Distressed

- Company taken over during bankruptcy or near-bankruptcy
- Reorganize capital structure and conduct business turnaround
- Also called or connected to “Special Situations”

ESG / Impact

- “Social good” alongside commercial value
- Focuses include education, climate, workforce, public health
- Exist on their own and as subset of megafunds

Secondaries

- Doesn't buy companies, but rather investors' stakes or ownerships in a regular PE fund
- Called “secondaries” as it becomes the “second owner” of the stake

Fund of Funds

- Allocative of pooled capital into PE funds
- Runs diligence on funds and their managers
- Not to be confused with primary PE



Private Credit

PC funds lend for LBO financings, refinancings, and recapitalizations

Mega Funds

Blackstone



APOLLO



OAKTREE

HPS



BainCapital
CREDIT

Middle Market



MONROE
CAPITAL



Deerpath
Capital



TWIN BROOK
An Angelo Gordon Company



Adams
Street

Target Businesses

- Strong Cash Flows
- Industry Fundamentals
- Downside Protected

Capital Structure

Senior Debt

Subordinated Debt

Hybrid Financing

Preferred Equity

Common Equity



Hedge Funds

Goal is to generate returns above the market, with ideally less volatility



ELLIOTT®



TIGERGLOBAL



Strategies:

- Multi-strategy
- Equity
- Credit
- Global Macro
- Quant
- Geography/Sector focus
- Activist



Venture Capital

Make equity investments in early-stage companies to generate outsized returns



Funding Innovation

- Participate in multiple funding rounds
- High-growth industries: Tech, Healthcare, Software/SaaS
- Companies often just have idea or product, not profitable or even established
- "Unicorn" belief – many investments and hoping 1-2 are giant hits



Other Buy-Side Firms

- Real Estate (REPE and RE Credit)
- Family offices
- Commodities and other tangible assets
- Infrastructure funds



Do I even need sell-side then?

Yes....but, also no

Institutional Capital / Asset Mgmt at Banks

- Hire out of undergrad often
- Can work up the ladder and gain promotions
- Also possible to “lateral” from different firm or role, but most potential is to stay within industry and go up, not out

PE / HF / VC / Credit

- A few megafund analyst programs exist, but are beyond competitive
- Some LMM or MM firms hire FT or even interns
 - IB experience often required
 - Program quality ranges
- Recruiting from IB offers more optionality, longer training, and most feasible exit route for major funds



What career is for me?

Investment Banking
(M&A / RX)

Detail-orientated, enjoys technical and longer projects, self-motivated, interested in PE

Investment Banking
(Capital Markets)

Want better hours, closer to the markets, more sales work at analyst level but still IB

Sales & Trading

Fast on feet, great communicator, good mental math skills, more quick turnaround sales

Equity Research

Strong writing and research skills, enjoys regular routine, often more introverted

Asset Management

Enjoys long-term client work and goals, reading on market trends, big picture ideas



What career is for me?

Private Equity

Similar to IB traits, but years-long projects, more responsibility, operational aspects

Private Credit

Similar to IB traits. Likes debt focus w/o company ownership, "PE Lite," shorter timelines

Hedge Fund

Very performance-driven, super competitive, big risk-taker and enjoys investing as an art/science

Venture Capital

Idea-orientated, qualitative, strong speaker, enjoys start-ups and less numerical work

Institutional/Endowments

Working for a singular cause/area or serving client needs, enjoys markets, better hours



Workshop # 2: Resumes



- 9/26 (Tuesday)
- 8:30 pm
- BRR 2071

Attendees' resumes to be collected after online for review!



Check in please, takes 10 seconds!



Feedback Form (optional)



Questions?





Appendix

Investment Banking Overview

<u>Role</u>	<u>Description</u>	
Functions	<ul style="list-style-type: none"> ● Capital Raising: Helping companies raise capital/financing through either: <ul style="list-style-type: none"> ○ Equity: IPOs, Secondary Issues ○ Debt: Bond Issuances, Syndicated Loan Financing (Term, Bridge, Revolver, etc.), ● Strategic Advisory: Helping companies execute financial initiatives such as: <ul style="list-style-type: none"> ○ M&A: Sale of the company, Acquisition of another company, Divestiture, Joint Venture ○ Restructuring: Guide companies through bankruptcy or periods of financial distress / inability to pay their debt on time. Helps reorganize capital structure (stock/bond mixture) 	
Groups	<u>Industry Coverage:</u> <ul style="list-style-type: none"> • Technology • Industrials • Consumer Retail • FIG / Fintech • Media & Telecom • Financial Sponsors • Healthcare 	<u>Product</u> <ul style="list-style-type: none"> • M&A • Leveraged Finance • Restructurings <u>Capital Markets</u> <ul style="list-style-type: none"> • Sometimes considered separate from Coverage/Product • Raises capital (stocks and bond issues) for companies
Bulge Bracket	<ul style="list-style-type: none"> • Mixture of capital raising and M&A / Coverage advisory functions; their large balance sheets allow to lend to companies and they often have departments/roles outside of just IB as well • Examples: Goldman Sachs, Morgan Stanley, JP Morgan, BAML, Barclays, Citi, UBS, Deutsche Bank 	
Independent Advisory / Boutique firms	<ul style="list-style-type: none"> • Advisory-only, smaller headcount firms focused on M&A and Restructuring – possibly with some smaller capital markets, research, or shareholder advisory capabilities • Examples: Evercore, Lazard, Moelis, Centerview, Perella Weinberg, PJT, Qatalyst Partners 	
Middle Market Firms	<ul style="list-style-type: none"> • Operate similarly to the above banks, but focus on smaller size deals • Examples with capital markets/balance sheets: Jefferies, RBC Capital Markets, Wells Fargo • Examples with boutique business model: Houlihan Lokey, Rothschild, William Blair 	



Sales & Trading Overview

<u>Role</u>	<u>Description</u>
Sales	<ul style="list-style-type: none">• The salespeople at an investment firm communicate information about <u>securities</u> to investors, pitching ideas to clients• Potential clients are usually large, institutional investors, while in a stock brokerage or hedge fund, the investors may be primarily individual retail investors• Sales personnel monitor investment news such as quarterly earnings reports or merger/acquisition information to alert them to specific investment opportunities that they can pitch to potential investors.
Trading	<ul style="list-style-type: none">• Traders are responsible for managing both risk and capital, and for security analysis.• In most large trading firms, because of the large volume of securities they typically trade at one time, traders often engage in sales and trading with their counterparts in other investment firms or commercial banks
Desks	<ul style="list-style-type: none">• Equity• Mortgages• Investment Grade• High Yield & Leveraged Loans• Distressed• Commodities (Gold, Oil, etc)
Algo-Trading	<ul style="list-style-type: none">• Involves developing computer programs designed to automatically initiate trades based on technical analysis factors such as trading volume or price action• Algorithmic traders specialize in identifying what variables can best be used to create a computerized trading program



Research Roles

<u>Role</u>	<u>Description</u>
Type of Work	<ul style="list-style-type: none">● Create DCF models and produce sell-side reports and issue a recommendation (buy, hold, or sell) on stocks● Clients include: Asset managers, Portfolio managers, Hedge fund managers
Function in Bank	<ul style="list-style-type: none">● Play a very critical role that fills the information gap between the buyers and sellers of shares.● Reason is that at all levels (individual or institutional) may not have the resources or the capabilities to analyze every stocks● Analysts constantly communicate with the management teams of their companies under coverage and maintain comprehensive financial models about these companies. They quickly digest and respond to new information that hits the tape



Investment Roles

Public Investing – Description

Type of Work	<p>Can be for a <u>large institutional asset or wealth manager</u> (whether separate or within a large bank) – buying stocks and bonds, managing clients’ portfolio through individual securities as well as index funds</p> <p>Or can be a <u>hedge fund</u> – more competitive/fast-paced job with aim of “beating the market returns” through techniques such as arbitrage, technical analysis, and strategy</p>
Responsibilities	<ul style="list-style-type: none"> • Portfolio analysis and security selection/allocation • Review and due diligence of investment managers and vehicles • Building client relationships and assessing their risk/return profiles, financial planning • Participating in investment committee reviews and building investment thesis

Role

Private Investing – Description

Type of Work	<p>Private Equity, Private Credit, Real Estate – PE buys and holds companies with aim of selling for a greater value, PC lends directly to companies as non-bank lenders</p>
Responsibilities	<ul style="list-style-type: none"> • Sourcing possible investments and due diligence of company, management, financials • Financial modeling, review of investment memos and NDAs • Deal execution and structuring of transaction costs & agreements • Portfolio management and execution of company operations where applicable

