

WELCOME TO THE FINANCE CLUB

September 12, 2004

Financial Services Landscape

EVC Club

- Venture Capital
- Private Equity
- Turnaround Mgmt.

Finance Club

- Corporate Finance
- Investment Banking
- Capital Markets – Syndicate
- Research
- Sales & Trading
- Asset Management
- Private Wealth Mgmt.

Investment Assoc.

- Asset Management
- Equity Research
- Inst. Sales & Trading
- Private Wealth Mgmt.
- Personal Investing

Investment Banks

- Raise debt and equity capital for clients
 - Maintain active securities markets enabling cost effective distribution
- Financial advisory services
 - Mergers & acquisitions
 - Divestitures
 - Restructuring
- Merchant banking (private equity investment)
- Syndicate: selling securities to “the street”

Investment Bankers

- Perform industry analysis
- Create quantitative models to determine return on investment for all stakeholders
- Perform sensitivity analyses based on different scenarios
- Offer the client multiple financing options
- Leverage the Capital Markets to execute these proposals

Just the Facts

	Investment Banking
Firms	Top investment banks
Where	Primarily New York, also Chicago, L.A., San Francisco, London & Hong Kong
Hours	9am to whenever: expect 80+ hr. weeks
Key Firms	Citigroup, CSFB, Deutsche Bank, Goldman Sachs, JPMorgan, Lehman Brothers, National City, Piper Jaffrey, UBS
Pros	Challenging, fast-paced, top company interaction, strong compensation
Cons	Very demanding, less work-life balance, can be stressful

Research

- Sell-side Research
- Buy-side Research

Research Analyst

- Also known as a Sell-Side analyst
- Generates investment ideas for investors
- Conducts fundamental analysis of companies within an industry
- Identifies factors and trends that drive a company's or industry's future growth and comments on valuation of securities
- Examples: CSFB, Morgan Stanley Deutsche Bank

Asset Management

- Known as the Buy-Side
- Manage a portfolio of securities for other investors
- Buy-Side includes
 - Mutual funds, Pension funds, Insurance companies, Hedge funds
- Examples: Fidelity, Janus, Oppenheimer

Just the Facts

	Sell-side	Buy-side
Firms	Typically I-Banks	Fidelity, Janus
Where	Primarily New York	Everywhere
Hours	7am to 7 pm, plus weekends	7am to 5:30pm, no weekends
Pros	Pay, entrepreneurial, access to top executives	Pay, excitement, work/life balance, clear reward system
Cons	Long hours, hard to differentiate research	Difficult to find jobs, tough market cycles

Sales & Trading

- Represents the public or secondary market where investors can trade securities
- Traders “make markets” in securities, providing liquidity to the market
- Salespeople builds relationships with the buy-side to draw trading business to its bank
- Trading and sales desks must work together to be successful; many internship programs include rotations in both

Just the Facts

	Sales	Trading
Firms	Top investment banks	
Where	Primarily New York	
Hours	7am to 5:30pm + some evenings	7am to 5:30pm, no weekends
Pros	Pay, expense account lifestyle, entrepreneurial	Pay, excitement, camraderie, hours, clear reward system
Cons	Intensity/stress, insecurity, cyclical	Intensity/stress, insecurity, narrow focus

Sales

- Manages the relationship with top clients
- Markets the firm's new issues with analysts
- Communicates what the traders on the desk would like to buy and sell
- Ideally, provides clients trade ideas, market “color”, and smooth execution
- Ideally, provides traders with market feedback

Traders

- Market makers for variety of securities
- Provides liquidity to the firm's top clients
- Communicates to the sales force what he/she wants to buy/sell and at what price
- Attempts to match orders to generate riskless income
- Risks capital on a selective basis for directional bets

Private Wealth Management

- Develop and manage relationships with wealthy investors
- Markets the investment services of the firm
- Advises clients on investment opportunities
- Analyze client portfolios

CONFUSED?

- Finance is a wide field offering many different and exciting opportunities
- Learn more about the functional areas
- Pursue your interests
- Ask questions
- Second-years are your best resources

Corporate Finance

- CFO and management team
 - Forecast revenues/expenses - budgeting
 - Invest in projects to maximize shareholder value
- Treasury
 - Cash management, Invest excess cash
- Controller
 - Internal auditing
- Risk Management
- Strategy and Corporate Planning

Just the Facts

	Corporate Finance
Firms	Major corporations across industry
Where	North East, Mid-west, West Coast
Hours	8:00 am to 5:30 pm
Pros	Lifestyle, work-life balance, C-level exposure, overall view of organization, CFO/CEO track
Cons	Can get monotonous , potentially heavy on accounting, steady pace