Economics Career Development Office: Careers in Finance

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What does the Econ Career Development Office do?

Career & Job Search Advice:
• What can you do with an econ major?
• How do I write a resume and cover letter?
• Help me get a job/internship!

Programming:
• Career exploration and resume boosting
• Hands-on learning experience to help you connect what you learn in the classroom

Career advising for any econ-interested undergrad!
Schedule in Starfish at go.wisc.edu/287ni5
(or search for Economics Career in Starfish)
Agenda

1. Investment Banking
2. Sales & Trading
3. Asset Management
4. Wealth Management
5. Corporate Finance
6. Recruitment
7. Resources
8. Questions
Investment Banking

*Overview*

**The Job**

- They service an array of clients, advising on mergers and acquisitions, capital raises, and strategic financial transactions. Make money off of fees.

- Your job is to help the clients efficiently and effectively execute their vision.

**Commitment and Intensity**

<table>
<thead>
<tr>
<th>Intensity Range</th>
<th>Hours of Work per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live Deal</td>
<td></td>
</tr>
<tr>
<td>Upper End Average</td>
<td>80 Hours</td>
</tr>
<tr>
<td>Lower End Average</td>
<td>60 Hours</td>
</tr>
</tbody>
</table>
## Investment Banking

### The Job

#### Day To Day Job and Tasks

- **Short Term Tasks**
  - Data room management
  - Updating market/general slides
  - Preparing diligence
  - Speaking with lawyers and accountants
  - Working with management

- **Long Term Tasks**
  - Pitchbooks
  - Full financials for sale of company
  - CIM (confidential information memorandum)
  - Bid rounds and process

#### Key Skills for Success

| Analytics | • Financial Modeling  
|          | • Strategic thinking (why) |
| Attention to Detail | • KEY TO SUCCESS |
| People Management | • Manage expectations and people |
| Presentation Skills | • Efficient  
|                    | • Effective  
|                    | • Majority of job |
You are a MARKET MAKER

What is a Market Maker?
- A market maker is a firm or individual who actively quotes two-sided markets in a particular security

Public side markets

Debt vs. equity
- Debt is a larger market and often more technical
  - More common in today’s professional world

Short to extremely short project/task timelines
- Anywhere from a couple seconds to a couple days

The Bid/Ask Spread

Client 1 (Buyer)

Market Maker

Client 2 (Seller)

Firm/Trader Profit

Ask

Bid
## Sales and Trading

*The Difference*

<table>
<thead>
<tr>
<th>Sales</th>
<th>Trading</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Large amounts of client interaction from an early stage</td>
<td>• Very Analytical</td>
</tr>
<tr>
<td>• <strong>MUST KNOW YOUR PRODUCTS!!</strong></td>
<td>• Focus on how to make the bank money through:</td>
</tr>
<tr>
<td>• It is not just the trader</td>
<td>• Market making</td>
</tr>
<tr>
<td>• Every good sales person is also a trader</td>
<td>• Taking a position</td>
</tr>
<tr>
<td>• This job is pitching</td>
<td>• Work with Sales people to give clients a good trade</td>
</tr>
<tr>
<td>• Working with trader to sell the client on a certain type of trade</td>
<td>• Can you make it happen?</td>
</tr>
<tr>
<td>or product</td>
<td>• Strategic thinking is key</td>
</tr>
<tr>
<td>• How does this benefit the client?</td>
<td>• Part of your job is supplying liquidity to the market</td>
</tr>
</tbody>
</table>

### Hours of Work Per Week

- **Sales**: 60 Hours
- **Trading**: 70 Hours

Hours are more consistent than something like Banking.
Asset Management
Management of Money Through an Institution, an Investment Vehicle

Day in the Life

• Main Tasks
  • Being up to date with Current News
  • What is the world doing?
  • How does this affect you and the portfolio
• Alternate Tasks
  • Creating a trade pitch (for your PM) (stock picks)
  • Helping manage portfolio composition and risk
• Team Structure

Skills and Projects

• Very analytical and is usually public side either Equity or Fixed income
• Range of project timelines (average medium time)
• Asset Managers are usually long only and don’t use leverage
• Their job is to find solid long-term investments
• Skills Translation:

- Analytics
  • Company Fundamentals
  • Market Position
  • Understanding Projections

- Fit
  • how does this company fit in its industry or group
  • how does this affect your portfolio
# Wealth Management

*Management of Individuals Wealth in Preparation to Achieve Long Term Goals*

## Day in the Life

- **Main Tasks:**
  - Following up on client calls with action items
  - Sitting in on calls with MD or managing partner
  - Doing additional research on funds
  - Using CRM (client relationship management)
  - Execution of client items
    - Placing trade, withdrawing money

- **Alternate Tasks**
  - Cold calling and or sourcing new clients
  - Answering clients’ emails and lower-level questions
  - Creating models and analyzing big transactions
    - Minimal

## Skills and Projects

- **High Levels of Client interaction from an early stage**
- **Projects can be immediate, such as a portfolio rebalancing**
- **Projects can be longer term, such as an FGA (financial goal analysis)**
  - This is something that helps a client plan for the future

### Analytics

- Understanding portfolio composition
- Tax and estate planning implications

### People Skills

- Can you interact with clients?
- Make a non work-related connection
Corporate Finance
Finance Department for a Corporation

Roles

• FP&A
  • Financial Planning and Analysis
  • This is strategic finance for a company
  • Will a project make money?
  • How to cut costs?
  • Where can we improve?

• Treasury
  • This is the financing division of the company
  • Raise debt/equity
  • Management of capital

• Audit
  • This is the accounting arm
  • Probably the most important
  • Create financial statements and other documents
  • Deal a lot with regulators

Skills and Projects

• Short term projects
  • Cash projection
  • project evaluation (Yes/No)

• Annual/quarterly
  • 10k/q document preparation
  • Earnings season
  • Revenue operations expectations

Analytics

• Modeling cash flows and project NPV
• Analyzing funding and other accounting implications for company performance

Strategic Thinking

• How does this fit into the company as a whole
• What are the implications
• how does it effect other divisions
Corporate Finance

Structure

CEO

CFO

FP&A

Treasury

Audit
Comparison
Hours, Commitment, Pay

<table>
<thead>
<tr>
<th></th>
<th>Hours Worked Low</th>
<th>Average Hours Worked</th>
<th>Hours Worked High</th>
<th>Total Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Banking</td>
<td>60</td>
<td>80</td>
<td>100</td>
<td>$150,000</td>
</tr>
<tr>
<td>Sales and Trading</td>
<td>55</td>
<td>65</td>
<td>75</td>
<td>$130,000</td>
</tr>
<tr>
<td>Wealth Management</td>
<td>40</td>
<td>55</td>
<td>65</td>
<td>$120,000</td>
</tr>
<tr>
<td>Asset Management</td>
<td>50</td>
<td>60</td>
<td>70</td>
<td>$110,000</td>
</tr>
<tr>
<td>Corporate Finance</td>
<td>40</td>
<td>50</td>
<td>60</td>
<td>$90,000</td>
</tr>
</tbody>
</table>

Average Hours Worked

Total Pay

Department of Economics
UNIVERSITY OF WISCONSIN–MADISON

Economics Career Development Office
Key Takeaway: Recruitment timelines are intense and early so be aware of which path interests you

<table>
<thead>
<tr>
<th>Career Track</th>
<th>Sophomore Year</th>
<th>Junior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>January</td>
<td>June</td>
</tr>
<tr>
<td>Investment Banking</td>
<td>February</td>
<td>July</td>
</tr>
<tr>
<td>Sales and Trading</td>
<td>March</td>
<td>August</td>
</tr>
<tr>
<td>Wealth Management</td>
<td>April</td>
<td>September</td>
</tr>
<tr>
<td>Asset Management</td>
<td>May</td>
<td>October</td>
</tr>
<tr>
<td>Corporate Finance</td>
<td></td>
<td>November</td>
</tr>
</tbody>
</table>

Months Where Recruitment Takes Place
Resources
Clubs, News, Guides, and Other

Clubs:
1. Investment Banking Club (IBC)
2. Sales & Trading Asset Management Club (STAM)
3. Capital Management Club (CMC)
4. Economics Clubs (Including Federal Reserve Challenge)

News:
1. Morning Brew (FREE)
2. ExecSum (FREE)
3. WSJ ($4 Student Rate)

Guides:
1. M&I 400
2. My econ guide (includes networking)

Websites:
1. Glassdoor
2. Wallstreet Oasis
3. Investopedia

Other:
1. Handshake
2. Schedule Career Advising in Starfish at go.wisc.edu/287ni5 (or search for Economics Career in Starfish)
Questions?
Raise Your Hand and We Will Call on You

Scan to enroll in the Econ Career Development Learning Space on Canvas!!

This PowerPoint, a recorded version of this webinar and an investment banking recruitment guide will be available under "Modules"