

Bootcamp Week 1



1/17/22

Cathy Han and Maren O'Shea

Cathy

Class: 2022

Major / Minor: Economics / Global Health

Hometown: Hanover, NH / Houston, TX

Experience: Incoming Investment Banking
Analyst at Moelis & Company

Maren

Class: 2022.5

Major / Minor: Economics / Neuroscience

Hometown: Minneapolis, MN

Experience: Incoming Investment Banking
Summer Analyst at Goldman Sachs

Timeline

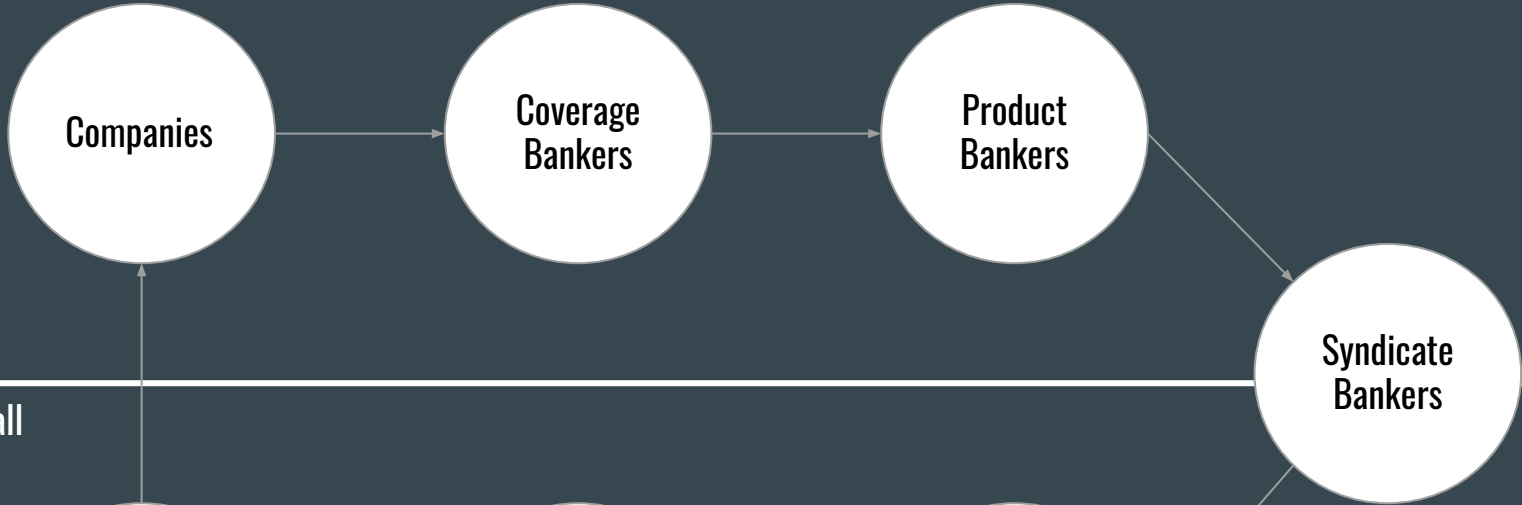


- Varies between banks → Ask in your networking calls!
- Once the process starts, it tends to move along very quickly
- Diversity timelines are usually accelerated
- Boutique banks tend to be earlier (Moelis, Lazard, Evercore)

What is Investment Banking?

- Investment banking is a business that provides services to companies.
- These services include raising capital - both debt and equity – and advising in major transactions such as mergers and acquisitions, bankruptcies, and restructurings.
- An investment bank will typically be divided into industry groups such as healthcare and retail, and product groups such as mergers and acquisitions and capital markets
- At the junior and middle levels, the bankers are usually more focused on *executing* the given service at the highest level of quality possible to ensure repeat business

Private Side



Companies

Coverage Bankers

Product Bankers

Syndicate Bankers

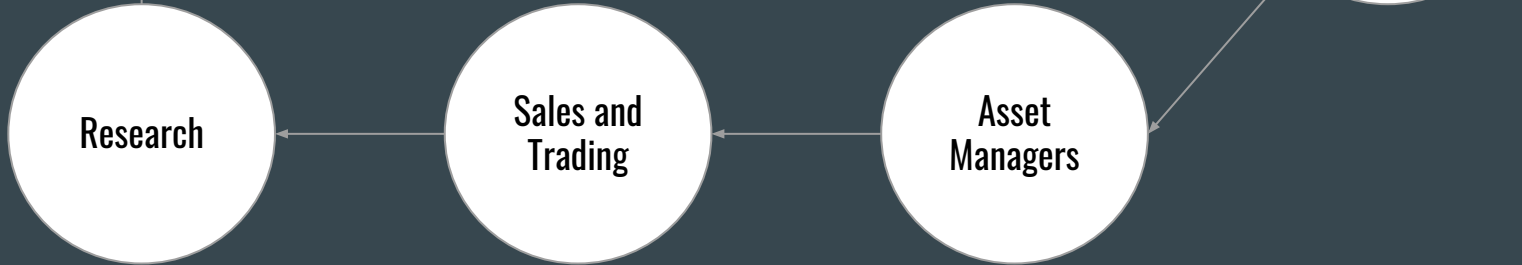
Information Wall

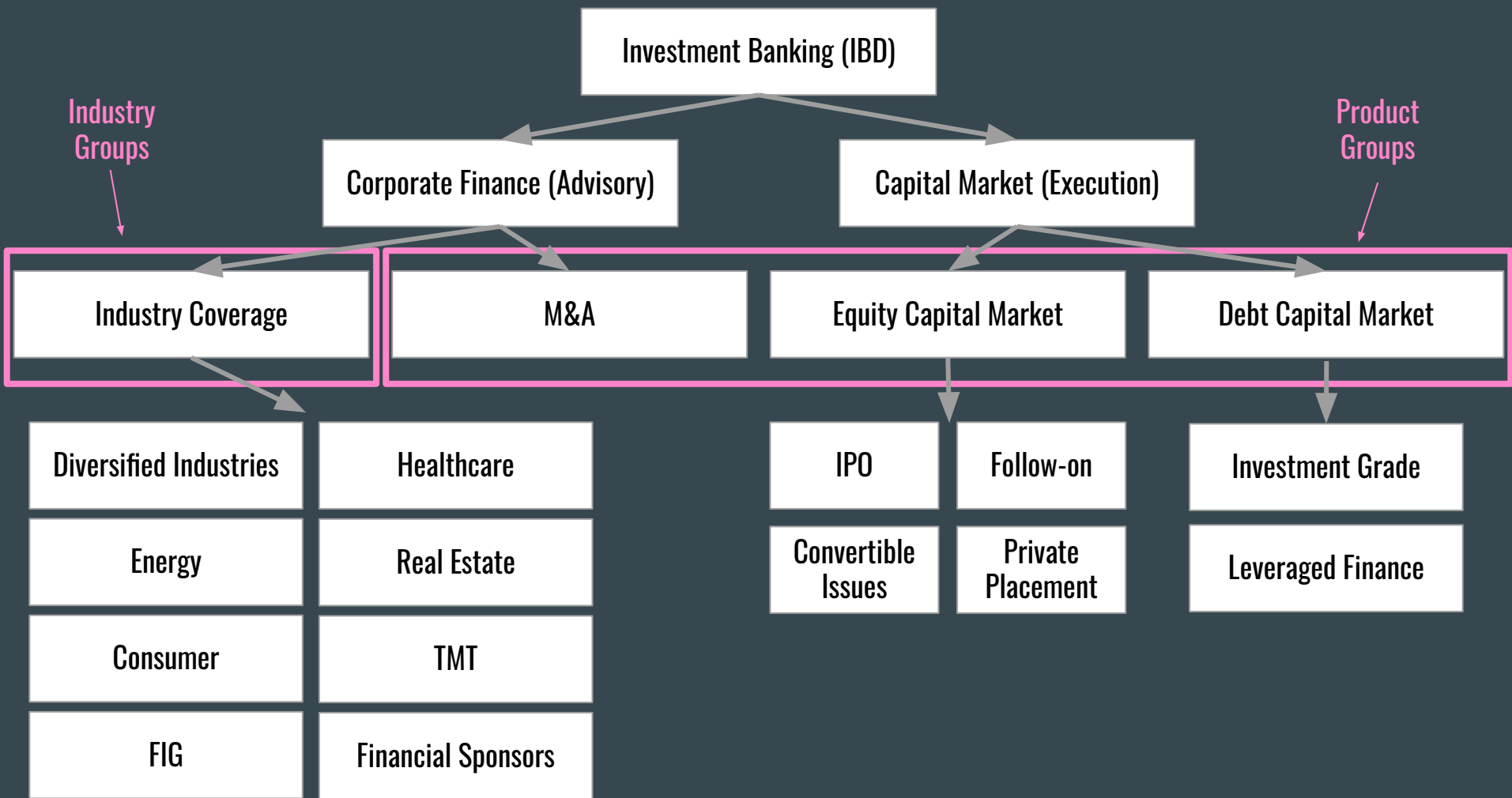
Research

Sales and Trading

Asset Managers

Public Side





Investment Banking - Coverage/Classic

In coverage, you master the competitive landscape of a particular industry or sector while managing client relationships

- Manage relationships with clients and the lifecycle of each deal from start to finish, staying in constant contact with your client, legal, your product bankers, and others working on the deal
- Conduct in-depth research, become an expert in your sector
- Direct exposure and full responsibility of all financial modelling used to value companies and provide advice
- Work on all types of transactions for a client under one industry - exposure to every type of deal!
- Not directly tied to the markets - get in around 9 - 10am, but stay later than capital markets groups

Investment Banking - Product/Capital Markets/Financing

- Helping clients from all different industries execute transactions by accessing capital in various markets.
 - Types of transactions: leveraged buyouts, share repurchases, debt issuance, initial public offerings, etc.
- Large banks tend to *underwrite* primary offerings of debt and equity.
- Unique position working with both S&T and coverage groups to provide knowledge for valuation and execution strategies.
- Markets-oriented

Product Groups Continued

Debt Capital Markets (DCM) -- Investment Grade Debt (credit score of BBB or higher)

- **Example:** CVS's \$40 billion debt deal to fund Aetna takeover puts credit rating in peril
- <https://www.marketwatch.com/story/cvs-to-issue-40-billion-of-debt-to-fund-aetna-acquisition-2018-03-06>

Leveraged Finance (Lev Fin) -- High Yield Debt (credit score of BBB- or lower)

- **Example:** Apollo's action to acquire the public company Shutterfly and merge it with the private corporation Snapfish in a take private to create new joint-venture (LBO)
- <https://www.wsj.com/articles/apollo-nears-deals-to-buy-shutterfly-and-snapfish-11560196894>

Equity Capital Markets (ECM) -- Equity Stock Offerings

- **Example:** Potential Tik Tok IPO
- <https://www.ft.com/content/8d2c74d6-d742-4fa9-b7cf-5af9bb85af6b>

Sales and Trading (S&T)

- Sales and Trading is a fast-paced, market-driven business that provides exchange of asset services to companies, with clients primarily being hedge funds, pension funds, insurance companies, and various other asset managers
- Within an investment bank, Sales and Trading divisions will typically be divided into FICC aka Fixed Income, Currencies, and Commodities (S&T for the bond market) and Equities (S&T for the stock market)
- At the analyst level, you serve in a support role for senior traders or salespeople and are usually more focused on backing up on trades and clearance or covering clients, depending on your seat on the floor. Many analysts also work on research and pitch trade ideas to senior directors to hone their analytical skills

Sales & Trading

Trading

- Buying and selling stocks, bonds, foreign currency, interest rate products, etc.
- “Buy low and sell high”
- Traders carry their “own risk”- they are making or losing money for the firm
- Watching the market and conducting trade orders for clients
- Known as more quantitative, but still relationship-driven as you’re in constant contact with your salespeople & clients
- Trading desks are broken up into different sectors within a particular product

Sales

- Sales: talk to traders on their desks and on the buy-side (pensions, mutual funds, hedge funds, etc.) to help coordinate trades → Negotiate a price between client and the trader
- Typically said to be more relationship-driven than quantitative... strong communication skills are a MUST!
- Often time off the desk, hours vary a bit more as you become more senior

Where to go if you need help

- Come talk to either of us!
 - mcoshea@middlebury.edu
 - catherineh@middlebury.edu
- PCA QQ's: <https://www.middlebury.edu/office/careers-internships/advisors/peer>
- Go/financecommits: Any juniors / seniors on the SIC career page
- Go/financeapps: Stay updated on upcoming deadlines

Upcoming

Bootcamp Week 2 →

Behavioral:

- Resume / CV
- Networking (Writing emails, Questions to ask in calls)

Technical:

- Accounting Intro

Questions?