Bootcamp Week 6

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Typical Bank Timeline

1. Network
2. Attend webinars
3. If you are diversity, apply for Diversity Programs
    a. May have accelerated Superdays attached to them
4. Applications open
    a. Hirevues, Aptitude tests (quantitative, coding, behavioral, etc.)
5. First round
6. Superday

First Rounds...

Bulge Brackets

- Mostly behavioral
  - Walk me through your resume
  - Resume Q's
  - Why IB
  - Why X bank
  - 3 Strengths / Weaknesses
- Probably one easy technical
  - 3 Valuation
  - 3 Financial Statements
  - Debt vs equity
  - What's going on in the markets?

Boutiques

- General walk me through your resume, Why IB, Why X bank
- Very, very technical
  - Revenue → UFCF
  - 3 Valuation methods in detail
  - DCF in high detail
  - WACC: CAPM, Beta (lever / unlever)
  - LBO (basics)
  - Easy(ier) Accretion / Dilution Math
  - Market Sizing
  - Brainteasers

Usually a 30min phone screen, sometimes zoom, at Goldman, it's a hard Hirevue

Superdays: Before

- Usually have a 2 weeks notice, but varies
- Mock interview if you can with current analysts / associates and juniors / seniors if you have a relationship or they offer to help you out
- Practice your story 10x a day in the mirror. It sets the tone → Confirmation bias
- Have a perfected Why X bank answer
- Nail down bank-specific questions (CEO, Market Cap, Share Price, etc.)
- Read on the markets everyday and check the WSJ morning of in case of any big news
- Look over guides, banking for friend, vault, M&I...
- Prepare for the worst, hope for the best!

Superdays: During

- Eat a good breakfast!
- Try not to look at your notes beforehand. Maybe say your pitch once or twice and read the news.
- Check your camera / mic / internet / battery
- Take your phone off the hook / eliminate possible distractions (dog, annoying siblings / roommates)
- Show up 5-10 min early on zoom!
- White / neutral background and good lighting
- Keep an upbeat, happy attitude. You can have water, walk around between interviews, stay fresh!
- Make sure to send follow up emails about an 30 min - 1 hour afterwards!
    - Don’t forget to ask interviewers for their emails
    - You can subtly take notes when they are giving their background or answering questions
- Don’t read too much into your interviewer’s personality
- Don’t panic if you don’t know an answer. Just ask them to rephrase and write it down. Walk them through your thought process.
- Shit happens, don’t worry

Superdays: After

- Make sure you write thank you emails. If you don't do this, you'll probably get rejected
- If you miss a technical, follow up with your answer (if you said you would)
- Your interviewers typically rank or vote all the candidates. Many times you need unanimous yes'es
- Follow up with your network, let them know who interviewed you and how it went. They can vouch for you during the voting process.
- You might find out day of, 2 days later, or up to 2 weeks later!
  - If it's a longer time frame, you might be on a waiting list. Try not to look too much into this.
  - If you have a deadline or exploding offer, be honest with them about it and they will hopefully try to accomodate
- You're not rejected until its confirmed so don't sweat it. There's a reason HR hasn't gotten back.
- Typical Superday conversion is 20-30%, but varies… Barclays Discovery Day is historically close to 100% for Midd.
- If it's a yes, your most senior interviewer usually calls. If it's HR, you probably didn't get it…
  - But was not the case for Mary at MS! (or Maren at GS)
- No matter what, be proud you made it that far!

Handling Multiple Timelines

- Don't close off banks until you are certain. It's possible a bank could be your only option
- Do not take verbal offers as real offers. Only counts once they hand you the paper.
  - Don't post on LinkedIn / tell the public until it's signed
- If you have a Superday for a bank you know you will not sign with, do not do it.
- Be honest with other banks about your process if they ask. It can only help. Multiple interviews with competitors make you look attractive.
- If you are SURE that a bank is your top choice, let them know!
  - But don't tell other banks that they're not the first choice
- Always possible to ask for an accelerated Superday if needed

Leveraging Offers

- Rare! Depends on the bank
- Managing timelines can be difficult, and your timelines might not meet up to even try this
- Completely relies on your network (why having strong connections are key!)
- Typically, if a bank's applications are open, you can leverage
- Banks have a cap on the number of accelerated superdays they can give... so they really only go to top candidates who will most likely get an offer
- Be careful about rejecting / waiting to accept your initial offer

Asking for Extensions

- Risky, but it's been done.
- Con: You could get the offer pulled, terrible group placement, risk losing a return offer. People remember everything.
  - It's essentially telling a bank they're not your first choice.
- Pro: They might be very understanding and you have an opportunity to get an offer from your top choice bank
- If you do ask for an extension, do it politely.
  - Might ask for 2 weeks if you need 1 week. Negotiable
  - Be comfortable with the fact you might get bad placement / lower your standing against other interns before even starting

Rejecting an Offer

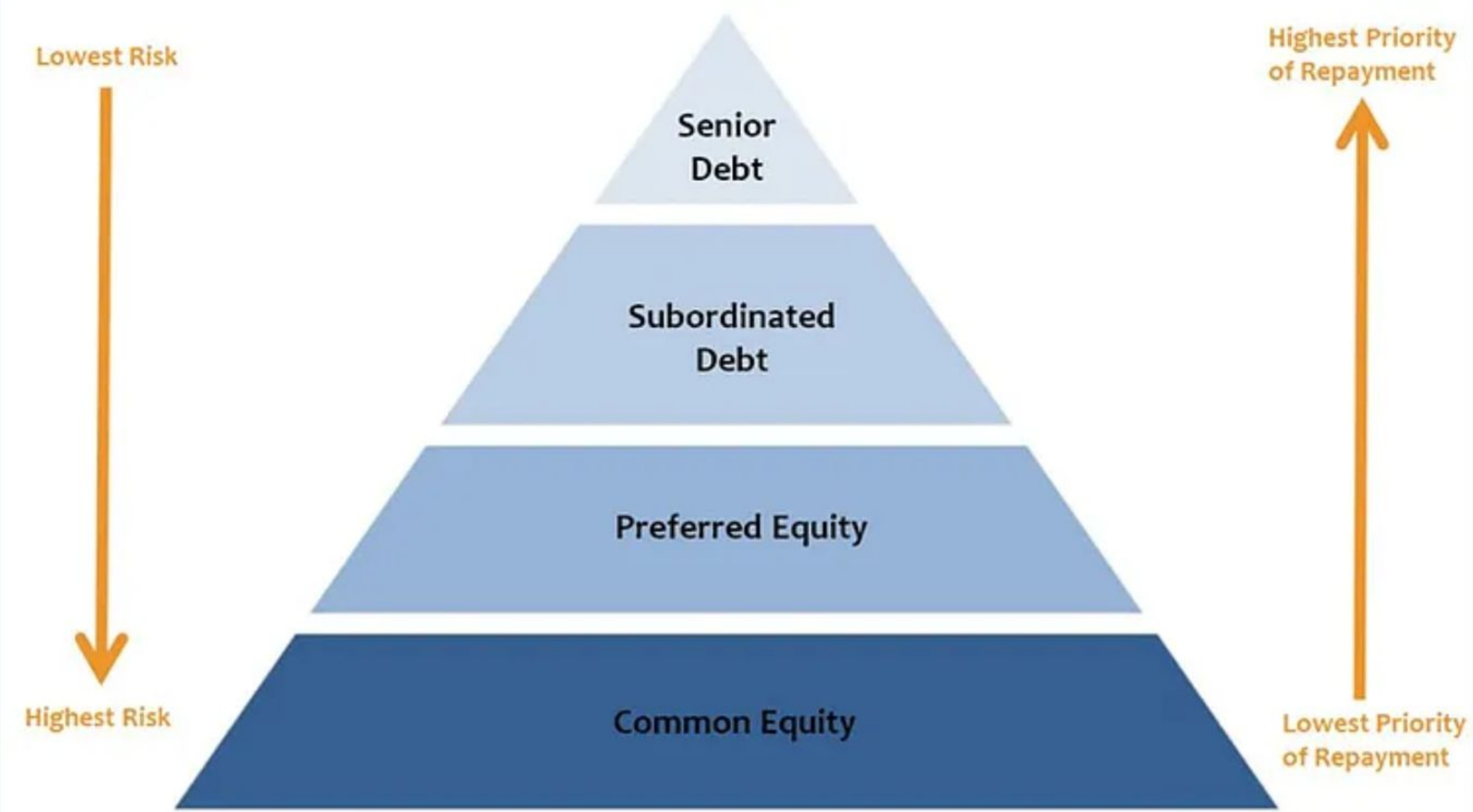
- Call. Always call.
- Be polite, something like this could be said:
    - "Hi ____, thanks for checking in. You've been so helpful in my process and I greatly appreciate it. I am honored to receive your offer to join ___ bank, but unfortunately I have decided another offer best fits my needs at this point in time. I want to thank you again for the opportunity and I wish you all the best."
- Keep it short and sweet. 2 min max
- Call HR first, then the most senior contacts, then anyone who was particularly helpful / close to you during the process. No need to do more.
- Most banks will get very upset. MDs could curse you out / tell you you're making a huge mistake. Don't let it bother you. You know what's best for yourself. They're just upset you're not taking the offer.

Review: Debt and Equity

Conditions	Debt	Equity
Management influence	None. Unless there were especially agreed conditions	Common stockholders have voting rights
Repayment	Debt has maturity date	Stock has no maturity date
Yearly obligations	Payment on interest	Not legally liable to pay dividends
Tax benefits	Interest is tax deductible	Dividends are not tax deductible

Advantages of an IPO

1. Raising funds: IPO is the most convenient option to raise huge capital by reaching out to a large number of individuals at the same time
2. Liquidity: With an IPO, comes a great advantage of liquidity for all stakeholders including promoters and general public shareholders
3. Improved finances: The advantage of IPO launch covers benefits for overall finances of the company as well as its shareholders in more than one way
4. Increased visibility: Since the reach of an IPO is huge, i.e. the entire country at one time, it contributes in making public aware about the company
5. Employee retention: Often, companies use IPOs to reward their employees in certain ways



Lowest Risk
Highest Risk
Senior Debt
Subordinated Debt
Preferred Equity
Common Equity
Highest Priority of Repayment
Lowest Priority of Repayment

Bond Terminology

- **Face value** is the money amount the bond will be worth at maturity.
- **The coupon rate** is the rate of interest the bond issuer will pay on the face value of the bond, expressed as a percentage.
  - For example, a 5% coupon rate means that bondholders will receive 5% x $1000 face value = $50 every year.
- **Coupon dates** are the dates on which the bond issuer will make interest payments.
  - Payments can be made in any interval, but the standard is semiannual payments.
- **The maturity date** is the date on which the bond will mature and the bond issuer will pay the bondholder the face value of the bond
- **The issue price** is the price at which the bond issuer originally sells the bonds.
- **Bond yield** is the return an investor realizes on a bond.

Advantages and Disadvantages of Bonds

Advantages

- Receive income through the interest payments
- Hold the bond to maturity and get all your principal back
- Profit if you resell the bond at a higher price

Disadvantages

- Bonds pay out lower returns than stocks
- Companies can default on your bonds
- Bond yields can fall

Bond Prices + Yields

- Bonds have an **inverse relationship** to interest rates.
- When the cost of borrowing money rises, bond prices usually fall, and vice-versa.
- How it works:
  - Most bonds pay a fixed interest rate that becomes more attractive if interest rates fall, driving up demand and the price of the bond.
  - Conversely, if interest rates rise, investors will no longer prefer the lower fixed interest rate paid by a bond, resulting in a decline in its price.

Interest Rates

- The interest rate is basically the percentage rate that you pay to somebody who loans you money
- The longer the term of the loan the higher the interest rate because you are taking more risk.
- When interest rates go way up it makes it more expensive for people to borrow money, making it more expensive to make large purchases
- The Fed can control certain rates: such as the discount rate (rate that banks borrow money from the Fed)
    - After the recession, the Fed lowered those rates to basically 0 in an effort to stimulate people borrowing and generate economic activity.
    - When interest rates are low, people buy stocks instead of bonds because the return is greater. This shifts capital from fixed income into equities

Interest Rate Market Impact

What is Inflation?

- Inflation is currently a hot topic (that you should be noting in the news with Russia / Ukraine!) and is an important economic concept to understand

What to Look for in a Stock

- Look for growth. Is the company in a good sector? Is the industry growing? Has it proven that it can grow in that market vs. its competition? Should it continue to grow? Is it well managed to manage that growth?
  - Given the fact that the economy has become one world now, is their product competitive vs. imports and global competition
- You want to find companies that have good potential for sustained growth
  - I would want the future growth rate to be higher than the past growth rate
  - You can calculate growth rate by projecting out earnings per share, and dividing that by the current value
- Does the company deliver a good product?
- You want to know whether value you have to pay for the stock is expensive or not
  - I'm looking for a low PE ratio and a high growth rate
  - You want the PE ratio to be at or below the projected earnings growth rate
- You can buy **growth stocks** (good companies that will grow for the next 5-10 years), or you can buy **value stocks** (companies with good intrinsic value today, but at cheap prices)

If you have any questions about this material, we are happy to review it next week

If you have any personal questions about managing multiple offers etc feel free to reach out individually as well!