Prepare for a Career in Investment Management Workshop Series
Cornell Career Services

Ksenia Verdiyan
1. Brief Overview of the Capital Markets
2. Buy side vs. Sell side
3. Investment Management
4. Endowments and Foundations
5. Interview Preparation
6. Resources Available to You
Brief Overview of Capital Markets
What Drives the Economy

Capital seekers are the businesses and governments who need money to get started or finance their projects.

Capital providers are the people and institutions who are willing to lend the money, expecting to profit.
Capital Markets vs. Secondary Markets

Business and governments raise capital in primary markets.

In secondary markets, investors buy and sell the stocks and bonds among themselves.
Raising Capital

- **Public capital:** anonymous investors buy stocks and bonds
- **Venture capital:** private companies looking for opportunities to invest
- **Seed capital (angel investors):** early stage investors who are willing and able to commit money
Sell Side vs. Buy Side
Sell Side Jobs

Investment Bank:
• Investment Banking
• Sell-side Research
• Sales & Trading

Buy Side Jobs

Asset Management:
• Hedge Funds
• Mutual Funds
• Private Equity
• Insurance Companies
• Pension Plans
• Endowments and Foundations
• Retirement Plans
Sell Side

- Refers to the functions of an investment bank
- Facilitator of buy-side investments
- Earn money through fees and commissions
- Investment bankers work in the primary markets, structuring and issuing various securities

Buy Side

- Asset managers who represent individual and institutional investors
- Purchase investment products on behalf of their clients with the goal of increasing its assets
- Investment managers work in the secondary markets, making decisions on which securities to invest in
Investment Management
What is Investment Management?

**Asset management** is the business of using money to make more of it.

Why invest money?

- Beating inflation
- Compound interest
- Having assets work for you
Types of Investment Management Firms

- **Mutual funds**: a group of financial assets (such as stocks) that are managed by a portfolio manager
- **Hedge funds**: privately offered, professionally managed investment vehicles
- **Private equity**: consists of funds obtained from investors that are then invested in mature, private companies
- **Venture capital**: consists of funds obtained from investors that are invested in young, innovative companies in exchange for an equity stake
- **Third party**: investing client’s money (private wealth management or institutional investing)
Categories of Investment Managers

- **Pure investment management companies:** Fidelity, Capital Group, T. Rowe Price
- **Divisions of investment banks:** Morgan Stanley Asset Management, JP Morgan Chase Asset Management
- **Divisions of global commercial banks:** Citigroup, Barclays
- **Divisions of domestic commercial banks:** Mellon, Northern Trust
- **Division of insurance companies:** American International Group
- **Endowments and retirement plans:** Cornell Endowment, Bill and Melinda Gates Investment Office, Abu Dhabi Investment Authority, Employees' Retirement System of Texas
Largest U.S. Money Managers

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Headquarters</th>
<th>2006 AUM ($ Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Barclays Global Investors</td>
<td>San Francisco, CA</td>
</tr>
<tr>
<td>2</td>
<td>State Street Global Advisors</td>
<td>Boston, MA</td>
</tr>
<tr>
<td>3</td>
<td>Capital Group Cos</td>
<td>Los Angeles, CA</td>
</tr>
<tr>
<td>4</td>
<td>Fidelity Investments</td>
<td>Boston, MA</td>
</tr>
<tr>
<td>5</td>
<td>BlackRock</td>
<td>New York, NY</td>
</tr>
<tr>
<td>6</td>
<td>JPMorgan Asset Management</td>
<td>New York, NY</td>
</tr>
<tr>
<td>7</td>
<td>Legg Mason</td>
<td>Baltimore, MD</td>
</tr>
<tr>
<td>8</td>
<td>AXA Group (Alliance Bernstein)</td>
<td>New York, NY</td>
</tr>
<tr>
<td>9</td>
<td>Mellon Financial Corp</td>
<td>Pittsburgh, PA</td>
</tr>
<tr>
<td>10</td>
<td>Vanguard Group</td>
<td>Valley Forge, PA</td>
</tr>
<tr>
<td>11</td>
<td>Allianz Global Investors of America</td>
<td>Newport Beach, CA</td>
</tr>
<tr>
<td>12</td>
<td>Northern Trust Global Investments</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>13</td>
<td>Goldman Sachs Group</td>
<td>New York, NY</td>
</tr>
<tr>
<td>14</td>
<td>Morgan Stanley Investment Management</td>
<td>New York, NY</td>
</tr>
<tr>
<td>15</td>
<td>Wellington Management Company</td>
<td>Boston, MA</td>
</tr>
<tr>
<td>16</td>
<td>Franklin Resources</td>
<td>San Mateo, CA</td>
</tr>
<tr>
<td>17</td>
<td>Prudential Financial</td>
<td>Newark, NJ</td>
</tr>
<tr>
<td>18</td>
<td>Columbia Management and Affiliates</td>
<td>Boston, MA</td>
</tr>
<tr>
<td>19</td>
<td>TIAA-CREF</td>
<td>New York, NY</td>
</tr>
<tr>
<td>20</td>
<td>MassMutual Financial Group</td>
<td>Springfield, MA</td>
</tr>
</tbody>
</table>
Alternative Jobs in Investment Management
## Largest Pension Funds

<table>
<thead>
<tr>
<th>Rank</th>
<th>Pension Fund</th>
<th>AUM as of 12/2006 ($ in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>California Public Employees</td>
<td>218</td>
</tr>
<tr>
<td>2</td>
<td>Federal Retirement Thrift</td>
<td>188</td>
</tr>
<tr>
<td>3</td>
<td>California State Teachers</td>
<td>149</td>
</tr>
<tr>
<td>4</td>
<td>New York State Common</td>
<td>144</td>
</tr>
<tr>
<td>5</td>
<td>Florida State Board</td>
<td>129</td>
</tr>
<tr>
<td>6</td>
<td>General Motors</td>
<td>119</td>
</tr>
<tr>
<td>7</td>
<td>New York City Retirement</td>
<td>115</td>
</tr>
<tr>
<td>8</td>
<td>Texas Teachers</td>
<td>101</td>
</tr>
<tr>
<td>9</td>
<td>New York State Teachers</td>
<td>94</td>
</tr>
<tr>
<td>10</td>
<td>Wisconsin Investment Board</td>
<td>81</td>
</tr>
</tbody>
</table>

*Source: Pensions & Investments*
## University Endowments

<table>
<thead>
<tr>
<th>University</th>
<th>Assets (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvard University</td>
<td>$35.88</td>
</tr>
<tr>
<td>University of Texas System (system-wide)</td>
<td>$25.43</td>
</tr>
<tr>
<td>Yale University</td>
<td>$23.90</td>
</tr>
<tr>
<td>Stanford University</td>
<td>$21.45</td>
</tr>
<tr>
<td>Princeton University</td>
<td>$21.00</td>
</tr>
<tr>
<td>Massachusetts Institute of Technology</td>
<td>$12.43</td>
</tr>
<tr>
<td>Texas A&amp;M University System (system-wide)</td>
<td>$11.10</td>
</tr>
<tr>
<td>Northwestern University</td>
<td>$9.78</td>
</tr>
<tr>
<td>University of Michigan</td>
<td>$9.73</td>
</tr>
<tr>
<td>University of Pennsylvania</td>
<td>$9.58</td>
</tr>
</tbody>
</table>
## Charitable Foundations

<table>
<thead>
<tr>
<th>Organization</th>
<th>Country</th>
<th>Assets (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill &amp; Melinda Gates Foundation</td>
<td>United States</td>
<td>$42.3</td>
</tr>
<tr>
<td>Stichting INGKA Foundation</td>
<td>Netherlands</td>
<td>$36.0</td>
</tr>
<tr>
<td>Wellcome Trust</td>
<td>United Kingdom</td>
<td>$25.9</td>
</tr>
<tr>
<td>Howard Hughes Medical Institute</td>
<td>United States</td>
<td>$16.9</td>
</tr>
<tr>
<td>Ford Foundation</td>
<td>United States</td>
<td>$11.2</td>
</tr>
<tr>
<td>J. Paul Getty Trust</td>
<td>United States</td>
<td>$10.5</td>
</tr>
<tr>
<td>Kamehameha Schools</td>
<td>United States</td>
<td>$10.1</td>
</tr>
<tr>
<td>Mohammed bin Rashid Al Maktoum Foundation</td>
<td>UAE</td>
<td>$10.0</td>
</tr>
<tr>
<td>Robert Wood Johnson Foundation</td>
<td>United States</td>
<td>$9.53</td>
</tr>
<tr>
<td>William and Flora Hewlett Foundation</td>
<td>United States</td>
<td>$8.7</td>
</tr>
</tbody>
</table>
Endowment and Foundation Continued

- Long-term investment horizon
- NO investors
- Invest money in different asset classes:
  - Hedge Funds
  - Private Equity
  - Real Estate
  - Commodities
  - Real Assets
Handshake Employers

• Princeton University Investment Company PRINCO
• Rice Management Company
• The Kresge Foundation
• Teacher Retirement System of Texas
• California Public Employees' Retirement System (CalPERS)
• South Carolina Retirement System Investment Commission
Endowment/Foundation Job

• Meaningful work: supporting higher education, grants for cancer research, scholarships for the needy
• Security during recession: no investors means nobody will pull out the money from the fund
• Exposure to many asset classes: equities, fixed income, real estate, commodities, real assets
• Good work-life balance
• Background requirements: no or little finance experience required for entry-level positions
Interview Preparation
What are Employers Looking For?

• Exceptional intelligence and work ethic
• Strong interest in the markets: do you have a portfolio of stocks? (real or fake)
• Writing skills: examples of digesting large amount of information and writing concise reports
• Analytical and math skills
• Communication skills
Preparation for the Interview

“The Unspoken First Job Assignment”

• Without telling you, employers are expecting you to do your first homework before the interview
• How well you do this assignment directly influences their decision to hire you

What are the parts of “the assignment”?
The Unspoken First Job Assignment

1. Research about the company: How does it make revenue? What are some of the key decisions its made during turbulent times?

2. Research about the industry: What is happening right now? How does it tie into the past 10 years?

3. Research about the position: did you try to get in touch with anyone at the firm to find out more about the position? Can you describe all aspect of the position? Do you understand exactly what the team does?
The Unspoken First Job Assignment

By doing a better job preparing “the assignment”, you can be selected over the candidate with better credentials!
Demonstrating Functional Skills

Transferrable skills:
• Teamwork
• Public speaking
• Written communication
• Event coordination
• Leadership
• Mediating
• Problem-solving
Evidence

Competencies and skills must be supported with evidence!

"An 'ability to smell fear' is a quality I've never seen listed on a resume before."
Demonstrating Skills & Competencies

- **Competent in handling market data:** Completed courses in Statistics and Survey Research.

- **High work ethic:** Worked 70 hours per week last summer; have worked at least 10 hours per week at Cornell while remaining active in two organizations and maintaining respectable grades.

- **Enjoy speaking before groups:** Provided campus tours and information sessions to prospective students and parents. Presented to department managers at Sears.
Resources Available to You
Handshake

- Filtering jobs and events

- Link: https://cornell.joinhandshake.com
Career Services Events Calendar

• http://www.career.cornell.edu/events/calendar.cfm
On your resume, present your experience and accomplishments through concise statements that begin with action verbs. Use the past tense of these verbs for previous achievements, the present tense for current activities. For additional action verbs and verbs organized by category of skills they convey, including analytical, organizational, technical, and more, see the action verb list in Cornell’s OptimalResume™ tool at

career.cornell.edu
• Resume samples
• Cover letter samples
My Webpage on Career Service website

http://www.career.cornell.edu/students/jobs/investment.cfm

Are you a student interested in Investment Management? Don’t have the proper background or knowledge about the industry? Not sure where to start or how to apply to Investment Management jobs?

Cornell University Career Services is starting an initiative to connect students from various majors with careers in Asset Allocation/Investment Management. The program focuses on entry-level positions at endowments, foundations, and other non-Wall Street finance firms. The purpose of this initiative is to help students of different backgrounds to learn about Investment Management and succeed in the application process. We have reached out to numerous employers in this field and asked them what kind of qualifications they’re looking for. Based on this feedback, students will receive quality
Vault Industry Guides Free Access

Career Guide to Investment Management, Investment Banking, Wealth Management, Private Equity and Hedge Funds, etc.
List of Finance Clubs at Cornell

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Interview with the Cornell Investment CIO

AJ Edwards
Chief Investment Officer of Cornell University Endowment
List of Finance Course at Cornell

Dyson
- AEM 2210: Financial Accounting
- AEM 2241: Finance

Johnson
- NBA 4120: Equity Investment Research and Analysis
- NCC 5500: Financial Accounting

Hotel School
- HADM 2230: Financial Accounting Principles
- HADM 2250: Finance
- HADM 3200: Personal Financial Management
- HADM 3250: Financial Planning and Wealth Management
- HADM 4290: Investment Analysis and Portfolio Management
FRESH and EXTERN programs

Job Shadow opportunities:

(Participants: Goldman Sachs, JP Morgan, EY, Citi, Deutsche Bank, etc.)

• Freshmen: FRESH Program
• Sophomores, Juniors, and Seniors: Extern Program and Cornell Days (apply through Handshake)
Investment Management
Recommended Readings

• Dreyfus, Jack. *The Lion of Wall Street: The Two Lives of Jack Dreyfus*.
• Ellis, Charles and Vertin, James. *Wall Street People: True Stories of Today’s Masters and Moguls*.
• Ellis, Charles. *Capital: The Story of Long Term Investment Excellence*.
• Fisher, Phil A. *Common Stocks and Uncommon Profits*.
• I have more!
Behavioral Interview Books

• Available in the reference library at 103 Barnes Hall
• Many books on amazon
• Examples: 101 Great Answers to the Toughest Interview Questions, How to Interview Like a Top MBA
Receive Job Notification from Handshake

• Weekly job updates: full time and internship positions
• Go to Handshake and add "Investment Management/Hedge Fund/Private Equity" to your Job Interests.
My Walk-Ins

Ask me anything: career advice, resume and cover letter critiques, handshake finance jobs, mock interviews

Who: Ksenia Verdiyan
When: Monday through Thursday, 1:30-3:30PM
Where: 210 Barnes Hall
Website Link

Career.cornell.edu → Students → Finding Jobs → Investment Management

http://www.career.cornell.edu/students/jobs/investment.cfm
Questions?