



QWEM

Queen's Women in Financial Markets

Module 1: Realms of Finance

September 6, 2020



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Overview of Finance Careers

What is finance?

What does it mean to have a finance career?

Finance – “the management of money, including activities such as investing, borrowing, lending, budgeting, saving and forecasting”

Main Types of Finance:

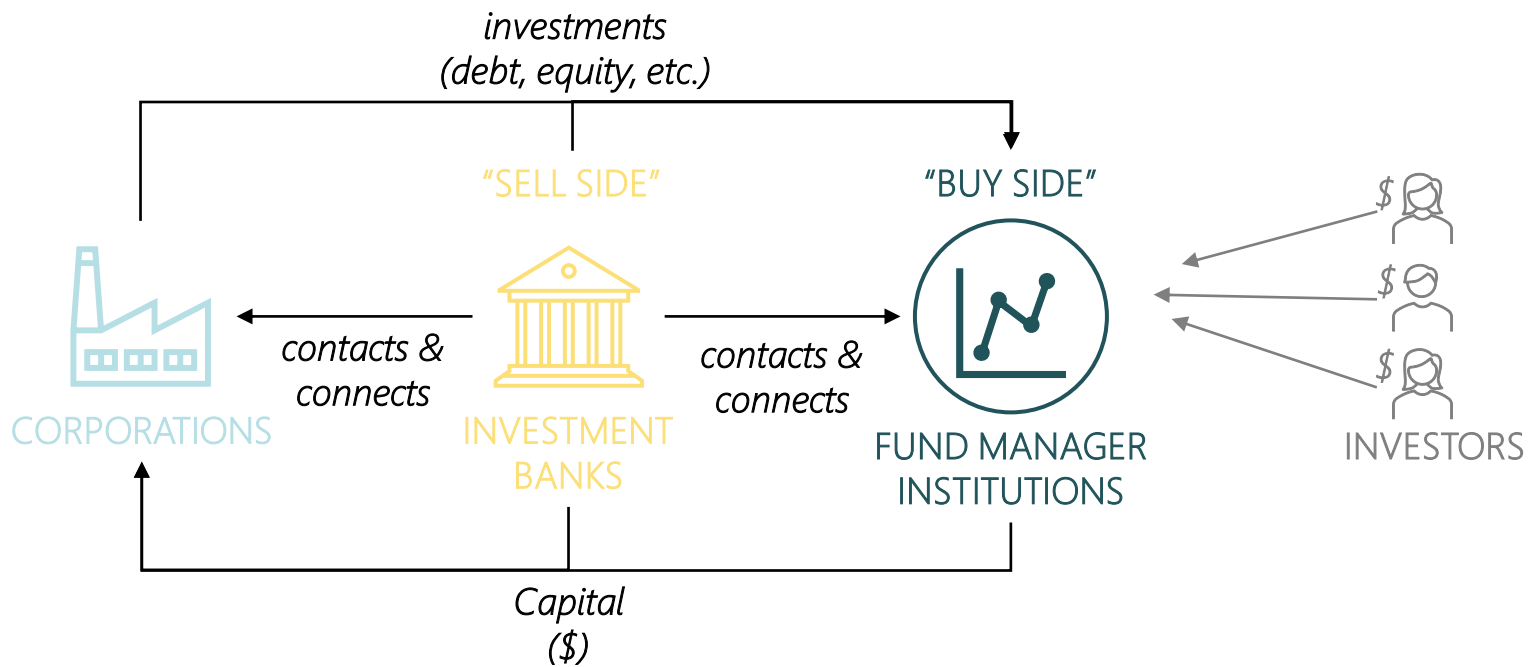
1. Personal Finance
2. Corporate Finance
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Overview of Finance Careers (Capital Markets)



Corporate Finance

Treasury

Investment Banking

Corporate Banking

Sales & Trading

Equity Research

Wealth

Asset Management

Private Equity

Retail Banking

Introduction

Sell Side Careers

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Conclusion



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Sell Side: Investment Banking

Investment Bankers are financial advisors for large companies – helping clients execute strategic business moves and securing financing in the capital markets. Investment Banks win business by cultivating relationships with companies over time and pitching new ideas to clients. Investment Bankers sell 4 main products/services: mergers & acquisitions (“M&A”), public equity deals (Equity Capital Markets, “ECM”), public debt deals (Debt Capital Markets, “DCM”), and restructuring. Investment Banks are organized into groups by **product** (listed above), and by **industry** (e.g. Power & Utilities, Technology Media & Communications (“TMT”), Financial Institutions (“FIG”), etc.) which determines the clients and deals that the bankers work with.

Analysts are expected to perform the following tasks: financial **modelling**, company **valuation**, **industry research**, and **pitch/presentation preparation**. Key skills include **attention to detail**, **analytical** mindset, strong **work ethic**, and **interest in financial markets**. Overtime, the focus of the investment banking role transitions towards maintaining client relationships and ideating new strategies for clients. At this point, strong communication, leadership, strategic thinking, and relationship management skills are required.

Recruiting Details

- Timeline: Summer through early Fall
- Process: Networking > Application > 1st & 2nd Round Interviews (Technical & Behavioural questions; extensive prep required)

Lifestyle (Toronto)

Pay

\$75k-\$100k (base)
50-75% (bonus)

Hours

80-100hr / week

Typical Exit Options

Private Equity, Fund Management, Corporate Finance, Consulting, etc.

Relevant Firms

Big 6 Canadian Banks
(RBC, TD, BNS, BMO, CIBC, NB)

Bulge Brackets

(Goldman Sachs, Credit Suisse, JP Morgan, BAML, etc.)

Boutique Firms

(Evercore, Lazard, Greenhill, etc.)



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Sell Side: Corporate Banking

Corporate Bankers are financial advisors for large companies – helping clients execute cash management and financing needs, primarily through lending. Corporate Bankers sell credit-related products such as loans, where the bank's capital is committed to other companies and presents credit risk. Like IB, CB is organized into groups by *industry* (often same as IB, and works closely with corresponding IB team), and by *product* (Trading Products/Global Markets), which determines the clients and deals that the bankers work with. Corporate Bankers play a large role in helping IB and S&T win business, by initiating relationships with companies through lending.

Analysts are expected to perform the following tasks: *credit analysis & risk rating, industry research, company reviews* (initial & annual reviews), and *due diligence*. Key skills include *attention to detail, analytical* mindset, ability to understand *financial statements* and *model* (in some cases), *communication*, and *interest in financial markets*. Overtime, the focus of the corporate banking role transitions heavily towards maintaining client relationships and communicating with leaders across the bank to create cross-sell opportunities.

Recruiting Details

- Timeline: Fall
- Process: Networking > Application > 1st & 2nd Round Interviews (Technical & Behavioural questions; detailed prep required)

Lifestyle (Toronto)

Pay

\$70k-\$90k (base)
20-50% (bonus)

Hours

50-60hr / week

Typical Exit Options

Corporate Finance,
Credit Rating, Credit
Research, Private
Wealth/Banking etc.

Relevant Firms

Big 6 Canadian Banks
(RBC, TD, BNS, BMO, CIBC, NB)
Bulge Brackets (Goldman
Sachs, Credit Suisse, JP Morgan,
BAML, etc.)
Other Internationals
(Citibank, HSBC, etc.)



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Sell Side: Sales & Trading

Also known as “Global Markets”, Sales and Trading are actually two distinct roles within the division. Sales involves the selling of securities to clients, which are then executed by traders. Sales analysts are expected to perform the following tasks: *industry research*, *monitoring markets*, *analysing data*, and helping to *formulate trade ideas*.

Trading involves the actual buying/selling of securities for the firm/clients they work for. Understanding risk and pricing are key attributes of the job. Trading analysts are expected to perform the following tasks: *monitoring markets*, helping to *price* trading products, *reporting statistics* such as profit and loss, and helping to *formulate trade ideas*.

Global Markets divisions are organized into groups by product, with both sales and trading teams to support the group. Key skills required include: ability to work in a *fast-paced environment*, keen understanding of *financial markets*, ability to learn and *understand complex ideas*, *communication* (sales), and *coding/quantitative skills* (quantitative trading desks).

Recruiting Details

- Timeline: Summer through late Fall
- Process: Networking > Application > 1st & 2nd Round Interviews (Market & Behavioural questions; extensive prep required)

Lifestyle (Toronto)

Pay

\$60k-\$70k (base)
50-80% (bonus)

Hours

50hr / week

Typical Exit Options

Fund Management,
etc.

Relevant Firms

Big 6 Canadian Banks
(RBC, TD, BNS, BMO, CIBC, NB)

Bulge Brackets

(Goldman Sachs, Credit Suisse,
JP Morgan, BAML, etc.)

Other Internationals

(Citibank, HSBC, etc.)



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Sell Side: Equity Research

Equity Research produces written opinions on publicly traded stocks for investors and clients to use. Equity Research sells reports to the public for a fee, and the typical client/users are institutional investors. Similarly to equity research, firms employ researchers to provide opinions on a variety of financial instruments, including credit, fixed income, commodities, currencies, rates, etc. Equity Research is organized into groups by *industry*, but this can vary by firm. Note, even though ER can be part of an investment bank, a strict “wall” is kept between ER and the other sides of the bank to maintain the confidentiality of private information, which investment and corporate bankers would have access to.

Analysts are expected to perform the following tasks: *financial modelling*, *valuation*, *writing reports*, and *presenting recommendations* to sales teams within the firm, and investors. Key skills include *modelling*, *research*, *communication* (written and oral), and *interest in economics and markets*.

Recruiting Details

- Timeline: more variable than other roles; typically summer through fall
- Process: Networking > Application > 1st & 2nd Round Interviews (Market & Behavioural questions; extensive prep required)

Lifestyle (Toronto)

Pay

\$60k-\$80k (base)
15-40% (bonus)

Hours

60-70hr /week

Typical Exit Options

Fund Managers, etc.

Relevant Firms

Big 6 Canadian Banks
(RBC, TD, BNS, BMO, CIBC, NB)

Other Brokerages

(Credit Suisse, Paradigm, GMP,
Cannaccord, etc.)

Buy-Side

(Fidelity, CPPIB, OTPP, HOOPP,
OMERS, etc.) Note: Buy-Side
Firms also produce equity
research



Sell Side: Final Comments and Q&A

Has anyone worked in the sell side before, and what were your experiences like?

- Sell Side finance is a typical career path for business, economics and STEM students looking for internships or who have recently graduated.
- The sell side is typically characterized by long hours, hard work, fairly high attrition (variable by bank and role), but competitive pay and large bonuses.
- Pursuing a 3rd year internship in a capital markets/sell side role is a key part of helping to secure a full-time role in the industry post-graduation.
- Recruitment happens early for these roles, typically during summer through fall, and requires prep in behavioural and technical interview questions.



Buy Side: Asset Management

Asset Management describes a wide variety of roles and firms which manage investments in a portfolio – these investments can be financial instruments or whole companies. Examples of Asset Management firms include:

- Mutual Funds
- Pension Funds
- Wealth Management
- Hedge Funds
- Insurance Funds
- Private Equity

Note: definitions for the above fund types are provided in the appendix. Fund Managers monitor markets and make investing decisions on behalf of their clients, which could be the firm's own capital, money from institutions, or money from individual investors. Asset Management firms are typically organized by *segment* (e.g. equities, commodities, bonds, etc.) and employees are expected to have in-depth knowledge and understanding of those products/markets. Asset Managers earn money through fees, and sometimes through additional incentives that are dependent on the fund's performance.

Analysts are expected to perform the following tasks: *financial modelling, valuation, industry research, portfolio monitoring*, and various other *asset allocation* analyses. Key skills include *modelling, research, analytical* mindset, *attention to detail* and *interest in economics and markets*.

Recruiting Details

- Timeline: Summer through Fall
- Process: Networking > Application > 1st & 2nd Round Interviews (Market & Behavioural questions; extensive prep required)

Lifestyle (Toronto)

Pay

\$50k-\$80k (base)
Varied (bonus)

Hours

50-70hr /week

Typical Exit Options

Moves between various funds, etc.

Relevant Firms

Big 6 Canadian Banks
(RBC, TD, BNS, BMO, CIBC, NB)

Canadian Pensions
(CPPIB, OTPP, HOOPP, OMERS, etc.)

Insurance Companies
(Fidelity, Sun Life Financial)

Private Funds



Buy Side: Wealth Management

Wealth management is another type of asset management that advises clients on investment and wealth planning decisions. These clients are typically high net worth individuals who receive investment advice, retirement, legal, and estate planning from wealth managers. Advisors are responsible for managing a portfolio of clients and sourcing new clients through external relationship networks.

Junior team members (usually associates, though some analysts out of undergrad) are expected to perform the following tasks: *advising clients*, ideating *investment strategies*, *networking*, and *communicating with colleagues*. Key skills include *communication*, *relationship management*, *portfolio management*, *passion for financial markets*, and *analytical skills*.

Recruiting Details

- Timeline: Fall
- Process: since most private equity firms hire experienced workers & MBAs rather than recent undergrads, internship/full time recruiting is highly variable.

Lifestyle (Toronto)

Pay

\$45k-\$65k (base)
5-20% (bonus)

Hours

50-70hr /week

Typical Exit Options

Asset Management,
etc.

Relevant Firms

Big 6 Canadian Banks
(RBC, TD, BNS, BMO, CIBC, NB)
Various Other Firms



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Buy Side: Private Equity

Private Equity is another type of asset management role, where the assets of the company (cash) from investors is invested in equity of privately-held companies to grow value, and later sell the position. Private Equity has 4 key functions: (1) fundraising; acquiring investor capital for the fund, (2) analysing potential investments, (3) managing portfolio companies; the firm helps re-vamp company operations, (4) exiting; analysing opportunities to sell the firm's stake in portfolio companies. **Venture Capital** is similar to private equity, in that they invest in companies, but is different because they invest in start-up companies and use little to no debt. Private Equity is most often seen as an exit opportunity for sell-side (particularly IB) employees, and offers fewer analyst/ entry-level opportunities.

Junior team members (usually associates) are expected to perform the following tasks: *financial modelling*, *valuation*, generating *investment ideas*, *industry research*, *portfolio monitoring*, and *administrative/presentation* work.

Recruiting Details

- Process: Since most private equity firms hire experienced workers rather than recent grads, internship/full time recruiting is highly variable.
- For those interested in private equity as a career, consider investment banking and management consulting as potential career paths out of undergrad which are known to lead to private equity roles.

Lifestyle (Toronto)

Pay

\$70k-\$150k (base)

Varied (bonus)

*note: represents 1st year associate pay – not analyst pay

Hours

50-70hr /week

Typical Exit Options

Industry, other Buy Side roles, etc.

Relevant Firms

Various Investment Firms

(CPPIB, OTPP, PSP Investments, etc.)



Buy Side: Final Comments and Q&A

Has anyone worked in the buy side before, and what were your experiences like?

- Buy-side offers more work life balance across roles than sell-side, and is usually a place that young analysts and associates look to transition into after being in the sell-side.
- To an extent, higher levels of expertise, market knowledge, and modelling skills can be expected when entering buy-side roles such as fund management and private equity. This is why many employees begin their careers in the sell side and transition after a few years of experience.



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How to Discover your Interest

1. Have discussions with people who are working/have worked in finance
 - This can include students who have completed internships, alumni, QWFM exec/members, professors, family friends, or anyone else you feel comfortable speaking with.
2. Do your research
 - Take time to read-up on various finance career paths so that you can get a better understanding of the role. Try out Wall Street Oasis, Mergers and Inquisitions and YouTube for alternative and interesting information sources.
3. Attend firm events and networking sessions
 - Queen's University and the Smith School of Business are hosting many industry and firm events this September that will help you learn more about firms and roles available. Sign up on Quest or My Career.
 - QWFM also alerts members when they receive invites to sponsor events – watch the Facebook and make sure to sign up for those events as well.
4. Read/listen to financial news
 - Developing an interest in markets and other financial news is really important in discovering what aspects of finance you enjoy, and in preparing you or networking and recruiting events.

The QWFM summer guide has several additional resources to help you learn about finance careers, understand the recruitment process, and find financial news sources and podcasts that we like.



QWFM Summer Guide.pdf

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Sell Side Careers

Buy Side Careers

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Module Assignment

Write a quick 250-500 word response on the following prompt:

Choose one realm of finance you are interested in and explain the following:

- Why you are interested
- What qualities would make you successful in this role
- What steps you can take this year to refine/pursue your interest

Note: responses will be kept private and will not be published

Submit your response to the following link: <https://forms.gle/HPcMdQz891Dz5kaGA>

Due Date: September 12th @ 11pm EST



Appendix 1: Brief Overview of Fund Types

	Mutual Fund	Hedge Fund	Pension Fund
Description	Regulated pools of financial assets that can be bought/sold on public markets and through financial advisors	Unregulated pools of financial assets that are managed using alternative strategies to generate absolute returns	Assets pooled from worker pension contributions, invested to grow asset pool to provide capital for retirement disbursements
Clients	General Public, Institutional Investors	“Accredited” Investors – High Net Worth Individuals, Family Offices, Institutional Investors, Fund Employees	Employees contributing to the pension
Investment Goal	Generate returns that are greater than the relative market	Generate absolute returns: fund growth regardless of market conditions; hedge out risk to generate “alpha”	Maximize long-term returns while controlling risk appropriately
Typical Investments	Any type of financial instrument; limited use of short selling, derivatives and leverage in accordance with regulations	Any type of financial instrument, including use of OTC derivatives, short positions, and leverage (in some cases, very high leverage)	Any type of financial instrument, particularly equity and fixed income. Increasing investments in projects, PE, companies, infrastructure, etc.
Example Companies	TD Asset Management, Mackenzie Investments Fidelity, etc.	Polar Asset Management, RP Investments, etc.	CPPIB, OMERS, OTPP, HOOPP, etc.

Note: chart is not representative of all types of investment funds and opportunities