

Transcript of the January 26, 2011 UNC's Kenan-Flagler Investment Management  
Concentration Chat

**KFBS\_Christian (guest):** Welcome to the Kenan-Flagler Investment Management Concentration Chat. My name is Christian Robinson, I am a second year student and President of the Investment Management Club. I am joined today by second year students Jared Gardner and Derek Aherne; first year students Michael Ives, Sharon Lin, and Charles Moore. We will be ready to take your questions after everyone introduces themselves.

**KFBS\_2011\_Jared (guest):** Hi! My name is Jared Gardner, and I'll be graduating in 2011. Immediately before school, I owned my own IT consulting company. Over the summer, I worked as a quantitative finance research assistant for a professor here at Kenan-Flagler. I am also currently working for an independent equity research firm to gain additional experience. For a full-time position, I am looking for either a career in research or a buy-side analyst position.

**KFBS2011\_Derek (guest):** Hello, my name is Derek and I am a second-year student at Kenan-Flagler. Prior to business school, I worked at Cambridge Associates, which is an Investment Consulting firm located in Arlington, VA. This past summer, I interned at Hatteras Funds, which is a hedge fund of funds located in Raleigh, NC. Please let me know if you have any questions.

**KFBS\_2012\_Chuck (guest):** I worked in Charlotte prior to b-school at TIAA-CREF. I'm interested in buy-side or sell-side research.

**KFBS2012\_Michael (guest):** I'm Michael Ives. I went to Duke for undergrad and also have a Masters of Accounting from Kenan-Flagler. Before coming back for my MBA, I worked at PricewaterhouseCoopers in Charlotte, NC as a tax consultant. I'm currently pursuing summer internships in equity research, which is also what I want to do full-time after I graduate. I'm a CFA Charterholder.

**KFBS\_2012\_Sharon (guest):** This is Sharon, 1st year MBA. I plan to have an investment management concentration and focus on my internship application and future career plan in buy-side. Prior to KFBS, I was an sell-side analyst focus on technology industry.

**KFBS\_Christian (guest):** We are ready to take all of your questions! Feel free to send one to the entire group or to a specific person.

**KFBS\_Christian (guest):** Who will be the first to break the ice?!?!

Robert Frear III: I will... Does KF have an actively managed, student run fund? If so, how does one participate in the fund? What criteria are used in the selection of interested students?

**KFBS2011\_Derek (guest): Yes, there is a student run fund in which we manage approximately \$2 million. In order to participate in the fund, students must go through an application process in which they pitch a stock and write a research report on the stock they pitched. The fund is part of the Applied Investment Management class and is open to all students who go through the application process.**

Camille Linton: What type of securities are traded in the Student run fund? Is it only limited to stocks and bonds, or are derivatives used as well?

**KFBS\_2011\_Jared (guest): @Camille: We actively trade stocks, bonds, options, futures, currencies, and other major investments.**

Camille Linton: Thank You Jared. I learned yesterday that I passed the level I CFA exam and I plan on taking the level II exam in June before I enroll in business school. What does the IM concentration offer beyond what I have learned and will learn from studying for the CFA?

**KFBS\_2011\_Jared (guest): @Camille: Congrats on the pass! I passed Level 1 in June (thanks to a scholarship offered by the finance department). As to your question, you will definitely be a step ahead during the first year, but there is still a lot that the CFA doesn't address that is covered in class. As well, you will also get some of other courses that will help to round out your education.**

Guest762 (guest): hi

Robert Frear III: I am looking at a career change into IM. Is it common for KF students without professional backgrounds in Finance to pursue an IM concentration?

**KFBS2011\_Derek (guest): @Robert. There are a decent amount of career switchers pursuing an IM concentration. There tends to be more of a learning curve for those who do not have prior Finance experience, but the core classes at Kenan-Flagler provide you with the foundation you will need for the IM concentration.**

Guest82 (guest): My career goal is become a private wealth manager. Can UNC help me achieve my goal. And if so how?

**KFBS\_Christian (guest): Hi Guest82; UNC is a great way to make your way into the Private Wealth Management world. We have top-tier firms such as Goldman, JPMorgan, and others that specifically come to Kenan-Flagler to find students interested in Private Wealth.**

**KFBS2012\_Michael (guest): @Guest82...my understanding is that, in the summer of 2010, Kenan-Flagler and Harvard Business School were tied for the highest number of interns at Goldman Sachs in their private wealth internship program**

Guest82 (guest): Thank you. Are courses offered that prepare me for the wealth management

specialization?

**KFBS2012\_Michael (guest): @Guest82....There are no specific classes that focus on private wealth...students are free to choose whatever classes (investment-related or otherwise) will best prepare them**

Monish (guest): What sort of work experience is expected out of students applying to the IM concentration?

**KFBS\_2012\_Chuck (guest): @Monish: You don't have to have any particular work experience to concentrate in Investment Management or to apply for the AIM class.**

Monish (guest): Thank you Chuck. Are the classes offered more introductory level classes in Investments or are they more masters level classes that prepare you for CFA exam?

**KFBS\_Christian (guest): @Monish...the Investments class is a very challenging course that will help you in your preparation for the CFA as well as above and beyond.**

AndrewLeed (guest): Hello, my name is Andrew Leed and I am an M&A consultant. I provide due diligence services for private equity and strategic buyers. I am interested in learning more about the investment management program as I plan on taking the CFA exam while in school. Approximately how many first year students are studying for the CFA exam while in school?

**KFBS\_2012\_Sharon (guest): @Andrew. Prior to KFBS, I passed CFA level I and I plan to finish the other two tests during my study here. Many courses in KFBS cover the test materials, and so many MBA students who plan to concentrate in IM or finance will take it.**

AndrewLeed (guest): great thank you for the response!

Robert Frear III: What are the most popular career tracks (or positions) for IM graduates?

**KFBS2011\_Derek (guest): @Robert. The most popular career tracks are buy-side or sell-side research, private wealth management and sales and trading.**

Reese (guest): Does UNC provide enough learning resources for analytical software platforms, such as Bloomberg Professional, Morningstar Direct, or Capital IQ?...

**KFBS\_2012\_Chuck (guest): @Reese: UNC offers all of those software programs as well as PerTrac and FactSet. Our Capital Markets Lab has classes that are taught where students use all of these programs during class.**

Reese (guest): @Chuck :Thank you

Robert Frear III: Is the job/internship search for IM more driven by individuals star-bursting their own opportunities through networks or as a result of campus recruiting efforts by firms?

**KFBS2011\_Derek (guest): @Robert. The job/internship search for IM is more driven by individual students doing their own networking. There aren't too many companies who recruit for IM on campus, but we have seen an increase in the number of companies coming to campus over prior years.**

**KFBS2012\_Michael (guest): @Robert....just to add onto Derek's comment, I think that IM recruiting at KFBS is similar to many other schools...it is a much more fragmented industry than investment banking or consulting, so many of the best opportunities are derived through networking**

Guest537 (guest): Is there any scholarship for CFA Lv1 Dec 2011 examination?

**KFBS\_2011\_Jared (guest): @Guest537: The scholarships available for the CFA Level 1 are specifically for June.**

Guest554 (guest): Hi there. Can anyone shed some light on buy / sell side recruiting thus far. Any high level idea of the placement stats, and firms that have been active. Thanks!

**KFBS2012\_Michael (guest): @Guest554...I don't know any placement rates, but I think internship recruiting has been robust so far this winter...I have two offers to do sell-side research at large investment banks, and I have final round interviews scheduled with some of the large buy-side firms (such as T. Rowe Price)...as always, it's very competitive, but the jobs are there**

**KFBS2011\_Derek (guest): Some of the companies that have recruited on campus include T Rowe**

**KFBS2011\_Derek (guest): Price, GMT Capital and UNC Management Company.**

Guest554 (guest): Great to hear. Did you interview with the I-Banks through campus recruiting or personal networking?

**KFBS2012\_Michael (guest): @Guest554...there are KFBS alums in equity research at both of the banks that I received offers from, and they helped me get in the door...at another bank where I had a final round, they came to campus for banking, but I got contact info for someone in HR for research and used that contact**

Camille Linton: Considering the uncertainties of the financial market and the intricacies of financial instruments, how does KFBS prepare students for situations like the past market melt-down?

**KFBS\_2012\_Sharon (guest): @Camille. KFBS's finance and IM classes teach students with fundamental knowledge and real-world investment practice training, such as AIM class. AIMers pitch their ideas and take questions from professors and peers to ensure their competency in the future career need. I think the training is pretty much similar to the working place i stay before (I was an analyst). You can learn and improve. In a class of investment, students are required to apply their knowledge in investment game (con't)**

**KFBS\_2012\_Sharon (guest): @Camille. So, there are tons of training to assure our students well-prepared for the future real-world challenge.**

Camille Linton: Thank you Sharon.

Camille Linton: Are there scholarships available for the other CFA levels?

**KFBS\_2011\_Jared (guest): @Camille: The scholarships are only offered for the first level in June and are available on a limited basis.**

Monish (guest): How competitive is KFBS in comparison to other business schools?

**KFBS\_Christian (guest): @Monish...we are of course a bit biased but we believe that we stack up against the best in the country and our employers have told us that. From the professors to the coursework to the practical application tools to the alumni base, if you want a career in IM, KFBS can help you get there.**

Robert Frear III: Can someone talk to the general geography of the internships for students in the IM concentration? i.e. Mostly South Eastern, Mid-Atlantic, Northeast, etc

**KFBS\_2012\_Chuck (guest): @Robert: Many IM internships are in NY or Boston, but there are several firms in the Raleigh area where students have interned who are interested in staying local.**

Camille Linton: One of the main reasons why I am particularly interested in UNC is because of the location. I would love to move to Charlotte after graduation. Would you know off-hand some of the companies in Charlotte that recruit from UNC?

**KFBS2011\_Derek (guest): @Camille. Companies in Charlotte that recruit from UNC include Bank of America, Wells Fargo and Sterling Capital. There are also smaller firms that people have reached out to on their own. UNC has a large alumni base in Charlotte, which is very helpful for finding opportunities at smaller firms.**

Todd Cobb: In talking with several first year students, and a few I bankers in the industry, the common denominator I hear is that the students who get the offers are the ones who (besides doing well in classes, being prepared for the interview, etc) are the ones that have done the most networking. Would you guys agree?

**KFBS\_2012\_Chuck (guest): @Todd: Networking is extremely important in both I-Banking and IM. Students who can express their desire to work at the target firm and excel in the interview have the highest hit rates.**

Todd Cobb: Thank you. Where are some places to look so I can learn more about the IM industry. For example, an I banker I spoke to told me "Chasing the deal" was a big part of his work, which is industry lingo for being the winning bank in a bid.

**KFBS2012\_Michael (guest): @Todd...you'll get a TON of exposure once you get to school, as we have speakers from industry and other resources to get up to speed...in the meantime, there are a lot of financial blogs (The Big Picture, Minyanville, Seeking Alpha) that can be good resources**

Todd Cobb: Thank you Michael. I have a few local contacts in Durham, NC in finance, and a couple of them may be willing to offer me some unpaid internship work before classes start in the fall. Any type of work you guys would recommend that would be useful? There's a commercial bank and a buy side asset management firm here that I have some connections to.

**KFBS2012\_Michael (guest): @Todd...anything that you can do to show passion and commitment goes a LONG way in the recruiting process...you're going to be really busy with school, but to the extent that you can do some part-time work for a buy-side firm, that would be a great talking point for interviews (as well as a great learning opportunity, I'm sure)**

Todd Cobb: Thank you. This would be prior to classes only.

Robert Frear III: For the first year students... How fruitful has the internship searching experience been? i.e. How difficult has it been to find internships that are in your area of interest?

Robert Frear III: For the second year students... Aside from the opportunities initiated from your internships, how successful has the Job search been for finding full time employment?

**KFBS\_2012\_Chuck (guest): @Robert: For IM, one or two first years already have offers for internships in NY. The local internships typically recruit later. For I-Banking, the recruiting is more structured and earlier so many first years have offers already.**

**KFBS\_Christian (guest): @Robert...aside from full-time offers, most of the opportunities for IM specific jobs are popping up now and over the next few months. Smaller IM firms typically need people that can start right away which takes a lot of current MBA candidates out of the running. However, as we approach March/April/May, there are more opportunities that become available.**

Robert Frear III: How many students each year (roughly) pursue an IM concentration?

**KFBS2011\_Derek (guest): @Robert. Approximately 15-20 students pursue the IM concentration each year.**

Robert Frear III: I have heard because KFBS has a non-traditional grading scale in some cases I Banks or other recruiters ask for GMAT scores. Is this true? Have you come across that?

**KFBS\_2012\_Chuck (guest): @Robert: Some I-Banks or Consulting firms will ask, but it isn't common for firms to ask in IM.**

Robert Frear III: You don't know what you don't know. So, aside from the capital markets lab and class, are there other campus/university resources provided by KF that you think will be useful for your future career in IM that maybe we have never heard of?

**KFBS\_2012\_Sharon (guest): @Robert. KFBS internally hold stock pitches competitions. Students also will join Alpha challenge stock pitches competitions to directly face judges from fidelity and other fund managers and learn their weakness and make improvements. Besides that, if you are interested, you also can apply to participate in stock pitch competitions held by Cornell (represent KFBS) (con't)**

**KFBS\_2012\_Sharon (guest): @ Robert. take me as an example. I joined Cornell competition and think it super helpful since you can meet many investing enthusiasts from each top school. the competition can also train you complete a stock pitch in 24 hours. Judges are all fund managers from famous fund. You can take this chance to broaden networks as well.**

Robert Frear III: Thanks Sharon

Camille Linton: Are there any recommended readings for potential students before enrolling in the Investment Management Concentration, or just for b-school in general?

**KFBS\_2012\_Chuck (guest): @Camille: Some good books are Too Big to Fail, The Big Short, and Liar's Poker. Also keeping up with some of the blogs that Michael mentioned.**

Monish (guest): What is the average age of the class entering in any particular year?

**KFBS2011\_Derek (guest): @Monish. The average age for a class is typically 27-28.**

Monish (guest): Thank you. Besides academic knowledge, training, and a very specific concentration knowledge, what other opportunities are available to UNC KFBS students?

**KFBS\_2012\_Sharon (guest): @ Monish. We have many case competitions and part-time internship chances at KFBS.**

Todd Cobb: Among the big banks: Barclays, BoA, JPM, Goldman, etc., how do their cultures vary and who are the ones that are the "best" to work for. I know BoA posted some pretty significant losses this quarter, but the IM teams they acquired from ML have been doing really well.

**KFBS2012\_Michael (guest): @Todd...in my opinion, it's all about fit...all of those banks are terrific companies, and my view of each one's culture might be very different from someone else's...sorry for a non-committal answer, but I think you'll find that the overall reputation of all of those banks is very similar**

Camille Linton: Do students in IM study abroad? And do the global programs at KFBS cater to students in IM?

**KFBS\_Christian (guest): @Camille...short answer...it depends. Students in IM have taken shorter study abroads during Spring Break and during the month of May. However, most IM students do not go on exchange for a semester. This is primarily due to the job search process in which many companies start to post IM internships during the spring when students are abroad. However, if someone is passionate about spending time outside of the U.S., that is encouraged.**

Camille Linton: Thank you Christian

BrianO (guest): How important are grades for IM recruiting? I'm assuming they are pretty important.

**KFBS2012\_Michael (guest): @Brian...it's less about grades than the actual knowledge...you're going to get some pretty tough accounting/finance/business questions throughout the interview process, and your answers to those questions are going to be the real driver...some firms will ask for a transcript, but in general, grades aren't a point of emphasis in and of themselves**

**KFBS2011\_Derek (guest): @Brian. Adding to Michael's response, the grading system at Kenan-Flagler is High Pass (H), Pass (P), Low Pass (L) and Fail (F). Therefore, students do not have a GPA.**

Bryan Fleming: Is it unrealistic to think that I could concentrate in both IM and Corporate Finance?

**KFBS\_2011\_Jared (guest): @Bryan: I'm doing both IM and Corporate Finance. I will admit, I did my undergrad in Corp. Finance, but it is really not that difficult. You may miss out on a couple of non-finance classes that might look interesting, but you won't have to take a significantly heavier class load than anyone else.**

Todd Cobb: Thanks Michael. Do employers look more favorably on an applicant based how well they did a stock pitch competition, or do they simply view participation as a good sign and leave it at that?

**KFBS2012\_Michael (guest): @Todd....a good result in the competition doesn't hurt, but if you spin it right, participation is the most important thing...the biggest surprise for me throughout the recruiting process is how much recruiters care about strong preparation and passion...stock pitch competitions are a great way to refine your ideas for interviews (since most IM interviews revolve around stock pitches)**

Todd Cobb: So rather than a case question, they want to hear you pitch?

**KFBS2012\_Michael (guest): @Todd....from time to time, you'll get a mini-case (e.g. how would one analyze the supply and demand for lawnmowers in the US?), but generally speaking in IM, it's all about the stock pitches...of my two hours of final round interviews at one of the banks where I got an offer, I'd say 75% of the time was stock pitches and 25% was background/fit**

Todd Cobb: Thank you for all the info. Digging a little bit more, what do you do when you pitch a stock in an interview? I imagine it being like a short persuasive speech.

Camille Linton: How does KFBS prepare you to make stock pitches? Or is it just done by getting involved in the Alpha Challenge or other competitions?

**KFBS\_2012\_Chuck (guest): @Camille: the Investment Club and second years will go through how to prepare your pitches so you're prepared for the competitions such as Alpha Challenge. You will also get practice by participating in the AIM class.**

**KFBS2012\_Michael (guest): @Todd...the way that it generally works is that you spend 60 seconds introducing your idea and then you field whatever questions the interviewer might have and use those questions to present the details of your thesis...some interviewers focus on your financial model and challenging your assumptions, while others focus on bigger picture items (e.g. why this company and not Competitor X?)**

**KFBS2012\_Michael (guest): @Camille...just to reiterate Chuck's thoughts, you'll have plenty of opportunities to work on stock pitches...the second-years are a huge help, and we also have brought in buy-side analysts at local firms to listen to students' pitches**

Todd Cobb: Thank you Michael. It sounds like most of the material is equities focused. Do firms place much emphasis on bonds, or alternative assets?

Camille Linton: Would you need to do stock pitches for internships?

**KFBS2011\_Derek (guest): @Camille. It depends on what type of internship you are pursuing, but most buy-side and sell-side research internships require you to do stock pitches during the interview process. For internships that do not have a research focus, you may not need to do a stock pitch, but could have to do something else such as a macroeconomic presentation.**

Camille Linton: Thank you Derek.

apurvaGoel (guest): Usually how much focus is on the quantitative aspect of a pitch, I would assume it would be nice to quantify the risk associated with an idea

**KFBS\_2011\_Jared (guest): @apurvaGoel: A pitch is composed of both a quantitative analysis such as a discounted cash flow model, comparable analysis, sum-of-the-parts analysis, etc. as well as a qualitative analysis. Risk analysis is definitely encouraged, and is usually a major topic on each stock pitch.**

**KFBS2012\_Michael (guest): @Todd...my experience is probably biased, because I'm focused on equities...it will depend on what position you're applying for...if you are interested in fixed income, then your pitches would be focused on that as well**

Todd Cobb: I see. Thank you so much for all the information, it was very helpful.

KFBS\_Christian (guest): We have received some great questions so far. We still have another 10 minutes so please send over any remaining questions!

Todd Cobb: What were those IM blogs worth reading again?

**KFBS2012\_Michael (guest): @Todd...I like The Big Picture and Minyanville...Seeking Alpha is another**

**KFBS\_2011\_Jared (guest): @Todd: Calculated Risk is another good blog.**

Todd Cobb: Awesome, thank you.

Robert Frear III: How has the student run fund performance been thus far in 2011?

**KFBS2011\_Derek (guest): @Robert. Since we took over the fund from the prior year's class, we have outperformed our benchmark by approximately 200 basis points.**

Camille Linton: What benchmark do you use?

Camille Linton: And how has it performed longer term?

**KFBS2011\_Derek (guest): @Camille. It is a blended benchmark comprising different indices based on our asset allocation. Some of the indices in the benchmark include the DJ Wilshire 5000, MSCI Emerging Markets Index, etc.**

**KFBS2011\_Derek (guest): @Camille. Since inception the fund has outperformed the benchmark by approximately 9%.**

**KFBS\_2011\_Jared (guest): Thanks for joining us today. The chat transcript will be posted on our website within two weeks: <http://www.kenan-flagler.unc.edu/Programs/MBA/infoSessions/Chats.cfm>.**

Camille Linton: Thank you all for the useful information.

Robert Frear III: Thanks for all the answers, very helpful.

apurvaGoel (guest): Thanks guys, it was very informative!

**KFBS\_2011\_Jared (guest): If you have any further questions, feel free to reach out to an admissions ambassador at <http://www.kenan-flagler.unc.edu/programs/MBA/interviewsVisits/Ambassadors/index.cfm>. Thanks!**