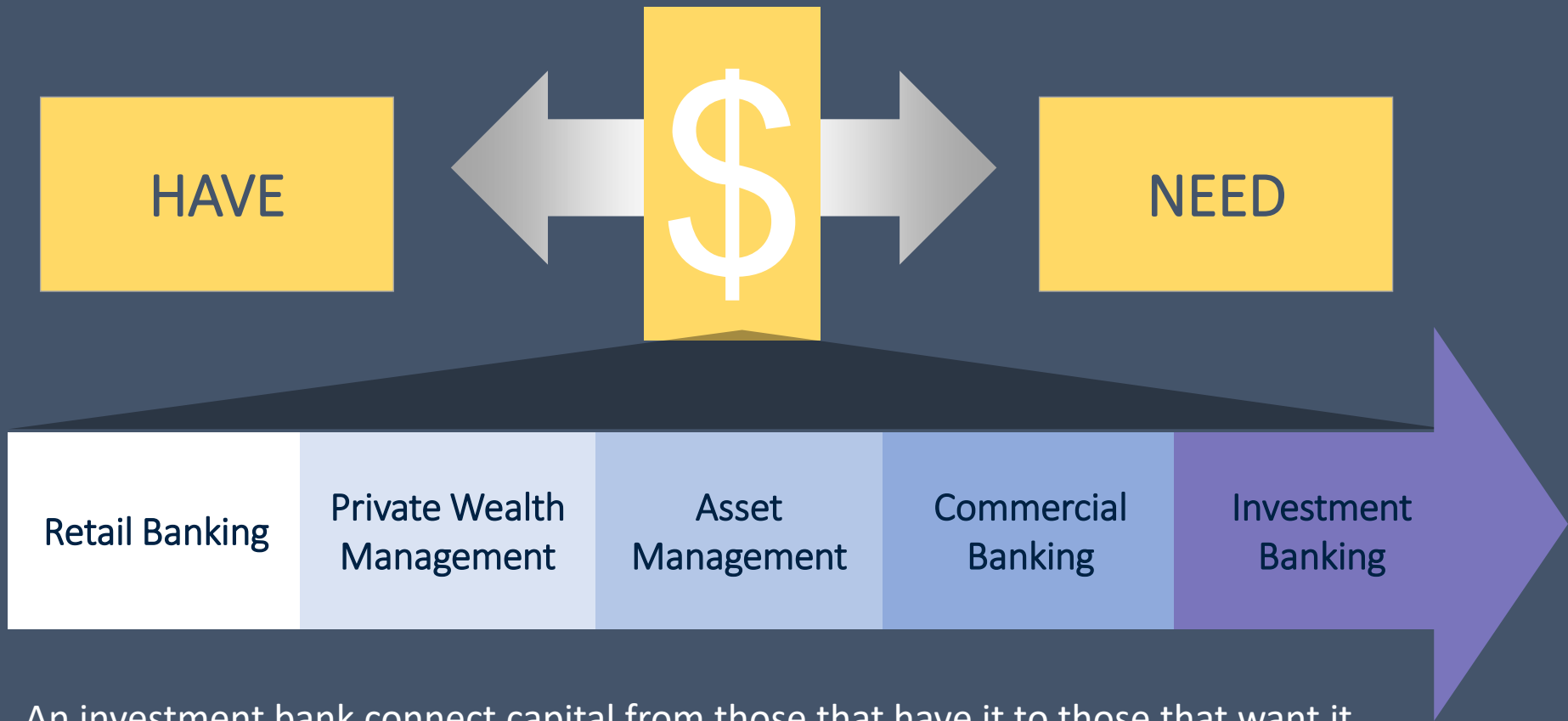


# Introduction to Investment Banking

# What do investment banks do?



An investment bank connect capital from those that have it to those that want it

# Investment Banks – Who?

# Bulge Bracket/Tier1

# Mid-Tier

# Boutique

J.P.Morgan

Deutsche Bank 

Jefferies

Goldman Sachs

 BARCLAYS

 HSBC

EVERCORE



 UBS

 BNP PARIBAS

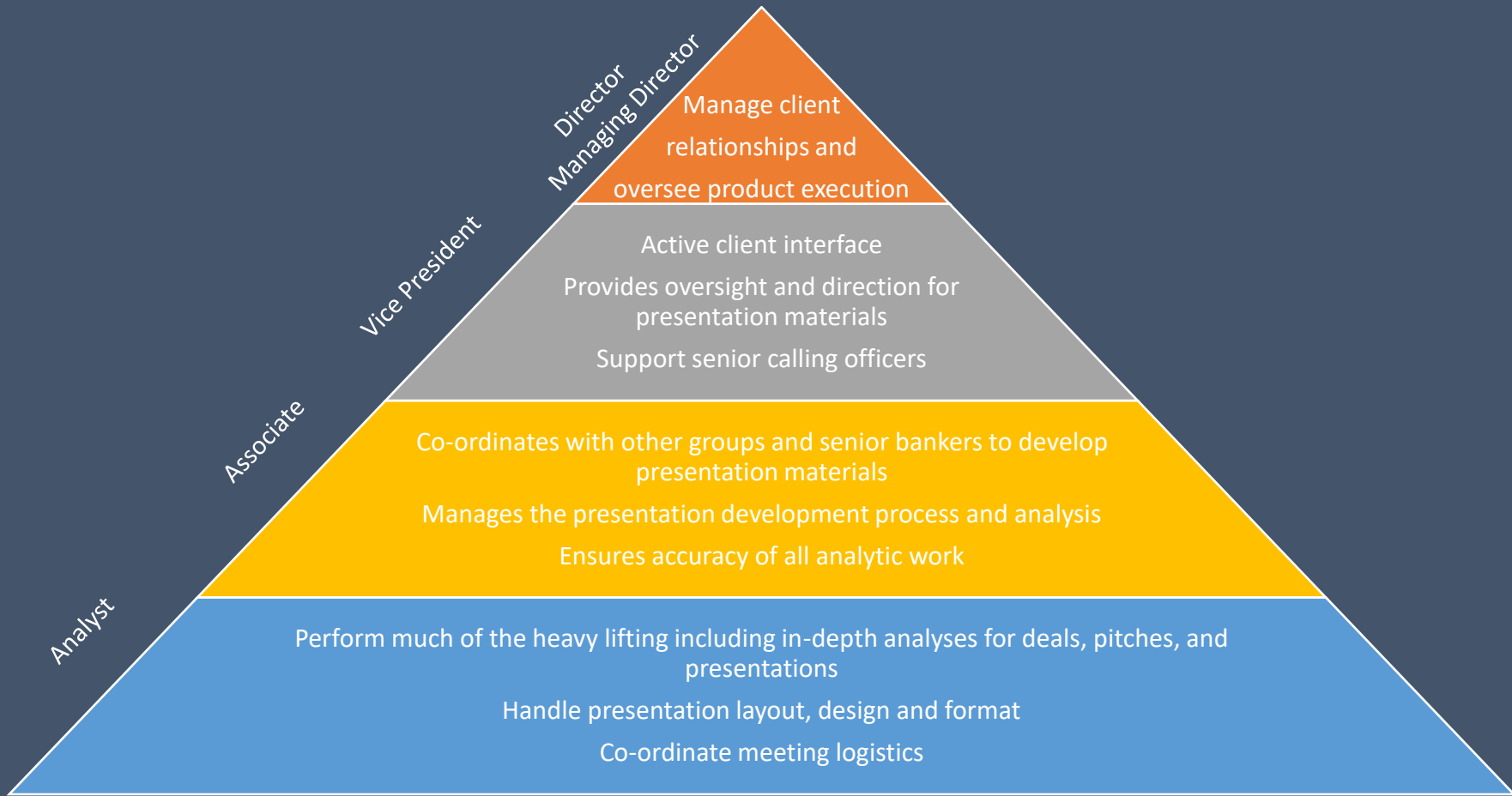
LAZARD

  
BANK OF AMERICA

Morgan Stanley

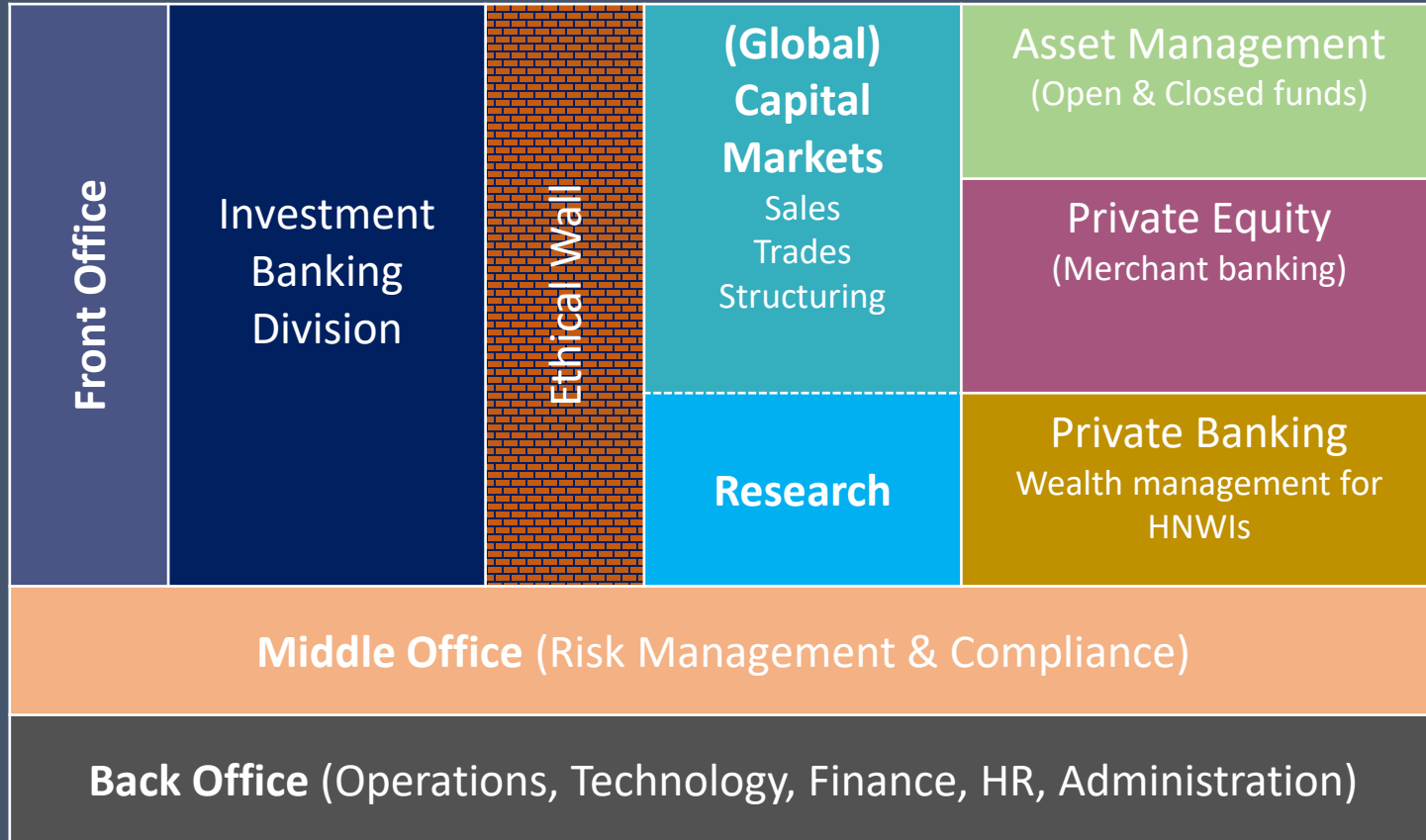
NOMURA

Moelis



# Investment Banking – Job Hierarchy

# A Typical Investment Banking Structure



# Investment Banking or Investment Bank?

## Private Side



## Public Side



# Funding and Financing an Investment Bank

## SELL SIDE

Underwriting

ECM

DCM

Brokering/  
Dealing

Trading

Sales

Derivatives

Structuring

Prime brokerage

## BUY SIDE

3<sup>rd</sup> Party  
Money  
Management

Asset Management

PE /Infra

Hedge Funds

Private Banking

Venture Capital

Principal  
Money  
Management

PE/Infra

Hedge Funds

Proprietary Trading

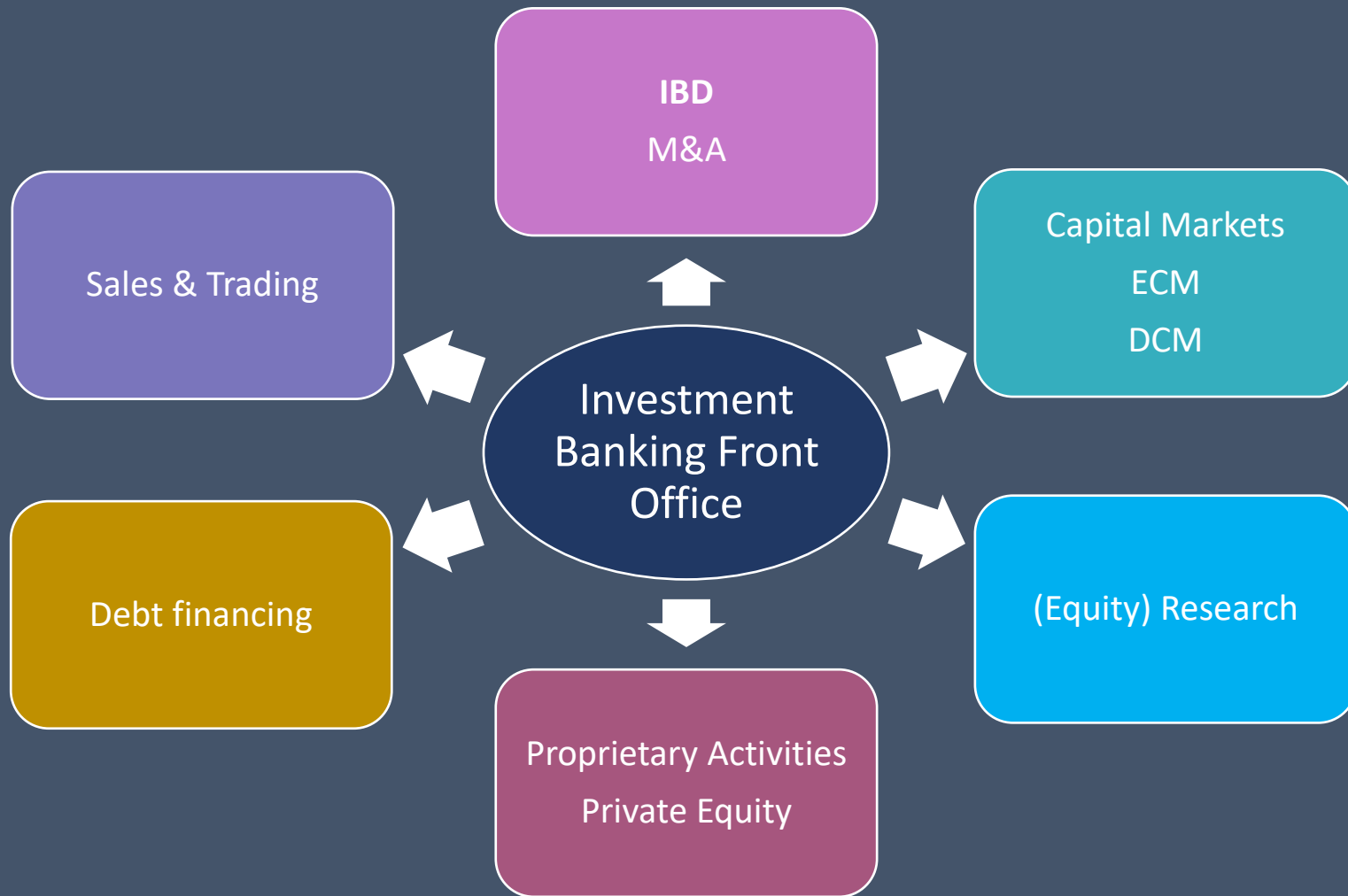


Investment  
Banking  
Division

Typical  
Industry  
Groups



IBD: Typical Industry  
Groups



Investment  
Banking

Front Office

Sales & Trading

IBD: M&A

Capital Markets

# Sales

## Typical Day

- Working reactively from markets opening to closing and suggesting potential trading strategies and products to clients.
- Working at a fast pace, under pressure with lots of multi-tasking
- Entertaining clients with some travel

## Skills

Excellent communication	Numeracy	Quickly identify risks and opportunities
Relationship building	Networking	
Persuasion & Persistence	Product knowledge	Critical thinker
Working under pressure	Macro-economic impacts	Integrity

# Trading

## Typical Day

- Working closely with the sales team
- Regular early starts e.g., 5.45am.
- Risk managers relying on research for their full analysis
- Execution of trades and managing the bank's liquidity
- Using expert knowledge of a particular area

## Skills

Quick thinking to identify risks and opportunities

Strong analytical skills

Independent working

Numeracy & accuracy

Resilience

Expert knowledge of markets and financial instruments

Working under pressure in fast paced environment

Accountability

Integrity

IBD: M&A

IBD: Capital Markets – Equity Capital Markets (ECM) & Debt Capital Markets (DCM)

## Typical Day

- No such thing as a typical day
- Marketing: identifying targets, modelling scenarios and creating pitchbooks
- Executing: producing models, co-ordinating teams, negotiating and updating
- Originating: building relationships, winning business and making money
- Involves working very long hours, frequent and last minute worldwide travel

## Skills

Stamina (on deals)

Problem solving

Strong IT, Analysis & Modelling Skills

Relationship building

Adapt rapidly to changes

Exceptional communicator with ability to ask good questions (curiosity), negotiate & influence

Detail orientated

Management & Teamwork

Synthesising & processing large amounts of data

Relationships and team/cultural fit

# IBD: Corporate Finance, Structured, Leveraged, Project Finance

## Typical Day

- Different to the 'hard core' M&A
- Hours more manageable
- Will be helping governments and companies 'raise' finance

## Skills

Intelligent & smart

Client relationship skills

Maths orientated

Negotiation skills

Interested in finance

Team Skills

Solutions focused

# Front Office: Global Capital Markets – Research (Equity, credit, economics)

## Typical Day

- Research, reporting, modelling and analysis of company financials to make forecasts and explore scenarios to make recommendations for buying/selling
- Meeting clients and building relationships with senior management
- Making site visits to client companies
- Hours are from when markets open to 7-8pm

## Skills

Client relationship building skills	Modelling
Excellent presentation skills	Research and analysis
Maths (Solid understanding of core mathematical and statistical concepts (e.g. Gaussian Distribution))	Confidence in the strength of your ideas



# Asset Management

## Typical Day

- Asset management is offered by Asset and Fund Managers, investment banks and private banks to: Pensions funds, retail clients and private banks
- Managing funds (cash (currencies), bonds, equities and property fund) to obtain the best possible return for a client's chosen risk profile
- Working hours are around markets opening.
- Often two sides to the business – investments and client coverage
- Regular travel to and entertaining of clients

## Skills

**For sales roles:** Client relationship building skills

**For Fund /asset managers:** Analytics and economics skills

Strong interest in the markets

Assimilating large amounts of data

Networking

Thinking outside the box/ lateral thinking

Presenting and debating ideas

Common sense

# Hedge Funds

## What & How

- **What is it?** A hedge fund is a specialist investment product that institutions and wealthy individuals may often purchase as part of their overall investment portfolio.
- Hedge funds carry high risk and high rewards
- **How?** HFs use cash (currencies), bonds and equities as well as derivatives to maximise the potential reward of any investment.
- **Roles:** front to back-office roles plus technology is crucial.

## Skills

Pure maths-based qualifications	
Exceptional programming ability	
Ability to put in long hours	

# Private Wealth Management (PWM) | Private Banking

## Typical Day

- Providing a customised range of services to manage the needs to High Net Worth and Ultra Net Worth individuals and families
- Using complication financial investment and taxation arrangement to optimise client wealth (using a consultative approach)
- Private Banking Divisions are at Goldman Sachs, JP Morgan, Barclays and there are also pure Private Banks like Rothschilds, Pictet and Julius Baer

## Skills

Client relationship management	Ability to command trust
Professionalism	Integrity & discretion
Outstanding social skills/etiquette	Empathy
Attention to detail	CFA /FCA qualifications

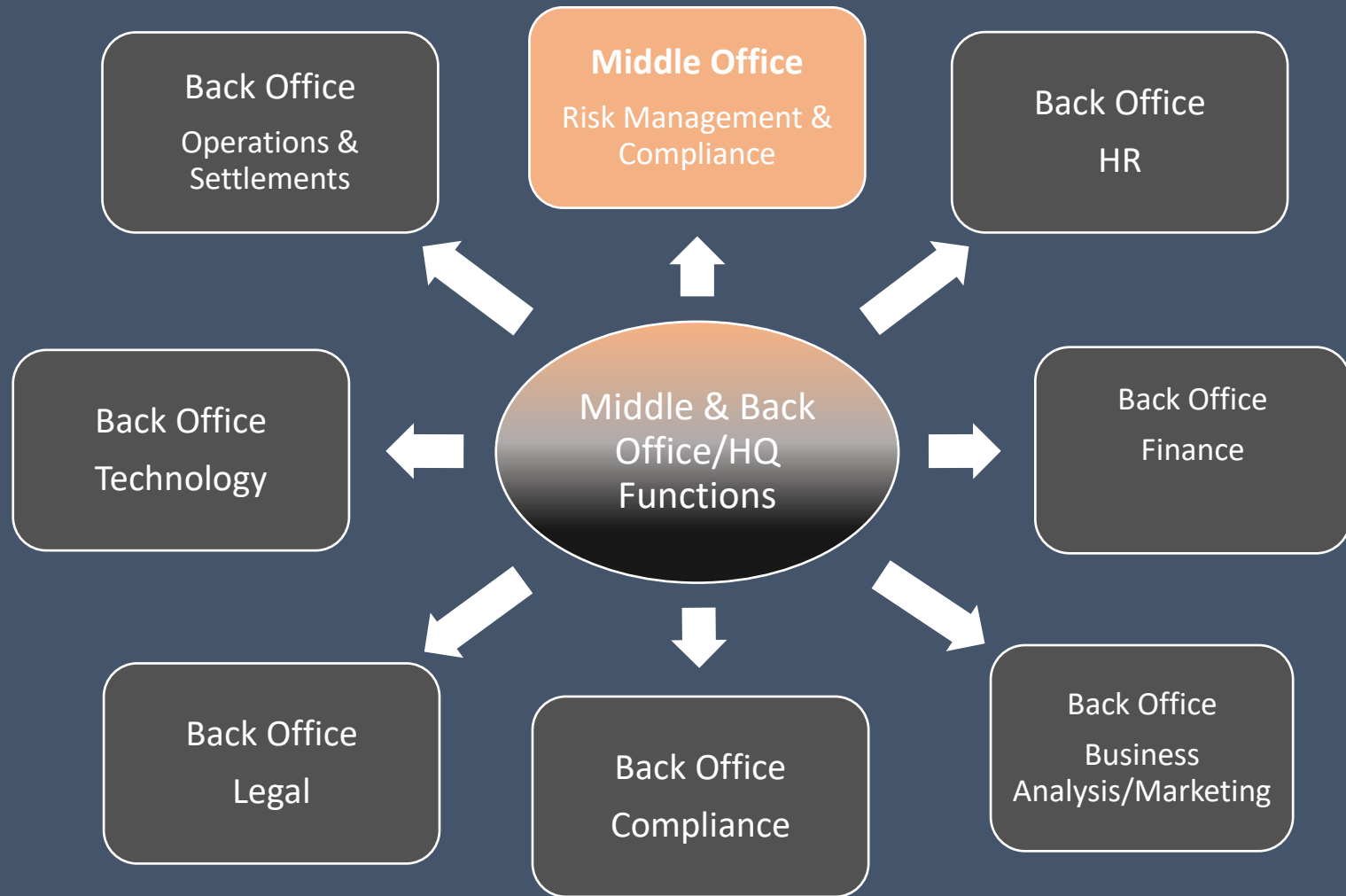
# Private Equity

## Typical Day

- This division is responsible for the financing of private companies through finance investors
- Every firm is different, and roles are different too across the front and back offices – every day is different too
- Work will involve raising capital, sourcing and investigating investments, due diligence, managing investments and selling off companies
- Hours are generally okay but are longer when a big deal takes place

## Skills

Harder to enter as a graduate	Big 4 accountancy experience
Exceptional communication skills	Sector specific knowledge
Public speaking	Strategy consulting experience
Negotiation & influencing	Bulge bracket M&A experience



# Middle Office: Risk Management & Compliance

## Typical Day

- Modelling and managing a bank's risk
- Monitoring and reporting of trading P&Ls
- Providing support to sales and trading teams
- Ensuring there is sufficient capital
- Compliance with regulation, legal obligation, reputational risk, KYC and AML
- Hours 9-5, apart from when there are project deadlines

## Skills

Meticulous attention to detail	Regulatory knowledge
Maths skills	Understanding of risk processes
Management of stakeholder relationships	Knowledge of capital requirements
Organised	Software skills

# Back Office: Operations & Settlements

## Typical Day

- Supporting front office to ensure that trades are settled accurately and efficiently
- Interacting with clients, counterparties and clearers to improve efficiency and speed
- Very much 9-5 unless a settlement is urgent
- Unlikely to involve travel

## Skills

Resourceful & proactive

Analysis

Good maths

Process driven

IT Skills

Accurate, reliable and consistent

Data collation

Team player

# HQ Functions: Technology | Strategy | Business Analysis | Finance | Legal | Compliance | HR

## Typical Day

- Range of roles supporting the bank's day to day operations
- Often highly specialised particularly in accountancy, legal, IT and strategy
- Often complex and challenging and can be cyclical

## Skills

Specialist knowledge	Intelligent
Banking and markets knowledge	Relationship management
Regulatory environment knowledge	Stakeholder management
Data collation	Team player



# Next Steps

- Work out which type of environment / which division is right for you
- Think about how you are going to evidence the skills that are needed in the line of business you are applying to

# Top tip

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