How to Prepare for an Asset Management Interview

Buy Side Coach
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Follow the Financial News

• Read the Wall Street Journal every day.
• Know where the S&P 500, Nasdaq, and Dow are trading.
• Know where the 2-year and 10-year U.S. Treasury Yields are trading.
• Have an opinion on the market – do you think it’s going up or down; be able to explain why.
Have 3 Stocks You Can Talk About

• Have 2 longs, and 1 short to demonstrate you fundamental research and communications capabilities.

• Actually write a 1-3 page report that you can show the interviewer.

• Make sure you thesis is clear, concise, and compelling.
Explain “Why Asset Management?”

• Have a good answer for why you want to be a professional stock-picker.
• Demonstrate that investing is your passion; firms really want to find people that live and breathe stocks.
• Know the differences of culture, size, and investment style for the respective firm.
Know Your Investment Style

• Have a sense for what type of investor you are: value, growth, GARP, etc.
• This shows that you’ve thought hard about your investment process and preferred valuation techniques.
• Over time your style will likely change, so be aware that this is a starting point.
Be Prepared for Failure

• A good stock-picker is wrong approximately 40% of the time, so you need to show that you know how to handle failure.
• Emotionally, this is very challenging. Be able to demonstrate that you a the personality that can “rebound” and learn from being wrong.
• Think of situations where you learned from mistakes, whether with stocks or real life.
Have a Research Process

• Good stock analysts have a defined approach to analyzing industries, companies, and stocks.
• Describe the process you go through to conduct fundamental research, value a stock, and establish a price target.
• Be able to describe how you’ve developed this process and how it’s changed over time.
How Do You Think?

• Firms will assess how you process information, use it for comparisons, and construct a well-defined thesis.

• They want to know if your thought process follows a logical progression and is consistent.

• They may be asked consulting-like questions such as assessing a company or industry with no prior knowledge. (See questions)
Some Questions to Expect

1. Why do you want to work in Equity Research?
2. Why do you enjoy stock-picking?
3. What is your take on the market? Why?
4. Talk to me about a few stocks you like and why?
5. What stock should I short right now?
6. Take Industry ABC, what are the growth drivers and competitive dynamics? Is this an attractive industry?
7. Take Company XYZ, they do ABC. Tell me about their margin structure and return on capital profile?
8. Why do you want to work for our company?
Some Questions to Expect, Part 2

1. How do you value a company? What metrics do you use?
2. Walk me through your resume and explain why you made decisions around what schools to attend and jobs to take?
3. What are your skills that will help you analyze industries and stocks.
4. What are you financial modeling skills? (Be prepared to answer detailed questions on formulas and implications of various financial metrics).
5. What are your long-term career goals? (Usually you are striving to be a portfolio manager).
For more in-depth training, register for a session at www.buysidecoach.com

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