



Western Capital Markets

Career Deep Dive: Investment Banking and S&T

Sample Educational

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Table of Contents



Disclaimer

I. Career Deep Dive: Investment Banking

II. Career Deep Dive: Sales & Trading

I. Career Deep Dive: Investment Banking



Investment Banking: Industry Overview



Industry Overview

- Investment banks provide capital raising and advisory services to institutions and governments
- Act as intermediaries between buyers and sellers in transactions and take a fee for services
- Activities include valuation/company analysis, due diligence, industry research
- Investment bankers are engaged by buyers and sellers in corporate transactions

Functions

Advisory	Capital Markets
<p>M&A</p> <p>Restructuring</p> <p>Activism</p>	<p>Equity Capital</p> <p>Debt Capital</p> <p>Leveraged Finance</p>

Categories of Investment Banks

Boutiques



Bulge Brackets & Full-Service Banks

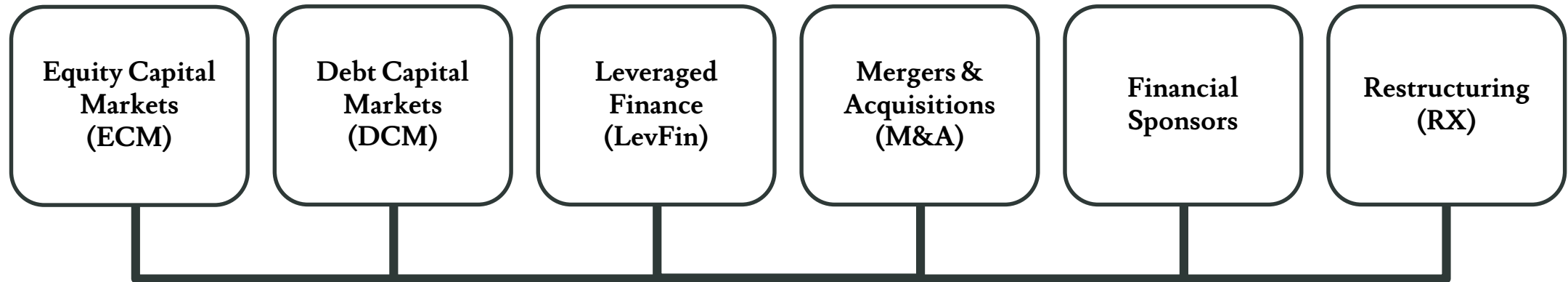


Bulge Bracket Banks: Organization



Product & Industry Groups

Product Groups



Industry Groups

Investment Banking: Organization & Work Life



Position Hierarchy



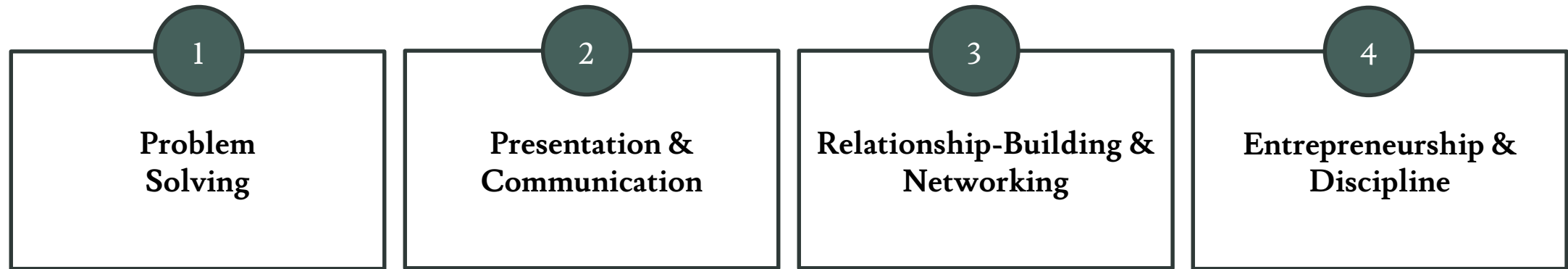
Common Roles & Responsibilities

- **Analyst:** Administrative and valuation work, presentation preparation, financial models
 - **Average Hours / Week:** 60 – 80 hours / week; 100+ hours in peak scenarios
- **Associate:** Manage analysts, take control over presentations, lead model work
 - **Average Hours / Week:** Similar hours to Analysts, likely a few hours less / week
- **VP:** Outward-facing, coordinating entire deal teams, managing client relationships
 - **Average Hours / Week:** 50 – 60 hours / week
- **Director / MD:** Coordinate team strategy and manage significant client relationships

Investment Banking: Is It Right For Me?



Necessary Skills for Banking



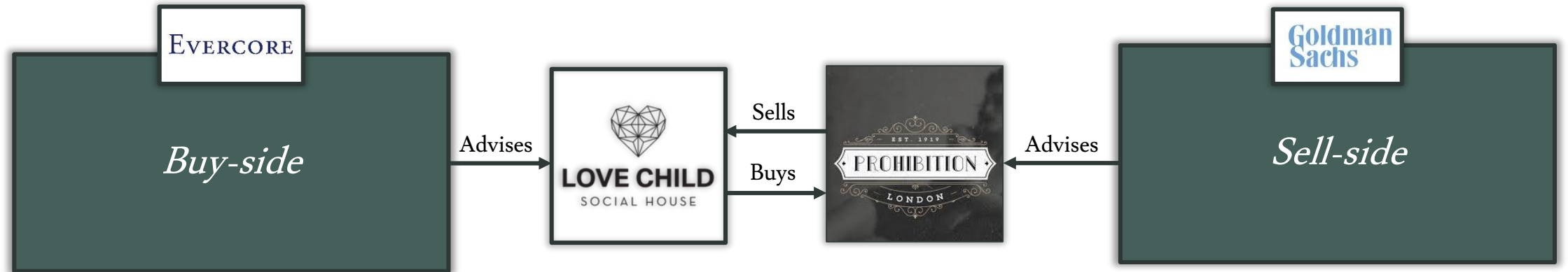
Common Historical Ivey Placements



Investment Banking: Types of Transactions



M&A



Other Advisory Services

IPO &
Secondary Equity
Offerings

Debt Offerings

Specialty
(e.g. Restructuring,
Activist Defense)



Example

1. Meet with company, create initial marketing materials like the Executive Summary and Offering Memorandum (OM), and decide on potential buyers
2. Send out Executive Summary/Teaser to potential buyers to gauge interest
3. Send NDAs (Non-Disclosure Agreements) to interested buyers along with more detailed information like the Offering Memorandum, and respond to any follow-up due diligence requests from the buyers
4. Set a “bid deadline” and solicit written Indications of Interest (IOIs) from buyers. Including details such as:
 - Bid Amount
 - Financing – how you’re paying for it
5. Final process
 - Access to data room
 - Detailed granular due-diligence
6. Final bid

Investment Banking: Buy-Side M&A Process



Example

1. Spend a lot of time upfront doing research on dozens or hundreds of potential acquisition targets, and go through multiple cycles of selection and filtering with the company you're representing
2. Narrow down the list based on their feedback and decide which ones to approach
3. Conduct meetings and gauge the receptivity of each potential seller
4. As discussions with the most likely seller become more serious, conduct more indepth due diligence and figure out your offer price
5. Negotiate the price and key terms of the Purchase Agreement and then announce the transaction.



Example

- 1. Determine underwriting agreement (e.g. firm commitment or syndicate)**
 - Engagement Letter that details the gross spread for the underwriter
- 2. Letter of Intent**
- 3. Issuing company and underwriter file a registration statement to the SEC containing The Prospectus (publicly available) and Private fillings (only to SEC for inspection)**
 - The Prospectus includes financial statements, background on company and management, any legal problems faced by company, but not effective data and offer price
 - SEC carries out due-diligence to ensure all the required details have been disclosed
- 4. The issuing company and the underwriters market the shares to public investors by going on roadshow**
- 5. After the IPO is approved by the SEC, the effective date is decided**
 - The underwriter will decide on the offer price and the number of share to be sold depending on the outcome of the roadshow amongst other factors
- 6. Stabilization/Transition period**
 - After the issues has been brought to the market, the underwriter has to provide analyst recommendation and create a market for the stock issued

II. Career Deep Dive: Sales & Trading



Sales & Trading: Industry Overview



Industry Overview

- Sales & Trading is the field of finance that provides a platform for clients to interact with markets and securities
- It is an advisory and execution business that caters to institutions and UHNW clients
- Sales focuses on origination and maintaining relations, while trading focuses on interaction with markets and risk
- Revenue is generated via commissions, spreads, or product fees – note that execution fees are marginal

Functions

Sales (Primary)

Origination
Advisory
Structuring

Trading (Secondary)

Execution
Risk Management
Delivery

Notable Trading Divisions

Big 6 Canadian Banks



Bulge Brackets



Sales & Trading: Core Focus Areas



Key Trading Areas

Equities

Stocks
Indices / ETFs
Prime Services

FICC

Fixed Income / Repos
Currencies
Commodities

Derivatives

Market Derivatives
OTC Derivatives Bespoke
Products

Execution

Electronic Execution
Agency/Liability
Arbitrage

Key Sales Areas

Origination

ECM
DCM
Onboarding

Retail Products

Notes
Structuring
Risk Management

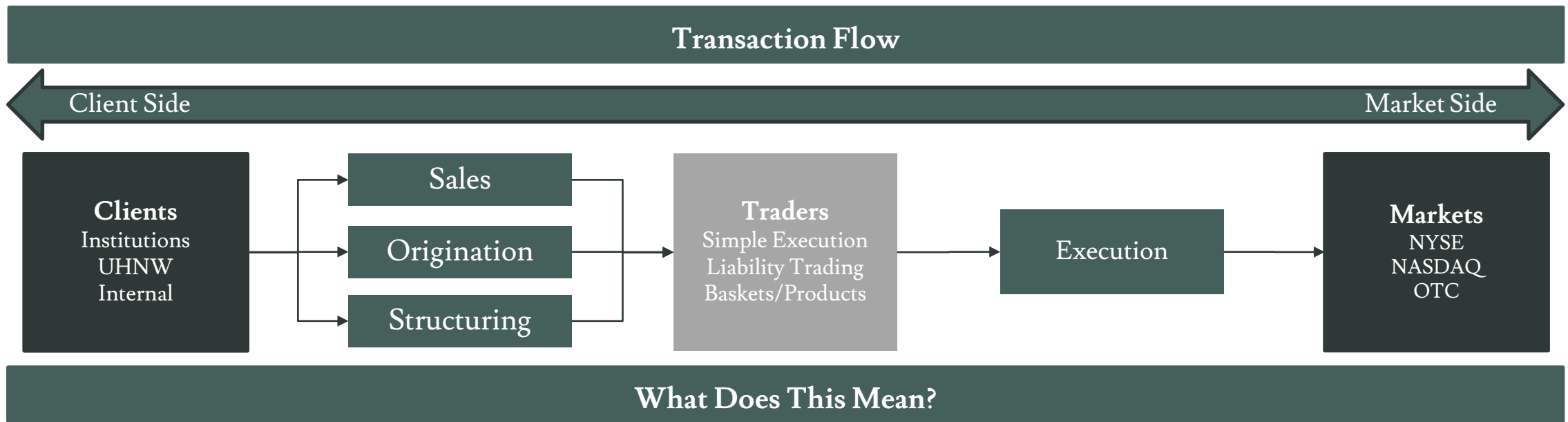
Prime Services

Institutional
Hedge Funds
Brokerage

Support

Trading Support
Systems Support
Client Relations

Sales & Trading: How Does the Transaction Flow?

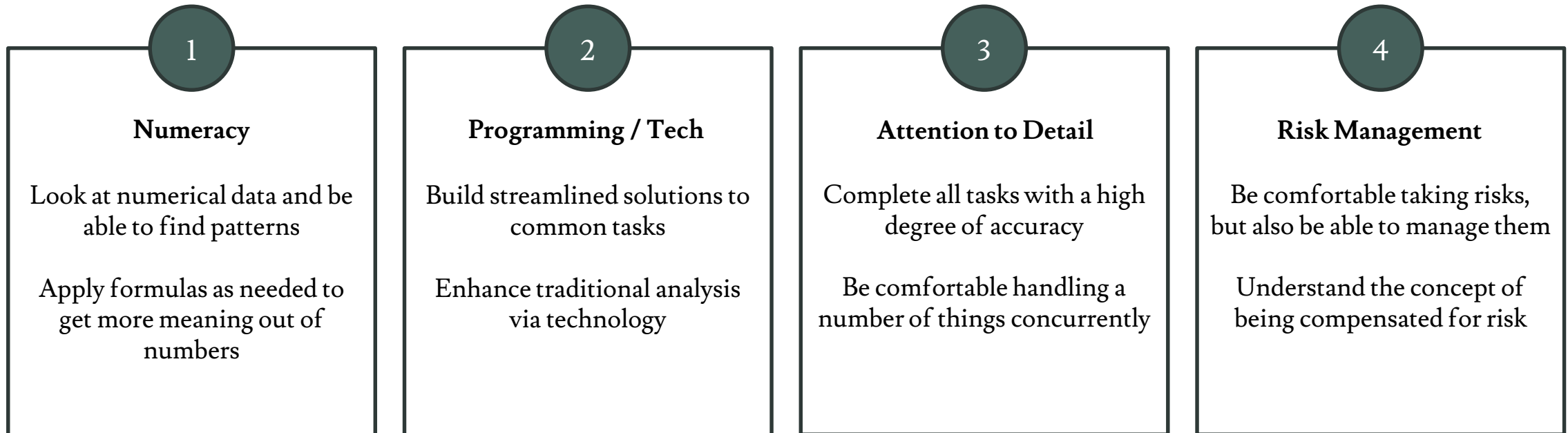


- Sales & Trading focuses on the flow from the client's demand to the end market/product
- As an advisory business, clients expect assistance from their brokers/traders in all market matters
- As a retail investor, it is likely that your orders are routed directly to the execution step
- Bespoke products sometimes don't meet the market and are held by the firm and client privately
- Investment Banking is involved at the origination stage for IPOs, debt offerings, buybacks, etc.

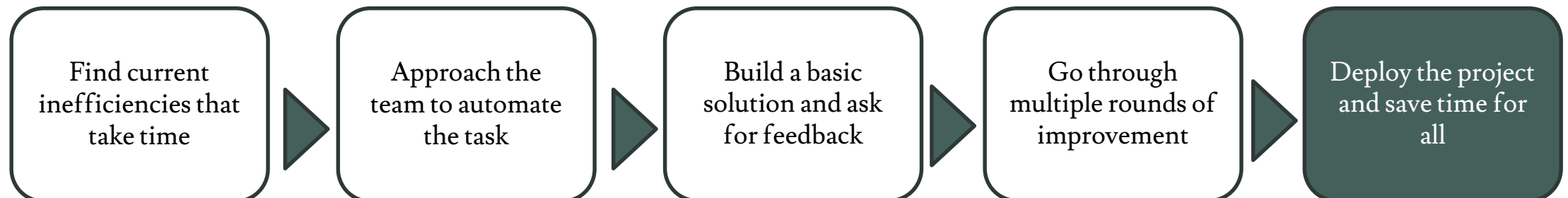
Sales & Trading: Required Skills and Daily Tasks



Required Skills



Typical Project Timeline



Sales & Trading: A Typical Day as an Intern

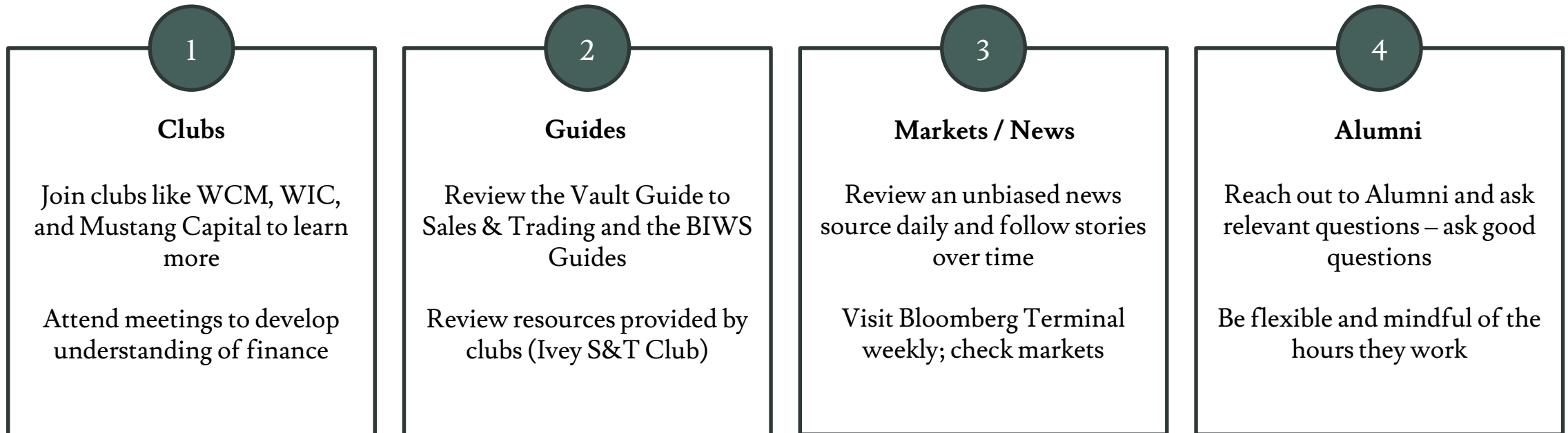


Time	Task	Description
7AM – 8AM	Arrive	Get in 1 – 2 hours before markets open to give yourself enough time to prepare for the day
8AM – 9:30AM	Complete Morning Tasks, Review News	Run reports, send out figures, and speak with team for the day's tasks. Also review important news
9:30AM – 12:30PM	Ad Hoc Tasks	Help the team book all the trades they execute in internal systems or run reports and get figures
1PM – 4:30PM	Continue Ad Hoc Tasks, Work on Projects	Keep helping the team as needed, work on projects that will assist the team
4:30PM – 6PM	Complete Market Close Tasks and Do Projects	Wrap up after market close and finish working on projects, then go home!

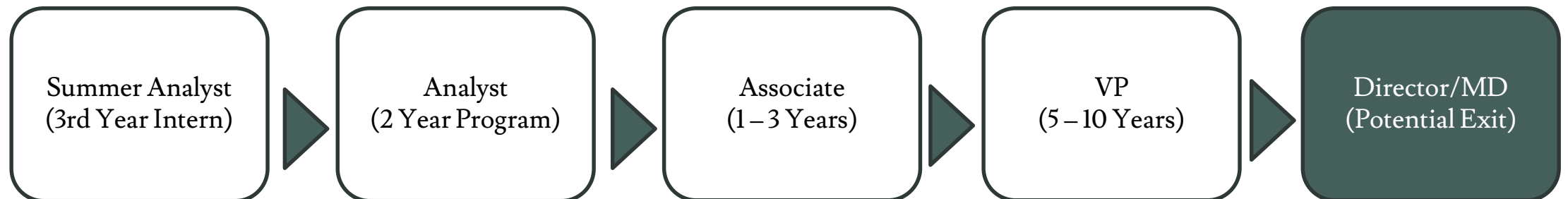
Sales & Trading: Best Practices for Recruiting



Primary Methods of Preparation



Career Progression



Sales & Trading: Recruiting Timeline



The 4 Stages of S&T Recruiting

Early
July

Early
Sept

Late Dec

Early
May

Preparation

- **For Who?** 2nd Year or FT Students Pursuing S&T
- **What to do?**
 - Review guides
 - Understand news
 - Mock Interview
 - Reach out to Recruiters

1st Round

- **For Who?** 3rd Year or FT Students Pursuing S&T
- **What to do?**
 - Finish preparation
 - Email recruiters
 - Apply via UWO Career Central
 - Interview

STEM Round

- **For Who?** All STEM Students Pursuing S&T
- **What to do?**
 - All previous steps
 - Refine STEM Skills: Programming, Math, Design
 - Accept Offers

Internships Begin

- **For Who?** Anyone who secured S&T Internship
- **What to do?**
 - Learn about team
 - Explore products
 - Understand current market environment



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