Asset Management Practicum (AMP)

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What is AMP?

• Course designed to merge the theoretical and the practical
• Provides students practical experience in managing a real investment portfolio
• Students manage portion of Northwestern’s endowment
  – Five portfolios across four teams
  – Total ~ $8.4 million
• Advocates value investing strategy based on fundamental analysis, with quantitative strategies as an overlay.
What is AMP?

- Students have two roles in managing assets
  - **Equity Analysts**
    - Research individual stocks
    - Prepare stock pitches for investment committee (and class)
  - **Portfolio Managers**
    - Determine portfolio positions and trading strategies (buy, sell, quantities, timing)
    - Determine asset allocation (equities, ETFs, cash)
    - Monitor adherence to investment policy statement
      - Restrictions on beta, % holdings, tracking error
What is AMP?

- Opportunity to learn several analytical tools and data bases, including:
  - Bloomberg
  - BARRA
  - Interactive Brokers (trading software)
  - Thomson One
  - Cap IQ
  - FACTSET
Structure of AMP

- Three quarter sequence

- Spring — FINC 456 — 1 credit (AMP I)
- Fall — FINC 457 — 1 credit (AMP II)
- Winter — FINC 458 — 1 credit (AMP III)
- Spring — FINC 459 — 1 credit (AMP IV)
  - AMP I and AMP IV meet together in Spring
Structure of AMP

• Meet Wednesday evenings, EV campus, 6:30 - 9:30
• 2 - 4 guest lectures by practitioners each quarter

Examples include:

Louis Simpson (x58): SQ Advisors
Stephen F. Mandel: Lone Pine Capital
Jeffrey Ubben ('87): ValueAct Capital
David Kabiller ('87): AQR Capital
Joel Tillinghast ('83): Fidelity Investments
Steven Einhorn: Omega Advisors
Sam Zell: Equity Group Investments
Myron Scholes: Nobel Prize in Economics
Structure of AMP

- Student presentations constitute a major component of course
  - Portfolio performance review weekly
  - Over three quarter sequence students must prepare at least
    - Two stock pitches
    - One research report
  - Feedback from both professor and classmates
  - Feedback on stock pitches from investment committee and outside professionals
**Pre-reqs**

- Prerequisites for AMP
  - FINC 431 (Finance II) or FINC 440 (Accelerated Corporate Finance)
  - Prior or consecutive work experience or courses in financial statement analysis and preparation of pro forma financial statements.
  - Concurrent or prior enrollment in one of FINC 442, 444, 463 or 477 with the first term of AMP counts towards this requirement
Co-reqs

- 3 or 4 co-requisites for AMP from this list
  - FINC 442 Financial Decisions
  - FINC 444 Value Investing
  - FINC 447 Financial Strategy and Tax
  - FINC 448 M&As, LBOs and Corporate Restructuring
  - FINC 451 Money Markets and the Fed
  - FINC 460 Investments
  - FINC 463 Security Analysis
  - FINC 464 Fixed Income Securities
  - FINC 465 Derivative Markets I
  - FINC 467 Derivative Markets II
  - FINC 459 AMP IV (for those who have taken I, II, and III)
  - FINC-477 Global Entrepreneurial Finance
  - FINC-941 Macroeconomic Policy and Global Capital Markets
  - FINC 950 Capital Markets
  - ACCT 451 Financial Reporting and Analysis I
  - ACCT 452 Financial Reporting and Analysis II
Advisory Board

- Practitioners and alums
- Annual meetings
- Participate in stock pitches, research papers
- Mentoring
Applications

- Two points of entry:
  - Apply winter quarter for spring or fall start
  - Apply summer quarter for fall start
- Address questions to Prof. Braun, Korajczyk, or Vincent
- Current members of AMP/IMC good sources of information about course
More on AMP

- More information can be found at http://www.kellogg.northwestern.edu/asset_management
  - Firms that have hired AMP students
  - Past and future speakers and events
  - Application details