Asset Management Practicum

Professors Phillip Braun, Ryan Garino, & Robert Korajczyk

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Northwestern | Kellogg

What is AMP?

- Two-quarter 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 ~ $16 million in assets under management
- Advocates value investing strategies based on fundamental analysis, with quantitative strategies as an overlay if the portfolio managers wish

Performance

- January 1, 2022 – January 1, 2023
- Benchmark = S&P500 total return, -16.6%
  - Commingled Fund return -18.4%
  - Crown Fund return –15.5
  - Kenney Fund return –26.4
  - Nash Fund return -27.5
  - Simpson-Querrey Fund return -26.4%

Student Roles and Responsibilities in AMP?

- Students have two roles in managing assets
  - In their first quarter they are equity analysts
    - Research individual stocks already in the portfolio
    - Prepare stock pitches for investment committee (and class)
  - In their second quarter they are 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
- **Note that you do not have to take your two quarters sequentially**

Financial Tools Available

- Opportunity to learn several analytical tools and databases, including:
  - Bloomberg
  - Interactive Brokers (trading software)
  - Thomson One
  - Cap IQ
  - FactSet

Structure of AMP

– Required two course sequence, they do not have to be consecutive, and you can take three courses if you wish

- Spring — **FINC 456** — 1 credit
- Fall — FINC 457 — 1 credit
- Winter — FINC 458 — 1 credit

Structure of AMP

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

  Past examples include:

Louis Simpson (x58):	SQ Advisors
Stephen F. Mandel:	Lone Pine Capital
Jeffrey Ubben (‘87) :	Inclusive Capital Partners
David Kabiller (‘87):	AQR Capital
Joel Tillinghast (‘83):	Fidelity Investments
Steven Einhorn:	Omega Advisors
Jennifer Martin (’99):	T. Rowe Price
Myron Scholes:	Nobel Prize in Economics

Structure of AMP

- Student presentations constitute a major component of course
  - Over two quarter sequence students must prepare at least
    - One stock pitch
    - One research report or a second stock pitch
    - One group of updates of stocks in one of the portfolios
  - Stock pitches receive feedback from the professor, an industry professional, and classmates
    - Each class has an industry professional from the Chicago area attend to critique stock pitches
  - There are reviews of the portfolios' performances weekly

Pre-reqs

- **Pre**requisites for AMP
  - FINC 431 (Finance II) or FINC 440 (Accelerated Corporate Finance)
    - If you have already taken Fin II or ACF or you are taking one of these now, you qualify to enroll in AMP for the winter quarter
    - If you have not already taken Fin II or ACF and you are not enrolled now, you do not qualify to enroll in AMP for the winter quarter. You will need to take either class during the winter quarter and then you will qualify for the spring quarter

Co-reqs

- You must have taken one of the following classes or **enroll in one in your first quarter of AMP**
  - FINC 442 Financial Decisions
  - FINC 444 Value Investing
  - FINC 448 M&As, LBOs and Corporate Restructuring
  - FINC 463 Security Analysis (not offered this year)
  - FINC 477 Global Entrepreneurial Finance
  - ACCT 451 Financial Reporting and Analysis I

- Plus, you must take one of the following classes before your graduate
  - FINC 465 Derivative Markets
  - FINC 450 Capital Markets

AMP Advisory Council

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

AMP Advisory Council

- Tadd Chessen, Managing Director, Marketable Investments, Northwestern University Investment Office.
- Scott Fearon ('83), President and Founder, Crown Capital Management.
- Stuart Goode (NU '65, Kellogg '66), formerly partner, Warburg Pincus.
- Malcolm Jones ('82)
- Michael Lowenstein ('84), Co-Founder and Co-President, Kensico Capital Management
- Jennifer O'Hara Martin ('99), Portfolio Specialist and Vice President, T. Rowe Price
- Avi Nash ('81), Chair, Motivation for Excellence
- Louis Simpson (X '58), Chairman and Co-Founder, SQ Advisors
- Jeffrey Ubben ('87), Founder, Inclusive Capital Partners; Founder and former Chief Executive Officer, ValueAct Capital
- Robin Yoshimura ('94), Managing Director and Wealth Manager, First Republic Investment Management

Applications

- Admit applicants every quarter except summer quarter
- Submit applications through Experiential Learning site
- Address questions to Prof. Braun, Garino, or Korajczyk
- Current members of AMP and Investment Management Club are 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**