Asset Management Practicum

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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 ~ $9.7 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
Jennifer Martin (‘99): T. Rowe Price
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, an industry professional, and classmates
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, 448, 463, 477 or ACCT 451 with the first term of AMP counts towards this requirement
• First term (or prior) one of
  – FINC 442 Financial Decisions
  – FINC 444 Value Investing
  – FINC 448 M&As, LBOs and Corporate Restructuring
  – FINC 463 Security Analysis
  – FINC 477 Global Entrepreneurial Finance
  – ACCT 451 Financial Reporting and Analysis I

• Plus (before graduation)
• One from chosen from
  – FINC 465 Derivative Markets
  – FINC 950 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)
- Jerome Kenney (’67), Managing Director, Senior Advisor, BlackRock
- 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 and the Chief Executive Officer, ValueAct Capital
- Robin Yoshimura (’94), Managing Director and Wealth Manager, First Republic Investment Management
Applications

• Two points of entry:
  – Apply winter quarter for spring or fall start
  – Apply summer quarter for fall start
• Through Experiential Learning site
• Address questions to Prof. Braun, Jagannathan, Korajczyk, or Vincent
• 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