Asset Management Practicum

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Northwestern | Kellogg
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 ~ $15.3 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

- Two to three quarter sequence

• Spring — FINC 456 — 1 credit
• Fall — FINC 457 — 1 credit
• Winter — FINC 458 — 1 credit
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): Inclusive Capital Partners; 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
• Student presentations constitute a major component of course
  – Portfolio performance review weekly
  – Over two quarter sequence students must prepare at least
    • One stock pitch
    • One research report or a second stock pitch
  – 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
Co-reqs

• 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)
• 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:

• Through Experiential Learning site

• Address questions to Prof. Braun 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