Asset Management Practicum (AMP)

Professors Phillip Braun, Ravi Jagannathan, Robert Korajczyk, and Linda Vincent

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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 ~ $9.5 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, 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
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 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