CAREERS IN FINANCE & ALTERNATIVE INVESTMENTS

Fall 2023
**FINANCE FACULTY**

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CDO: SLOAN INDUSTRY ADVISORS - FINANCE

Venture Capital | Hedge Funds | FinTech | Investment Banking | Investment Management | Impact Investing/ESG

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<th>Industry</th>
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<tr>
<td>Finance</td>
<td>Samuel Epee-Bounya, MBA '03</td>
<td>Mutual Funds/Investment Management</td>
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<tr>
<td>Finance</td>
<td>Kristen Robinson Darry, EMBA '13</td>
<td>Finance, Operations</td>
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<tr>
<td>Finance</td>
<td>Jane Levy, MBA '97</td>
<td>Venture Capital, Digital Health/Health Tech</td>
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<tr>
<td>Finance</td>
<td>Millie Liu, MFin '12</td>
<td>Venture Capital/Entrepreneurship/Enterprise deep tech</td>
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<tr>
<td>Finance</td>
<td>Pilar Carvajal Lucena, MBA '17</td>
<td>Finance, Strategy, Fundraising, Impact Investing/Social Impact</td>
</tr>
<tr>
<td>Finance</td>
<td>York Lo, EMBA '18</td>
<td>Funds/Investment Management/Alternative Investments/ESG/DEI</td>
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<tr>
<td>Finance</td>
<td>Preetish Nijawan, MBA '98</td>
<td>Venture Capital</td>
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<tr>
<td>Finance</td>
<td>Dmitri Robin, MBA '04</td>
<td>Investment Management, Fixed Income, Securitization</td>
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<tr>
<td>Finance</td>
<td>James Saliba, MBA '15, MFin '10</td>
<td>Consulting, Finance</td>
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<tr>
<td>Finance</td>
<td>Gil Simon, MBA '03</td>
<td>Hedge Funds/Alternative Strategies</td>
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<td>Lenora Suki, MBA '97</td>
<td>Social Impact Investing/ESG</td>
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<tr>
<td>Finance</td>
<td>David Segura, MBA '11</td>
<td>AI/Machine Learning, Digital Health, IoT/Mobility Tech, VC</td>
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<td>Finance</td>
<td>Matt Weimann, EMBA '17</td>
<td>Finance, Operations</td>
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<tr>
<td>FinTech</td>
<td>Kosta Ligris, EMBA '18</td>
<td>Real Estate Tech, FinTech</td>
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FINANCE RESOURCES AT MIT SLOAN

• **Career Development Office (CDO)**
  - Your CDO (cdo.mit.edu), Finance Career Community
  - MBA/MFin Career Advisors, Sloan Industry Advisors
  - Recruiting and networking events, workshops etc.
  - Finance-specific resources
    - Pitchbook – PE and VC market data
    - Wall Street Prep – technical finance interview prep tool
    - Prequin – global research on IM including PE and Hedge Funds

• **Clubs**
  - ClubFest Event - 9/14 evening
  - VC/PE, Quantitative Finance, Finance & Policy
  - Investment Management, Investment Banking
  - FinTech, MIT Sloan Impact Investing Initiative (Mi3)

• **Other**
  - Martin Trust Center, Alumni, IAP and SIP events, etc.
OVERVIEW OF FINANCE CAREERS

Finance Career Paths

- Investment/Asset Management (IM/AM)
- Investment Banking (IBD)
- Impact Finance
- Venture Capital/Private Equity (VC/PE)
# INVESTMENT/ASSET MANAGEMENT

## Industry
- **Investors**: individuals, retirement plans, non-profits, corporations
- **Advisors**: wealth advisors, consultants, family offices, OCIO
- **Managers (buy-side)**: Traditional IMs, hedge funds, Infrastructure
- **Street (sell-side)**: Research, banking, advisory, trading, sales
- Active vs. Passive (index)
- Quant (systematic) vs. Fundamental
- Increasing demand and expectation of quantitative skills across all roles
- Impact as part of investment process

## Recruiting
- Communication skills are as valuable as the technical skills
- Networking is key, especially for smaller and boutique firms
- Passion for the markets
- Quant as skillset, not just a function
- Employers include hedge funds, mutual funds, pensions, financial services companies and IB’s
- Expect to pitch multiple investment ideas in networking and interviews
- Stock pitch competitions and other events are often recruiting events

## Careers
- Analyst/Associate: individual work, specific product/industry
- VP/Director/PM: individual work, lead small teams, client work
- Specialization and the value of domain expertise
- Compensation is performance driven
- Lifestyle: typically more flexible

## IM Club
- Training sessions for modeling, analysis, and investment pitches
- Networking events / guest speakers

## Required Toolkit
- Communication skills
- EQ
- Finance Skills (FSA)
- Data skills & analysis
- Passion for markets
- Stock pitches
- Critical & original thinking (ability to generate differentiated insights)

## Resources For You
- IM Club
- VC/PE Club
- Finance Cert & Courses
- CDO (E52-331)
- Wall Street Prep
- Alumni
- Read industry reports, trade journals, WSJ/Barrons, research reports

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**2022 MBA Employment Report**
- 5.5% intern IM Industry (Summer 2022)
- 3.6% full-time IM Industry (June 2022)
INVESTMENT/ASSET MANAGEMENT – JOB OVERVIEW

These are “buy side” jobs – I think of asset management as the broad category that includes the following subsets:

Investment Management (public markets debt and equity):
- Mutual funds, ETFs, hedge funds, etc
- Usually more liquidity, shorter time horizons, different kinds of customers (retail, institutional, etc)

Hint: Higher liquidity and transparent pricing = less diligence ... longer time horizon = better lifestyle

Infrastructure Investing (broad definition)
- projects, utility/energy related, public/private partnerships
- can resemble private equity

Real Estate + Other Hard Assets

Crypto Related

Asset managers maximize risk adjusted returns on behalf of their outside investors
These are “idea” industries – being able to pitch ideas is an essential skill
## INVESTMENT BANKING

### Industry
- Offer strategic advice including transaction-related advice (M&A, capital raising, equity, debt) and client services (insights around industry developments, restructuring, regulatory changes)
- **Product groups:** M&A, ECM, DCM, LevFin, Restructuring, etc.
- **Industry groups:** Tech, Media & Telecom, Real Estate, Healthcare, Financial Sponsors, Industrials, Oil and Gas, Consumer Retail, etc.
- **Bulge Brackets (BBs):** the largest global banks that offer all products and services and operate in all geographic regions

- Goldman Sachs
- Morgan Stanley
- J.P. Morgan
- Bank of America
- Citibank
- Barclays
- Credit Suisse
- Deutsche Bank
- UBS
- Evercore
- Lazard
- Moelis & Company
- Greenhill
- Rothschild & Co

### Careers
- **Structured career progression**
  - Managing Director: Business Origination
  - Executive Director: Client Interaction
  - Vice President: Checks & exercises judgment, 6-7 years
  - Associate: Internal quarter, 3-3.5 years
  - Analyst: Number cruncher, Pre-MBA, 2-3 years
- **Lifestyle:** deal-focused, very long hours
- **Demanding profession with endless learning opportunities, high impact, and meritocratic career progression**

### Recruiting
- **Very structured recruiting process**
- Banks rely heavily on internship recruiting to fulfill full-time needs
- Networking is critical; construct your “Why IB” story
- Career switchers are common; however, it helps to have a previous connection to the industry or product group you are pursuing
- Look for company and team cultural fit; learn about groups via networking and coffee chats
- Diversity recruiting initiatives
- **Behavioral:** resume, cover letter, “why banking,” recent deal and industry discussion
- **Technical:** accounting, financial statement analysis, equity value, enterprise value, valuation metrics, multiples, DCFs, M&A models, LBOs

### Investment Banking Club
- MIT Sloan student club focused on providing students the resources, information, and support to facilitate successful recruiting at investment banks
- Finance Day (October), company events, mentorship, technical and behavioral interview prep
- Investment Banking Club contact information: ibclub.officers@sloangroups.mit.edu
- ~5-6% of our students intern or take full time jobs in Investment Banking

### Required Toolkit
- Financial valuation models (DCF, comps)
- FSA (accounting & tax)
- Work ethic & tenacity
- Leadership
- Passion for deals
- Demonstrated preparation
- Professional persistence

### Resources For You
- IB Club
- CDO (E52-331)
- Steering Your Career (IB)
- NYFD
- Wall Street Prep
- WSJ & FT (IB Scorecard & League Tables)
- Pitchbook
- Capital IQ
- Alumni
INVESTMENT BANKING – JOB OVERVIEW

This is a “sell side” job – the bank sells advisory and capital raising services to corporations and investors

Deal revenues generated as a % of transaction value (~ 1-2%)

Growth from more/bigger deals and engaging new clients.

Services Include:
- M&A
- Debt and Equity Issuance
- Activism Defense
- Restructuring

Deal Teams:
Analyst – undergrads
Associate (post MBA) – internal manager b/w junior + senior members
VP/ED/MD – senior roles with increasing client focus + biz dev

Investment Banking is a LOT of work but offers great experience + optionality
INVESTMENT BANKING: WHAT IS IT LIKE?

• Why is it so much work?
  – Banking is a “time is money” business
  – Bank gets paid on transactions fees/services of various kinds
  – Bank competes with other banks to win the business
  – What kind of work is it?
    – Associates and analysts do much of the bottom-up work that supports this effort
    – Modeling, financial analysis, pitch construction, other diligence
    – Challenging and dynamic projects

• What kind of people like it?
  – Highly competitive, meritocratic
  – Love financial markets, passionate about deals

• What are the options once you have been in banking?
  – Few bankers make it up to ED or MD level – different skill set + highly competitive
  – Build domain expertise in asset class/industry and move to buy side role
  – Build domain expertise and move into entrepreneurial role or industry
IMPACT FINANCE/ IMPACT INVESTING

• What do we mean by impact finance?

• What are significant areas of interest?

• Skills needed:
  • Build a solid base in finance: 15.401 and 15.402 in 1st year of MBA
  • Finance Certificate (MFins – impact finance concentration)
  • Action learning projects in impact investing: 15.453 (Finance Lab)
  • Electives – PE and VC, Entrepreneurial Finance, Impact Investing
  • Acquire impact measurement knowledge and experience

• Community: Mi3 – MIT Sloan Impact Investing Initiative
ASSET CLASSES

Social impact investors deploy assets across a variety of asset classes, with different return and risk profiles. Building a diversified portfolio is critical for robust financial returns.

<table>
<thead>
<tr>
<th>Equity</th>
<th>Fixed Income</th>
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<tbody>
<tr>
<td>• PE/VC</td>
<td>• Municipal Bonds</td>
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<tr>
<td>• Public Equities</td>
<td>• Corporate Bonds</td>
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<tr>
<td></td>
<td>• Green Bonds</td>
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<tr>
<td></td>
<td>• Private Debt</td>
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<td></td>
<td>• Project Finance</td>
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<td></td>
<td>• Microfinance &amp; SME Funds</td>
</tr>
<tr>
<td></td>
<td>• Social Impact Bonds</td>
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INVESTORS

- **Retail Investors / High Net Worth Individuals**
  - Blue Haven Initiative
  - Ford Foundation

- **Family Offices, Endowments and Foundations**
  - Omidyar Network
  - Bill & Melinda Gates Foundation

- **Pension Funds and Other Institutions**
  - Teachers' Retirement System of the City of New York (TRSNYC)
  - Fonds de Solidarité and Fondation (Quebec's workers funds)

- **Development Finance Institutions (DFI)**
  - IFC
  - IDB
  - DFC (U.S. International Development Finance Corporation)
  - Various city governments in social impact bonds
  - Sida

- **Government**
  - CDC
  - Scandinavia
PRIVATE VS. PUBLIC MARKETS

Private

Investments not traded on a public exchange or market (PE/VC)

Public

Investments traded on the stock exchange; highly-liquid (Asset mgmt.)
EXPLORE AND ZERO-IN ON YOUR IMPACT INVESTING PATH

- **Asset owner** - e.g., foundations pursuing mission-aligned investing / PRIs, institutional investors like pension funds, sovereign wealth funds
- **Asset manager** - e.g., mutual funds incorporating impact, PE, VC, real asset funds
- **Wealth manager** - e.g., financial advisors, family offices
- **Consultants** - guiding investors / asset owners / wealth managers on impact investments; helping entrepreneurs find impact capital
- **Government-sponsored institutions**
- **Research and thought leadership**
- **Impact measurement and ratings groups**
**REFLECT ON YOUR INTERESTS AND UNDERSTAND YOUR EXPERTISE**

*Do you have a geographic focus?*

| Domestic vs. International | Developed vs. Emerging Market | Urban vs. Rural |

*Do you have an issue area focus?*

<table>
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<tr>
<th>Economic Development</th>
<th>Renewable Energy</th>
<th>Gender Equality</th>
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<tr>
<td>Financial Inclusion</td>
<td>Education</td>
<td>Healthcare</td>
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</table>

*Which asset class(es) interest you most?*

| Fixed Income | Private Equity | Public Equity | Real Estate |

*Most importantly, what expertise do you bring to the table?*

| Finance (Investment Banking, PE, or VC) | Strategy & Operations | Impact / Development | Other |

**Investment Role**

**Example:** Investment Associate for a large PE firm’s impact fund

**Key Question:** Do I pursue traditional investment banking to build skillset?

**Advisory Role**

**Example:** Program Manager at a social venture accelerator

**Key Question:** Who do I want to advise? Investors? Entrepreneurs? Policymakers?

**Research & Policy Role**

**Example:** Fellowship with local government office

**Key Question:** How can I leverage my MBA training to distinguish myself from other graduate school candidates?
## VENTURE CAPITAL AND PRIVATE EQUITY

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<th>Industry</th>
<th>Recruiting</th>
<th>Careers</th>
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<tbody>
<tr>
<td>• PE and VC are both about investing in private companies</td>
<td>• Limited opportunities in PE but improving significantly</td>
<td>• Relatively low turnover in PE</td>
</tr>
<tr>
<td>• VC: Early-stage investments</td>
<td>• PE many times values prior PE experience (but occasionally IBD and consulting)</td>
<td>• Opportunities to invest in portfolio companies / deals</td>
</tr>
<tr>
<td>• PE: Later stage and longer-term investments (5-7 years)</td>
<td>• Offer an industry point-of-view</td>
<td>• Portfolio group vs. investment group at PE firms</td>
</tr>
<tr>
<td>• Some funds specialize by industry and asset class vs. others more generalist</td>
<td>• VC market competitive but shown more appreciation of MBA skillset in internships</td>
<td>• Board member opportunities with PE portfolio companies</td>
</tr>
<tr>
<td>• Large-cap vs. mid-market firms relates to investable assets which impacts both investment stake and size of investment company</td>
<td>• Experience at VC-backed firms can be alternative route into VC (highlight your strength like tech, healthcare, regions etc)</td>
<td>• Lifestyle: PE deal-focused vs. VC less face-time and more networking events; typical hours 8/9-7/8</td>
</tr>
</tbody>
</table>

### 2022 MBA Employment Report
- 1.8% intern PE function (Summer 2022)
- 11.3% intern VC function (Summer 2022)
- 8% full-time PE/VC function (June 2022)

### Required Toolkit
- Prior relevant work experience
- Domain expertise
- Ability to value companies
- Strong communications & ability to influence
- Self-starter (limited guidance & imperfect info)

### Resources for You
- VCPE Club/Investment Conference
- Finance Certificate & PE/VC Courses
- CDO (E52-331)
- Wall Street Prep
- Capital IQ
- Pitchbook
- Preqin
- Alumni
Q&A
REVIEW OF FINANCE CAREERS

Investment/Asset Management (IM/AM)
- Passion for the markets
- Know the firm (investment philosophy, process, people)
- Performance driven

Investment Banking (IBD)
- Structured recruiting process
- Valuation skills tested in interviews
- Deal-focused
- Competitive

Impact Finance
- Becoming increasingly popular
- Develop the technical skills (FSA, finance)
- Opportunities across disciplines in finance – lean into club resources

Venture Capital/Private Equity (VC/PE)
- Relevant work experience desired & ability to offer value to firm on day 1
- Limited opportunities in PE but significantly improving
- Networking is key; especially mid-market firms
- Knowledge of the industry is key so take the courses

Finance Skills • Network • Leverage MIT Ecosystem of Resources
# IMPACT FINANCE/IMPACT INVESTING

## Industry
- Increase of interest and opportunities for impact investing
- ESG (Environmental, Social and Governance)
- SRI (Socially Responsible Investing)
- Impact investing arms in PE firms: double-bottom line investing (make money while investing in companies that do good)

## Recruiting
- All about networking!
- Unstructured recruiting process
- Fewer opportunities and growing interest making recruiting more competitive
- Opportunities across disciplines in finance
- Understanding and passion for the field is important, but as are the hard, technical skills (FSA, finance)

## Careers
- Careers reflective of the underlying finance discipline
- Smaller teams with opportunity to be thought-leader

## Required Toolkit
- Demonstrated passion in impact + Experience needed matches the finance discipline

## Resources for You
- Clubs (MI3 and relevant finance clubs)
- Finance Certificate & Courses
- CDO (E52-331)
- WSP
- Alumni
# FINTECH

## Industry
- Young industry with a broad set of businesses under one category
- Payments & remittances: PayPal, ApplePay, Venmo, Xoom, Square
- Digital banks: Tandem, NuBank
- Cryptocurrencies & Blockchain: Circle, Coinbase, FTX
- Alternative finance: SoFi, Upstart, LendingClub
- Insuretech: Lemonade, Oscar
- Regtech: AlgoDynamix, Chainalysis
- Robo-Advisors
- Banking-as-a-Service (BaaS)

## Recruiting
- Unstructured recruiting process
- Networking and entrepreneurial mindset is key – leverage MIT network
- Participate in events and conferences to build connections
- Join Fintech Club: fintech.officers@sloangroups.mit.edu
- Contribute to Fintech Conference
- Range of opportunities – from start-ups to BBs (Barclays Accelerator with Techstars)

## Careers
- Careers reflective of the underlying finance discipline
- Careers in both finance roles and product/tech roles
- Important to stay current on innovation and market trends
- Usually smaller teams with opportunity to be thought-leader
- Entrepreneurial lifestyle: Long hours because of passion for work vs. required face-time

### 2022 MBA Employment Report
- 2.4% intern (Summer 2022)
- 1.5% full-time (June 2022)

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## Required Toolkit
- Passion for field
- Entrepreneurial mindset and self-starter
- Knowledge of finance and hard skills
- Specialized knowledge relevant to sub-industry

## Resources For You
- Clubs (Entrepreneurship, FinTech, Finance-related)
- Finance Track & Courses
- FinTech Treks & Conferences
- CDO (E52-331)
- Steering Your Career (VC speaker FinTech space)
- Alumni