

Finance & Analytics Club

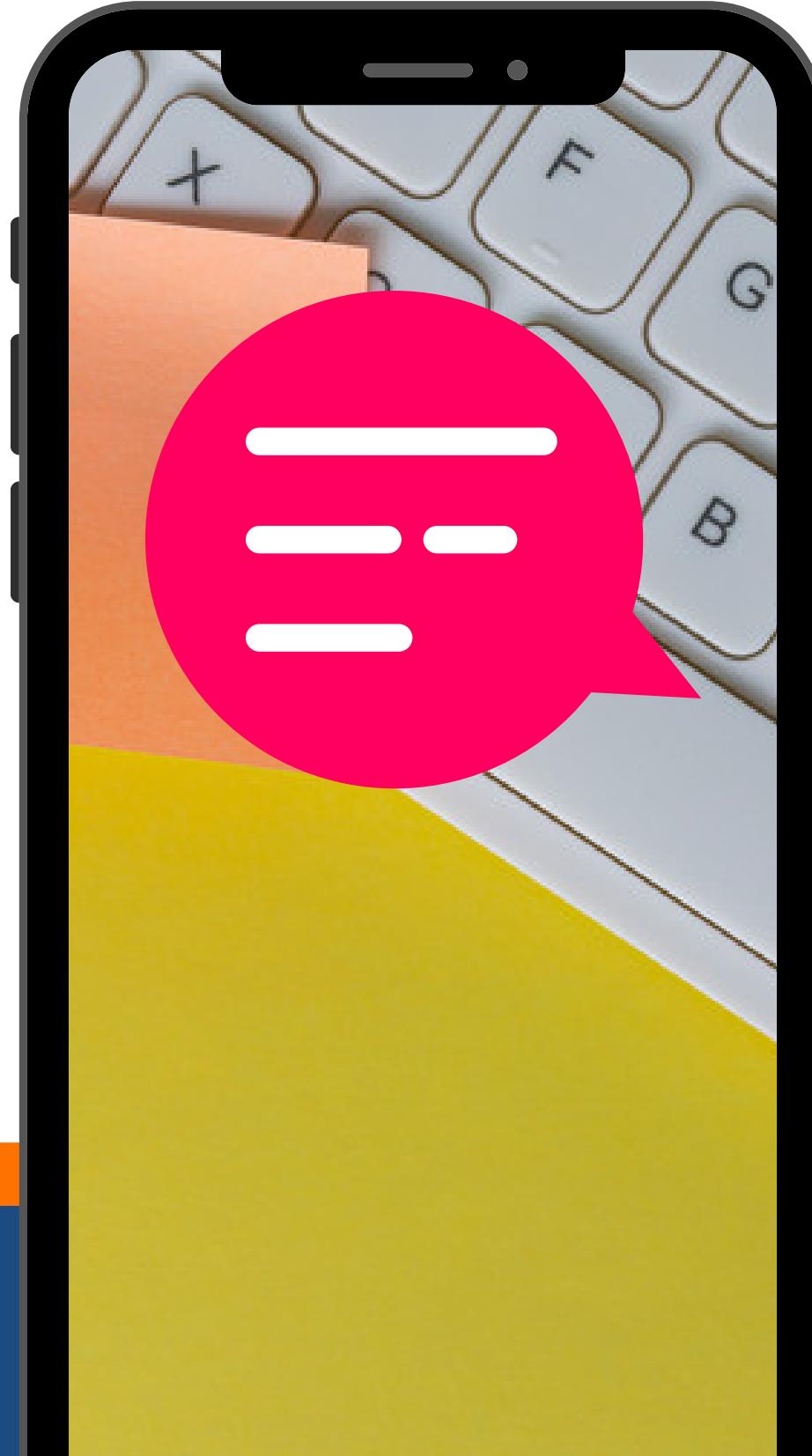


Wintercamp

Investment Banking



- SACHIDANAND
- AKSHAT CHOUKSEY



INVESTMENT BANKING

Todays topics

- Asset Management
- Reorganisation
- Restructuring

Asset Management

Managing assets



Asset Management



Assets management is the process of *overseeing and investing financial assets to achieve specific goals*, usually maximizing return while minimizing risk. This process involves portfolio construction, investment research, trading, risk management, and client relationship building.



Whose assets do we manage?



High worth
Individuals



Financial Institutes

- Insurance company
- Government entities
- Charity Organisations

How IBs manage assets



Study the client need

- **Client profile analysis:** Understanding the client's financial goals, risk tolerance, income level, investment experience, and time horizon.
- **Investment objectives:** Determining the client's desired returns, liquidity requirements, and ethical considerations.
- **Tax implications:** Analyzing the tax consequences of different investment strategies.

How IBs manage assets



2

Building an Actionable Portfolio

- **Asset allocation:** Diversifying investments across different asset classes (stocks, bonds, real estate, etc.) to manage risk and optimize returns.
- **Security selection:** Identifying individual investments within each asset class that align with the client's risk tolerance and investment goals.
- **Portfolio optimization:** Balancing risk and return by strategically weighting different investments within the portfolio.

How IBs manage assets



3

Implementing Investment Strategy in Practice

- **Trading and execution:** Efficiently buying and selling securities to achieve the desired portfolio allocation.
- **Rebalancing:** Periodically adjusting the portfolio's asset allocation to maintain its target risk and return profile.
- **Performance monitoring:** Regularly tracking the portfolio's performance and evaluating its alignment with the client's objectives.
- **Communication and reporting.**



How IBs manage assets



Study the client need



Building an Actionable
Portfolio



Implementing
Investment Strategy in
Practice

e.g. Mr. Akshat retirement



Imagine Akshat as a client with a *moderate risk tolerance* and a 10-year investment horizon for their retirement savings.

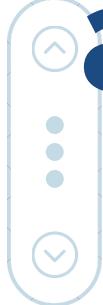
e.g. Mr. Akshat retirement



Imagine Akshat as a client with a *moderate risk tolerance* and a 10-year investment horizon for their retirement savings.

After analyzing his needs, we might build a portfolio with ***60% allocation to stocks for growth, 30% allocation to bonds for stability, and 10% allocation to alternative assets for diversification.*** They would then identify specific stocks, bonds, and alternative investments that meet the client's risk tolerance and investment goals. Once the portfolio is built, the asset manager would execute trades to acquire the desired securities and monitor the portfolio's performance. They would regularly rebalance the portfolio to maintain the target asset allocation and communicate updates to the client.

Career opportunities in asset management



1

Study the client need



2

Building an Actionable Portfolio



3

Implementing Investment Strategy in Practice



Reorganisation & Restructuring



Reorganization & Restructuring

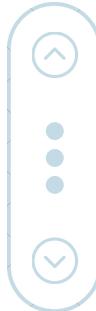
When a company gets closer to **bankruptcy** they either choose one of these methods to avoid it



Reorganization

In this condition IB work as a consultant for company and try to take the company out of bankruptcy

- Change in management
- Change in Strategy
- Change in focus



Restructuring

Similar to reorganisation in this also, IB work as a consultant for a company and tries to take the company out of bankruptcy

- Sale of assets
- Issuing special securities such as bonds
- Sell the company



Feature	Restructuring	Reorganization
Focus	Fundamental changes	Modest adjustments
Goals	Improve efficiency, profitability	Improve efficiency, alignment, communication
Methods	Mergers, acquisitions, divestitures, layoffs, debt restructuring	Reshuffling departments, changing reporting lines, new processes, technology
Impact	Disruptive, significant personnel changes	Less disruptive, less focus on personnel changes

Bonds

- It's a form of debt issuing
- A bond is a fixed-income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental)
- Bonds have maturity dates at which point the principal amount must be paid back in full or risk default.



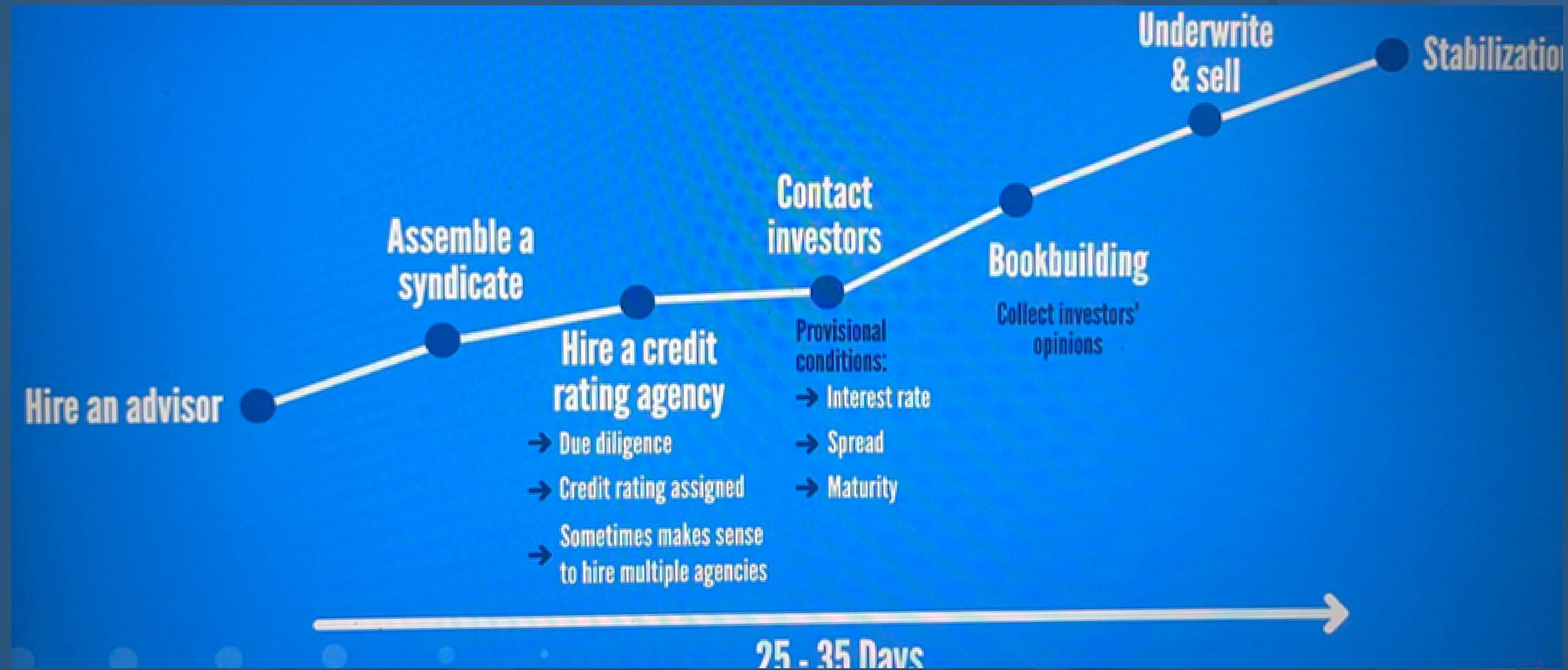
Advantages of Bonds for the company

- It is usually preferred by big institution as cost of issuing a bond is quite expensive
- Bond interest rates are lower than those offered by banks.
- less problem / formalities with bank
- Get multiple investor on board

Advantages of Bonds for the Investor

- Get to diversify it's portfolio
- Lower Volatility: Bonds generally exhibit lower price volatility compared to stocks. This can be beneficial for investors who are more risk-averse or are looking for stability in their investment returns.
- Inflation Protection: Some bonds, such as Treasury Inflation-Protected Securities (TIPS), are designed to provide protection against inflation.
- Potential for Higher Returns: Bonds have the potential to offer higher returns than traditional bank accounts, especially if you invest in bonds with higher yields.

Process of bond issuing



Thank You!

THAT WAS AN INTRO TO
INVESTMENT BANKING

