

Breaking Into Wall Street – Investment Banking Interview Guide

Sample “Fit” Interview #1 – Finance Background

Welcome to our first sample “fit” interview. In this lesson, we’ll conduct an interview with a candidate who has had some finance experience before, and see what types of questions you might get with this background.

In this example our interviewee will not have had *investment banking* experience specifically, but rather a more general background with corporate finance and private wealth management internships instead.

If the interviewee *had* banking experience, we would focus far more on the deals they worked on and advanced technical questions – you can review the sample deal discussions for examples of how to handle those.

This interview could best be described as “good but not spectacular.” The person here would probably make it past the first round with these answers, but would need to improve her performance and do something to stand out more to have a good shot at winning offers.

To learn specifically what this person does correctly and what could use improvement, you can review the video walkthrough and analysis that goes along with this interview.

Now, let’s jump into the interview.

Interviewer: OK, great, Jamie, pleasure to meet you today and glad you could make it here to speak with us. I have a copy of your resume here in front of me, but I haven’t had the time to go through it in detail yet. So maybe you can just kick off the interview by taking a few minutes to walk me through your resume and some of your previous experience.

Interviewee: Sure. I was actually born in China and spent the first few years of my life there. Before I began elementary school, my parents moved to the US on business and they took me along with them.

We settled in New York City, and I lived there up through high school. My parents always believed in a broad education that focused on both qualitative and quantitative skills, and so therefore I had already spent a lot of time on the East Coast, and that’s actually why I wanted to try something different and that’s why I settled on the University of Chicago for my college education.

While I was there, I went through the school’s famous Core Curriculum, which focused on Humanities and the Liberal Arts. Although I had been interested in this since I was younger, I actually found myself in a bit of a different position from most of the other students – in that



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most of the other students were thinking of careers in Law or Academia, but I actually found that neither one appealed to me because of my personality – I wanted something faster-paced where you could actually get more immediate results.

So I reached out to some alumni to ask about career options, and many of them recommended business and finance – even the ones in different fields, which kind of surprised me. I kept speaking with as many people as possible, and eventually I majored in Economics to further explore my interest.

Since I had already been speaking with many alumni, I was able to get an internship my sophomore year working in the Corporate Finance department of a local manufacturing firm in Chicago. Yay networking!

I worked mostly in internal projects there and had a chance to look at how the firm financed new constructions and acquisitions as well. I liked the work, but I actually also wanted to work at a large firm to see how that would compare to working at a family-run local business.

So this most recent summer, I went to UBS' Wealth Management division in New York and advised high net-worth clients there, working with their team of financial advisors. I did a lot of the investment and portfolio analysis that led to specific recommendations, and clients often changed their allocations based on what I did.

Since we were understaffed, I actually got a lot of interaction with the senior members of the team as well as the clients – that's what I liked the most about the internship, I could actually interact with higher-ups and not just with members of my team as well.

At the end of the summer, though, I realized I wanted to learn more about major transactions and how companies, rather than individuals, make decisions in the market. I spoke with many of my friends who were in investment banking or who had completed internships, and they all told me that's what I should pursue – follow my dreams and all, so I did my own research, and that's what brings me here today.

Interviewer: Ok, great. Now just hearing a little bit about your background, I see and know and understand that you've had quite a bit of finance experience already, working at both that local company you were speaking about and also more recently working at UBS doing wealth management there. You mentioned speaking with some of the alumni from University of Chicago and learning more about the field like that, but what do you think really sparked your initial interest in finance?

Interviewee: Well, I hadn't really considered it much until I got to college, really. In my freshman year at the University of Chicago, I spoke with some friends in the Finance Club there since I was exploring different activities and I found that I liked analyzing companies in the stock market and seeing what their future prospects might be. But I wasn't sure exactly what I

wanted to do within the industry yet – what I did know is that it did interest me a lot more than becoming an academic or a lawyer.

Interviewer: OK, good, and yeah I definitely think that it's pretty common to hear about the field from friends and then sort of get interested like that, especially when it's a university or business school environment and there are a lot of people probably interested in the same things. Maybe now we could just turn to your most recent internship, at UBS' Private Wealth Management division. You told me briefly about it before, but can you just maybe take a few minutes and just describe briefly what you did there and what your role was?

Interviewee: Sure. As I mentioned before, we – I – advised the bank's high net-worth clients on possible investments and how they should properly allocate their portfolios and such. My role was to do a lot of the analysis that was required and support the senior members of the team so that we could give the clients the specific information they required to make their decisions.

Most of my work consisted of two tasks: one was looking for potentially interesting investments for our clients, and the second was looking at their existing portfolios, and to check how each individual investment had performed over the past 5 to 10 years.

And based on that work, I briefed the senior members of the team on possible investments to recommend and attended some meetings between our team and clients where they proposed new ideas and we brainstormed a bit.

Interviewer: Ok, good – and yeah, I think that sounds pretty common for any kind of private wealth management internship. I've certainly heard that a lot before. So you listed – I'm just looking at your resume here – I see you've listed a couple different clients that you've worked with.

And before you mentioned that since you were understaffed, you actually got a fair amount of hands-on interaction with some of them, at least more than what an intern typically gets. So maybe can you just pick one of them and go into a little bit of detail there on what your role was and what you did working with this client?

Interviewee: Sure. So one project I worked on was the analysis of a \$30 million net-worth client's portfolio. This client was nearing retirement age and since he already had so much saved up, was more interested in earning dividend income in his retirement rather than large capital gains.

So I scanned the market to find some investments that might be appropriate to his needs, and actually discovered some Canadian oil trusts that gave high-yields – over 10% – due to stock prices that had fallen in recent years.

Also, the tax treatment was very favorable because you could earn a Foreign Tax Credit and reduce the amount of tax you owed to the US government – so the effective tax rate was only 15%.

Interviewer: Ok, so it sounds like you had a pretty high-yield investment here – I mean, 10% is pretty hard to get regardless of what your strategy is or what you're investing in. And at the same time it was also being taxed at a really low rate – so to me, again I don't know about the situation firsthand, but it almost sounds too good to be true. So what was the catch here?

Obviously the price of oil – and assuming that it stayed high – would actually help you out here, but what were the major risks involved with this potential investment?

Interviewee: One risk was that the Canadian government might change its taxation rules in coming years, so the treatment might not always be that favorable. And energy prices could also fall – and since these oil trusts had set resources, they would stop producing high dividends in the future.

Interviewer: Ok, that makes sense. I think anything energy or natural resource-related is going to be very dependent on the market and what prices are like – and there have been lots of wild swings in both those markets before, so that makes sense.

So based on the merits of this potential investment and also the risks, what did you recommend doing and what did the client ultimately decide to do based on your recommendation?

Interviewee: Well, I spoke with my VP and I mentioned these stocks as a possible high-yield, low-tax investment for retirement; he was a bit skeptical as well but agreed it was worth exploring further.

After an initial meeting with the client, my VP brought it up in passing and the client was interested in hearing more about the idea – I pulled some additional research about the historical performance of the funds and we sent it over to him.

By the time my internship ended, he actually hadn't decided yet what he was going to do, but he was definitely considering investing a small amount of his net worth in some of the stocks that we looked at.

Interviewer: Yeah, I think that's pretty typical – from what I've seen, it takes some of the really high-net-worth guys quite a long time to make decisions, and obviously when you're investing that much money, you don't want to do it lightly.

But at the same time it definitely sounds like they appreciated all your research and work and everything. And so when you were doing this, what kind of team were you working in – was it the usual Analyst, Associate, VP, MD structure? Or was it something else?

What was the team structure when you were doing this internship?

Interviewee: Actually, as I mentioned before we were extremely understaffed at the time, so I often worked directly with a VP in our group. If the project was more complex or required more time and resources, sometimes the Associate would step in to help as well, but normally I worked directly with the VP and usually when I'd do that I had to check all my own work and ensure that everything I do was correct before showing it to the client.

Interviewer: Ok, good. Sounds like again, you got a lot of responsibility there because of the understaffing and because of the fact that as you mentioned, the teams were structured pretty leanly. So as you said, you had to check a lot of your own work and everything and no one else was there to cover for you all the time – it sounds like you definitely learned a lot.

Now you seem like a pretty capable person based on this – I mean, you did well in the internship, and learned a lot in the process. So as you were going through this internship, did the staffer or your team or HR or anyone else give you any kind of feedback on your performance?

Interviewee: Yeah, they did – they said my main strengths were doing whatever it took to get the job done, and always putting in extra effort on projects. To give an example, one time we had a client that came up to us at the last minute on a Friday afternoon and wanted to read up on some ideas by Monday.

It wasn't required, but I offered to stay and work on it through the weekend, and we finished everything that they wanted by Monday.

And they also said my attention to detail was really good – I often caught mistakes some of the full-time team members made and fixed them before our work went out to the client, so the client didn't actually know that anything was wrong.

Interviewer: Ok, so everything you mentioned sounds really positive. Did they give you any feedback on areas for improvement or anything you should be working on or thinking about as you go into the future?

Interviewee: One comment was that I often focused too much on the details and “lost sight of the forest” per se – because I was so focused on actually doing the work that sometimes I didn't really take the time to step back, see what we were doing, the big picture, and why we were doing it.

Midway through the summer, they actually encouraged me to do more of this, and I have been trying to attend more client meetings when I have the time to do so, to be able to get a bigger picture and a better idea of what the project is about.

Interviewer: Ok, great, and I think that happens especially to summer interns, because the expectation is that you'll just do whatever it takes to do well and hopefully get an offer, and that can sometimes prevent you from taking a step back and figuring out what everything else looks like.

But overall it sounds like you did very well there – so did you get an offer to return full-time next year?

Interviewee: I did, actually – they gave me an offer the day that I left, and I did like the group and the people I worked with, but I'm more interested in investment banking, so I've decided to interview for other positions instead.

Interviewer: Ok, good, so it sounds like you definitely have a lot of options there. So, given everything else available to you, why are you so interested in investment banking?

I mean, you've worked in corporate finance at a small, local company before, and then you worked in wealth management at this giant, multi-national company, UBS – and you have at least 1 return offer to go back to wealth management. So given that you have so many different options, what makes you so interested in doing banking specifically?

Interviewee: Well, the way I look at it is, work is really about two things: what you do, and who you do it with. I like my co-workers at both the local manufacturing firm and UBS in New York, but the work I did wasn't quite what I was looking for in either case.

And as we moved through the summer, I actually found myself fascinated by the major happenings in the market – who was buying who, what big companies were doing, and the huge M&A deals that were taking place, compared to my actual job.

Although advising high net-worth clients allowed me to learn more about the market generally, I was still more interested in all the negotiations and the modeling aspect that went along with what larger companies were doing – so investment banking appealed to me much more than wealth management in that sense.

Interviewer: Ok, good. That makes sense, and I think a lot of people definitely get interested just because they're reading the news or they're just learning about it on their own, finding themselves really fascinated by these large deals that are happening every day.

Lately, despite all the market turmoil and everything else that's been going on, there are still a lot of other large banks out there. So why are you interested in us compared to a lot of the other similar firms that you could go to within investment banking?

Interviewee: I think it all comes down to the people. Since investment banking is a service business, what different banks do is really not *all* that different – it's more about the culture, work environment and who comprises your team.



When I was speaking with Chicago alumni, I came across one who actually worked here and she gave me this glowing review of everything. You know, sure, it's banking so you still work a lot, but she emphasized how approachable everyone is here and how good they are about mentoring new Analysts.

And I'm also interested since, as you know, I spent part of my youth in China and might want to go back there at some point. I know you guys have had a lot of activity there recently and advised on quite a few of the more significant deals, and that's something that really appeals to me.

Interviewer: Yeah, I think you're definitely right on that one. As you said – and very few people actually point this out – it is a professional services business, so the actual business model and the work that banks do for the most part is really not too different, and I think in a lot of cases it does really come down to the people you work with, as with almost anything.

Now you also mentioned some interest in China given your background and everything, and some of our work there – so are you familiar with any of the recent deals that we've been working on there?

Interviewee: Um... I'm not sure offhand, I do remember reading about it in the news but I don't remember the specifics right now.

Interviewer: Ok, no problem, I'm actually not sure of the specific deals we've done there – groups are pretty separate here, so I'm actually not sure myself.

So another question I had for you – you've done a lot of work analyzing investments and then making the appropriate recommendations to other people, whether it's high-net-worth clients or anyone else.

Now, I just wanted to go through a hypothetical scenario here and say that you have \$10 million at your disposal and you can make any investment you want – so in this case, how do you think you would invest the money?

Interviewee: So if you had \$10 million to invest... well, what are your goals with this, and what is your time horizon? Are you trying to earn dividend income, preserve capital, or earn a high return? And how long do you have to do so?

I'm just asking because with that much money, it seems like you'd be more concerned with preserving funds rather than trying to earn a whole lot.

Interviewer: Sure. So I definitely agree with you that if you actually had that much capital, you'd probably be more concerned with actually preserving it rather than trying to double it or get some kind of other huge return.

But let's just assume that again, we actually want to get the highest return possible over a 30-year period – it doesn't really make any sense, but that's why this is a hypothetical scenario and not an actual one.

So we don't care about the dividend income or tax shields or anything like that and our risk tolerance is pretty high since it's over a 30-year period – so if the market tanks one year, we don't really care what happens, we just care what basically happens in the long-term to our capital.

Interviewee: Wow, I wish all investing was like that!

Ok, so if it's over a 30-year period – just off the top of my head, I would recommend a diversified portfolio, invested in both US and Global Equities as well as Bonds. I know I'm not being too specific here, but I think it's really difficult to predict what individual companies and sectors will look like that far in advance – and historically the market has returned around 11% each year, so that seems like the best bet for a 30-year planned period.

Interviewer: Right, I think it is difficult – as you said – to predict so far in advance like this. And yeah, I would probably agree with you that if you're really planning something out over 30 years, you probably do want to stick with something that's relatively well-diversified, like what you mentioned.

So maybe to get a little bit more specific here, we can just put that aside for a moment – and maybe you could describe perhaps 1 or 2 markets or different sectors that might be attractive going forward?

Interviewee: Sure. So 2 markets that could be very attractive in future years are Energy and Healthcare – Energy because of the rising demand from emerging markets and the limited existing supplies, and because there's likely to be a shift toward other fuel sources as the cost of traditional fuel continues to rise.

Healthcare, I think, would be good because the world is aging pretty rapidly – in the US, the Baby Boomer generation is retiring and that alone will increase the need for doctors and medical treatments and all of those needs quite dramatically. In Europe and Japan the population is getting much older as well, and even in China the one-child policy that they implemented will have created an aging population over the next 50 years or so.

Interviewer: Ok, good. Yeah, I agree that those could definitely be a few good areas to invest in over the coming years, especially with – as you mentioned – a lot of the things that are happening right now.

So just moving on from that topic now, I know you're still in school right now and maybe haven't given this one that much thought yet, but just looking ahead, where do you really see yourself going, say, 10 years in the future?

So what do you think you'll be doing, what do you want to be doing – have you given that any thought?

Interviewee: Well, I'm not sure exactly where I will be 10 years down the road – I mean, 10 years ago I had no idea I'd be here today! But since I'm interested in business and finance, I'll continue down this path for now at least, and possibly either stay in banking or maybe become an investor. As I mentioned, I may also want to return to China and work at a firm there or even start a business of my own.

Whatever I do, I'm sure that banking will give me the skills I need to get there – and it's definitely what I'm most excited about doing for at least the next few years.

Interviewer: Ok, good. And yeah, I think as you said, it is difficult to predict this sort of thing so far in advance, but at the same time I can see that you have given it some thought, so it's definitely a step in the right direction.

Also, one of the other things I mentioned before – given how well you've done at all these other places, it seems like you definitely have a lot of options available to you – so I know it's recruiting season right now, where else are you interviewing?

Interviewee: I'm actually focused entirely on investment banking. I do have other options, but this is what I'm most interested in doing and so I really don't want to spread myself too thin – I want to be able to focus and concentrate on what I want to do the most.

Interviewer: Ok, good, and is it mostly other large banks, similar to us, that you're interviewing at, or is it smaller places and boutiques as well? What are you thinking about doing within banking?

Interviewee: I'm speaking with several other banks – mostly big ones, well, bigger ones, but also a few smaller ones that have recruited at Chicago in the past.

Interviewer: Ok, ok, great. So with the remaining time left – now I know you have a couple other interviews scheduled later for today, so I don't want to hold you up or anything – but just with the remaining time, did you have any questions you wanted to ask me?

Interviewee: Sure – can you tell me what types of deals you usually work on in this office and what your deal flow has been like lately?

Interviewer: Sure. So, I'd say this office in particular is mostly focused on mergers and acquisitions and M&A deals – especially in the Industrials and Energy markets, because again we're located in Chicago, so it makes sense.

We do IPOs and some debt offerings as well, but with the way the market has been lately, companies have not really been doing either one too much – so I'd say it's still pretty much M&A-focused, especially in those industries for now.

And then as far as our deal flow, lately it's actually been fairly good, or least probably better than most expect – it's definitely down from a couple years ago when it was at its peak, but we've actually benefitted from some of the consolidation lately, with a lot of competitors' banks disappearing and everything.

In a few cases clients have actually come back to us and said, "Hey, can you work on our deal now? The bank we were using before isn't around anymore, or isn't in a position to help us." So in that respect, some of the turmoil and everything has actually helped us out lately.

So overall, long story short, I would say it's still pretty good – so you can definitely still get a good experience here.

Interviewee: That's very good to hear. And where have Analysts here typically gone on to work, in your experience?

Interviewer: Sure. So I'd say most of them probably go onto private equity. We do have some who stick around and become Associates here as well – and of course always some who go to hedge funds or corporate development at companies.

But since we are M&A-focused, I think the skill set lends itself very well to private equity.

And within that, we've had people who go to a wide spectrum of places – we've definitely had Analysts who go to some of the larger firms, KKR, TPG, Blackstone, and the like – and then some who go to middle-market and smaller places as well.

So it's really all over the map, but if I had to pick one area that they go into, I'd say most do private equity after working here.

Interviewee: Cool. Those are the only questions that I had – thanks.

Interviewer: Ok, great. Well Jamie, it was a pleasure meeting you today – I enjoyed hearing all about your background and everything else you've done, and we will be getting back to you, probably within the next week or so, on your status and what the next steps in the process are.

So in the meantime, good luck with the rest of your interviews today, and feel free to reach out to me with the contact information I gave you earlier.



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Interviewee: Great, thanks – I'll definitely do that. Thanks again for talking to me.

Interviewer: Ok, take care.

Interviewee: Bye.