So you want a career in finance?

Buy Side or Sell Side? M&A or Equity Research? Get to know all the players in the world of corporate finance

M&A Corporations engage in M&A with each other. ORPORATIO Advisory TII) TEI **Advisory Fees** \$25.4 hillion globally Both buyers and sellers pay fees to their Investment banks help both buyers and respective investment bank for deal advising right Goldman Sachs, JP Morgan, Morgan Stanley

Lending Syndicate

Arranged by the investment bank, lenders provide corporations with term loans and revolvers.

Bank Loans

Interest payments structured as LIBOR + spread with scheduled principal payments.

Commercial Lending (Loan Syndication)

Corporation needs money, investment bank puts together loan syndicate, syndicate loans to corporation.



Investment Bank (Loan Syndication Group)

SELL SIDE

Investment Banking

sellers structure M&A transactions.

Investment Bank

(M&A Group)

Investment banks arrange and participate in commercial loans directly to corporations.

riti Bank of America, JP Morgan, Citi

Loan Syndication Fees

\$16 billion globally

Corporations pay fees to investment bank for putting together the syndicate that will lend it capital.



Needs money for various

Venture Capital. Private Equity

BUY SIDE

growth opportunities. These investors go directly to corporations to acquire them or acquire significant ownership (as opposed to purchasing securities through



Investment Bank (Capital Markets - DCM & ECM)

Banks structure bonds and equity issuances and distribute the securities through the bank's institutional salesforce.

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Origination & Underwriting Fees

\$41.3 billion globally

Corporations pay fees to investment bank for structuring and distributing stock and bond offerings.

Bonds and Stock

Investors buy debt and equity from corporations via IPOs and bond issuances.

Primary Market

Corporations raise capital by selling bonds and stock to investors. In return, investors gain coupon-bearing bonds and ownership stakes, respectively.

IPOs and bond offerings).

"Chinese Wall"

A bank's internal controls separate M&A and capital markets from S&T and equity research to avoid conflicts of interest.



Investment Bank (Sales & Trading, Equity Research)

Investment banks maintain large sales and trading operations to distribute the securities. They provide equity research as an inducement to execute trades.

Does the Buy Side pay for equity research?

Investment hanks used to bundle research with trading fees ("soft dollars"). Regulations increasingly require that they charge separately. Will anyone pay?



Mutual Funds. ETFs, Hedge Funds



Trading Fees

Buyers and sellers pay banks to execute trades



Trading Fees

Who funds the "Buy Side"? The asset owners below outsource roughly 20-25% of their capital to be managed by "The Buy Side."

Individuals: \$112 trillion Banks: \$51 trillion

Pension Funds: \$34 trillion Insurance Companies: \$24 trillion Endowments: \$1.4 trillion



Investors trade already-issued securities with one another.

Secondary Market (Stock Market and Bond Market)

Once an investor owns the bonds or stock, the stock and bond markets allow for trading of already-issued stock between the investors.



Mutual Funds, ETFs, Hedge Funds

"Buy Side"? Who is the "Buy Side"?

The "Buy Side" refers to the following institutional investors - or asset managers.

Mutual funds, ETFs	\$21 trillion
Private equity	\$5 trillion
Hedge funds	\$3 trillion
Venture capital	\$0.5 trillion