

TYPE OF ORGANISATION

Different types of organizations operate in the investment management sector. This includes asset managers, asset owners, insurance companies, hedge funds, private wealth managers, and private equity firms. These firms are typically referred to as being on the 'buy-side', because in order to operate efficiently they often buy in research and trading services. Investment banks and brokerage firms are often referred to as being on the 'sell-side' as they offer research and trading services to the buy-side.

TYPE OF JOB ROLES

A wide range of job roles exist within these different types of organizations. For front office investment decision making roles, these broadly separate into analytical roles (e.g. equity analyst), investment decision-making roles (e.g. portfolio manager), and advisory roles (e.g. corporate finance). An increasing number of roles can then be found in middle office roles (e.g. risk and oversight). The chart to the right provides more detail about three different types of front office roles.



CFA PROGRAM, COMPETENCIES AND JOB ROLES

The good news is that whatever type of organization you join, there are similarities in the requirements. For example, there are some similarities in the skills needed by those working in analytical roles across a range of areas. The CFA Program is developed for portfolio managers, wealth managers, analysts, other professionals involved in the investment decision-making process, and finance students who want to work in the investment management profession. The chart to right examines the activities undertaken by three specific roles. We examine how the skill sets developed in these areas have application to other investment-decision making, analytical, and advisory jobs.

THREE FRONT OFFICE ROLES COMPARED

EQUITY ANALYST	PORTFOLIO MANAGER	PRIVATE WEALTH MANAGER
<p>What do they do?</p> <p>Analyse industries and companies, undertake financial analysis, build financial models, undertake valuations and make recommendations to trade mispriced equity securities to portfolio managers.</p>	<p>What do they do?</p> <p>Devise and implement investment strategies and processes to meet client goals and constraints, construct and manage portfolios, decide what investments to buy/sell, and report on investment performance.</p>	<p>What do they do?</p> <p>Advise private clients (high net worth) and families on how to invest their portfolios and plan their finances to meet their objectives, and do so through high quality relationship management and client service.</p>
<p>Other types of analytical roles</p> <p>There are an increasingly wide number of analytical roles involved in the investment management process. Some focus on macroeconomic analysis, some on valuation, some on analysing relevant data and implementing relevant algorithms, and others on analysing and attributing investment performance.</p> <p>Other Analytical roles include:</p> <ul style="list-style-type: none">• Data Scientist• Economist• Investment Strategist• Performance Analyst• Quantitative Analyst	<p>Other types of investment decision-making roles</p> <p>Whether you are working for a traditional asset manager, an insurance company, hedge fund, in private equity, or a wealth manager, these are the ultimate investment decision makers determining what to buy and sell and when. Some work in managing portfolios in single securities, others invest directly into funds, and some focus within structures (such as hedge funds) which allow a wide range of investment strategies to be undertaken. Investment decision-makers have often started their career in analytically focused roles.</p> <p>Other Investment decision-making roles include:</p> <ul style="list-style-type: none">• Manager of Managers• Private Equity• Trader	<p>Other types of advisory roles</p> <p>There is variety in these roles but managing and leveraging client relationships to identify and deliver on business development opportunities are critical skills for all of them. Some focus on advising institutional clients and pension funds, some on retail/private clients, and others on corporations. A deep level of technical knowledge is often required, and in some instances, advisors may also be involved in aspects of both the analytical and investment decision-making processes.</p> <p>Other Advisory roles include:</p> <ul style="list-style-type: none">• Relationship Manager• Sales• Investment Consultant
<p>Key skills and competencies needed for success as an Equity Analyst and in many other analytical roles:</p> <ul style="list-style-type: none">• Data analysis• Industry and company analysis• Financial analysis• Financial modelling• Valuation	<p>Key skills and competencies needed for success as a Portfolio Manager and in investment decision-making roles:</p> <ul style="list-style-type: none">• Investment strategy and process• Portfolio construction and execution• Performance measurement and risk management	<p>Key skills and competencies needed for success as a Private Wealth Manager and in advisory roles:</p> <ul style="list-style-type: none">• Client profiling• Financial planning• Wealth and risk management
<p>Is an analytical role right for me?</p> <p>If you have analytical skills and enjoy developing investment ideas, undertaking detailed analysis, applying your programming or modelling skills and your critical judgement to undertake valuations and make stock calls, this type of role may suit you. Personal and business skills such as communication and report writing are critical for these roles. You need to make sure your views are heard and your research is read.</p>	<p>Is an investment decision-maker role right for me?</p> <p>Practitioners typically go into investment decision-making roles after several years working as an analyst. If you like generating investment ideas, developing and implementing investment strategy, can manage risk, and can remain resilient and decisive when faced with the stress that comes from potential underperformance and poorly performing markets, this role could be for you.</p>	<p>Is an advisory role right for me?</p> <p>If you enjoy building and managing relationships, an advisory-style role could be right for you. You will need to develop client relationships, profile your clients, develop business opportunities, and make investment recommendations. Sales skills and the ability to deal with rejection will be key. But these roles offer the ability to build long lasting client relationships, develop deep technical skills, and understand the breadth of services offered by the firm.</p>
<p>Lifestyle and Rewards</p> <p>Analytical roles vary significantly dependent on the area of focus and the organization. For example, sell-side equity analysts cover fewer stocks than those on the buy-side but in far more depth. The rewards can be significant.</p> <p>Sell-side roles often require very long hours and the need to be 'on call' to respond to fund manager questions. Buy-side analysts' lifestyles are more consistent with those of the portfolio manager.</p>	<p>Lifestyle and Rewards</p> <p>Resilience and the ability to deal with stress are critical. But if you can perform well the rewards can be significant. Investment decision-makers tend to be early starters, but week to week activities are fairly consistent and typically office hours are reasonable.</p>	<p>Lifestyle and Rewards</p> <p>There are a wide range of different advisory roles. For those working with private clients, the focus early in a career is often on building the client base, and business development. Later on, advisors may choose to work for themselves, allowing more flexibility in work-life balance. This is a flexibility that does not typically exist for analytical and investment decision-making roles.</p>