

Asset Management Interview Questions

This list is by no means comprehensive but should help you get started in preparing for your asset management interview. These interviews are generally less technical and more behavioral than banking, but can swing widely into the technical area, depending on the interviewer or yourself. The main focus here is to show that you are a good match for the firm's investment style, and that you have a passion for the capital markets.

General Advice

- Think of something that differentiates you either on a skills or cultural fit basis
- Most people you are interviewing with know a lot more than you, don't talk about something (e.g. technical analysis, pairs trading, etc.) unless you really know what you are talking about

What do you know about XXX company?

- You should know their geographic reach, general investment mandate, assets under management and investment philosophy
- Frame all the "soft" questions in a manner that plays to the general philosophy of the firm
- For example, in interviewing with a pension fund, it's a good idea to say you have a deliberate, conservative investment policy and that you believe in broad diversification (as long as this is true)

What specifically are you interested in within Asset Management?

- You should have a 2 minute story on what got you interested in, and what continues to keep you interested in the Capital Markets
- Mention something more specific than asset management – equity research, technology stocks, fixed income market, exploiting anomalies in market volatility...

Tell me 2-3 Stocks you would buy / short right now

- You are going to get this a lot.
- Don't just mention a company whose products you like, good companies are not always good stocks
- Know current price and price history; also what price you would buy / sell / etc.
- Good things to talk about are relative valuation, management and business model pros/cons
- What would cause you to change your opinion of the stock? Give concrete examples

Tell me how you would invest \$1B – this number typically corresponds to whatever the firm AUM is.

- It helps to run through the entire investment selection process
 - o What is your macroeconomic thesis
 - o What sectors do you think will over / under perform?
 - o Outline your allocation
 - o If there is time, go into some specific names you like in a sector
- Give specific allocations and back up those numbers with reasoning
- Be prepared to discuss shocks to your allocation – e.g. Inflation is expected to be much higher in the next 5 years, how do you adjust?
- Be prepared to discuss all portions of your portfolio and relevant shocks (e.g. inflation in your bond portion, asset bubbles in your commodity or equity portion, etc.)
- How would you know if the economy were about to enter a recession? What would you do with your portfolio to prepare for it?

Tell me a recent headline you read and what you think its impact is on the financial markets

- The point of this question is to make sure you 1) follow the markets and 2) can speak to economic factors intelligently
- It is way better to discuss something less technical but more soundly than vice versa
- The headline should be markets related - they don't want to hear about how sports or celebrity gossip will affect the markets. Don't get too political either.

Other Behavioral Asset Management Questions

- What is something specific you bring to XYZ Asset Management Firm?
- Within Asset Management, what specifically are you excited about?
- Tell me about a tough financial problem you solved recently and how you approached it.
- How would you deal with portfolio underperformance?

Tell me 2 books you read recently

- You should read and be able to discuss relevant business related books
- Use examples that show your investment philosophy.
- This is a good example of a question that is easy to answer badly, think critically about what you liked and didn't like about the book, and tie it in to how you fit with the firm, if possible

Pop Quiz Questions

- What is the S&P/Oil/Gold/1,3,5,10 year Treasury/relevant market indicators at right now?
- More complex questions are difficult to predict, you are either going to know it or not. If you don't know it, try to make an educated guess, and be sure to explain your reasoning. Its better to be wrong with sound reasoning than to take a stab in the dark
- The best way to prepare for these questions is to watch the markets daily
- Subscribe to the Wall Street Journal / Barrons

Technical Questions

- Not as prevalent in Asset Management interviews as in Investment Banking
- You should still be able to answer the basics
 - o Get me from net income to free cash flow
 - o How does depreciation flow through the financial statements
 - o Review the Rice Finance Club Investment Banking Prep for this facet of the interview