Welcome

Fall 2017
Information Session
Presentation Overview

1. Introduction to Berkeley Investment Group
2. Getting To Know BIG Members
3. Investment Philosophy & Fund Overview
4. Financial Industry Overview
5. Why BIG
6. Application Process
What is Berkeley Investment Group?

Founded in 1997, Berkeley Investment Group is the largest student-run investment fund at UC Berkeley.
Our goal is to offer the UC Berkeley campus community a strong investment education. Students can get involved through our three programs…

**General Membership**
- Weekly Educational Meetings
- Speaker Events
- Job Access Opportunities

**Intern Program**
- One Semester of Technical Training
- Become an Officer and Manage the Fund
- Resume Book Opportunities

**Decal**
- Weekly Lessons
- Dive into Investing
- UC Berkeley Units
Getting to Know BIG Officers

We have a diverse group of officers, from all different majors. Meanwhile we all come from different backgrounds, BIG members share the same passion for investing.

Diverse academic background paired with BIG education leads to internships at premier finance firms. Our officers have recently interned at…

[Logos of various finance firms]
BIG graduates have a track record of joining some of world’s premier financial service and investment firms with a large presence in private equity and investment banking.
Our Investment Philosophy

The Concept of Value Investing

Value investors actively seek stocks they believe the market has undervalued. They believe market overreacts to good and bad news resulting in stock price movements that do not correspond to the company’s long-term fundamentals.

Forming a Variant Perception

- Rigorous understanding of the fundamentals of the business
  - Business model
  - Customers
  - Industry
  - Management
  - Past and future financial performance

- Understanding the street perception, what the market thinks of the company

- Thinking for yourself and having conviction in your ideas
The Case for Active Management

We believe that there is value to be found through active management because…

Massive flows into passive management, creating price dislocation in individual stocks; DOW at historic levels

Inflection point in performance for active managers

Rotations from growth into value empirically through market sentiment

Unique value opportunity, most attractive in 15 years (PIMCO)
Questions to ask yourself before investing

1. Do I understand the business model in detail?
2. Is this a good industry to be in?
3. Does the company have a robust value proposition and/or competitive advantage?
4. Do I have a concrete variant perception?
5. Is the company undervalued?
Investment Case Study: Skechers (NYSE: SKX)

Business Overview

• Design and market branded lifestyle for men, women and children, and performance footwear for men and women under the Skechers GO brand
• Market Cap: $3.7 Billion

Footwear Stock Performance

• Q2 2016: SKX missed consensus revenue and EPS estimates
• Market believes that footwear shifting from casual athletic to pure-fashion footwear

Competitive Advantage

• Unique positioning of Skechers shoes – lowest average price and greatest average user rating across competing brands

Variant Perception

• Trend away from casual: SKX has not done poorly in sales this year relative to competitors; low price point and casual branding gives access to more overlooked low-end footwear markets
• International expansion: The international revenue generation has rose heavily from 25.9% of revenue in 2013 to 34.8% of revenue in 2015; international wholesale gross margins a 45.9% vs. 38.9% for domestic wholesale
• Inventory Problems: Sketchers is rapidly opening retail stores and licensed stores domestically and internationally (153 new stores in Q2), inventory levels are not historically concerning

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### Sell-Side

**Investment Banking**

- **M&A Advisory**
  - Advisory on sale, merger and purchase of companies

- **Leveraged Finance**
  - Lending money to firms to finance acquisitions

- **Equity Research**
  - Advice on equity & equity-derived products (shares, futures etc.)

- **Restructuring**
  - Improving the structures of a company to make it more profitable

**Sales & Trading**

- Executing trades for clients; FX, fixed income, equities, commodities

### Buy-Side

**Hedge Funds**

Investors pool assets into various securities, usually using long-short strategies to hedge risk, along with leverage to amplify returns

**Private Equity**

Investors that make investments directly into private companies (not listed on an exchange), e.g. Venture Capital

**Mutual Funds**

Investment vehicle made up of a pool of funds collected from many investors for the purpose of investing in securities

**“Creation, promotion, analysis and sale of securities”**

**“Investing institutions holding large sums of money”**
Careers in Finance

Sell-Side

Investment Banks
- Goldman Sachs
- Credit Suisse
- Deutsche Bank
- J.P. Morgan
- UBS
- Morgan Stanley
- Lazard
- Bank of America Merrill Lynch

Buy-Side

Hedge Funds & Asset Management
- BlackRock
- Emrose Capital, LLC
- Alpine Investors
- Bridgewater
- I&G
- Spectrum Equity
- Spanos Barber Jesse & Co.

Advanced Career Opportunities

Full-Time Destinations

Sell Side
- 34%
- Other (13%)
- Club X (70%)

Buy Side
- 53%
- Other (20%)
- Full-Time Destinations
Why BIG?

Joining BIG sets you on a trajectory to become a skilled finance professional meanwhile joining a network of like-minded students who share the same passion for investing.

Independent Student Run Fund

- Alumni Speaking Events
- Corporate Partnerships
- Collaborative Info Sessions
- National Case Competitions

Unlike other university investment clubs which focus on endowment management, BIG is entrepreneurial through raising money on our own from independent sources.

~$100K Assets Under Management

Network of Finance Professionals

Social Space
Application Process

1. The intern program application will open on our website (invest.Berkeley.edu) immediately after this info session. The written application consists of a few questions and will be due on September 7th, 1:00pm PT.

2. Selected applicants will be invited to an in-person interview in which candidates will be asked to a set of behavioral questions as well as to present the stock pitch submitted on their written application. Interviews will take place on September 10th.

3. Candidates accepted to the intern program will be notified shortly, and will begin the intern program the week after.

You must be a general member to apply to the intern program – to become a general member, simply pay the $30 fee on our website and you will be registered immediately.
Thanks for Coming Out!

Please meet our executive board & program directors

Nikhil Krishnan
President

Megan Sarkissian
President

Robert Xu
VP Equity

Ben Eisenberg
Intern Director

Jay Aurora
Decal Instructor

Sophia Cowles
VP Internal Affairs

Rory Gwozdz
VP External Affairs

Sean Lee
VP Fund

Amy Ran
Intern Director

Conor O’Gorman
Decal Instructor