Warwick Economics Society

Divisional Starter Packs – Equity Research

contact@warwickeconomicssociety.com

https://www.linkedin.com/company/warwick-economics-society

@warwickeconsoc

Contents

2. General equity research overview

2. Types of equity research

3. Day to day tasks & necessary skills

4. Specific interview advice, including commercial awareness tips

5. Careers progression & exit opportunities

Equity Research:

What is equity research?

Equity Research is the process of studying publicly listed companies and their corresponding industries to help investors make informed decisions about their stocks.

Equity research is generally split across two dimensions. This includes the market research side and the sector specific side that the analyst covers. Investment banks then organise the research into specialist teams such as technology or healthcare. Of these teams, each are led by a senior analyst who is then named the author when published. This process is supported by associates and junior analysts (the entry level role).

The purpose of the research can vary depending on its type. Sell-side research is designed to generate trading commission and support a bank's corporate and markets businesses. Whereas buy-side research is produced internally to inform a fund's own investment decisions.

Types of Equity Research:

Sell-Side Equity Research:

Produced by investment banks and brokerages for institutional and retail clients. Sell-side analysts publish buy/sell/hold ratings, price targets and detailed financial models, and work closely with sales and trading desks to communicate views to clients.

Companies: Goldman Sachs, JPMorgan, Morgan Stanley, Barclays, UBS

Buy-Side Equity Research

Conducted in-house at asset managers, hedge funds and pension funds to inform the firm's own portfolio decisions. Buy-side analysts work directly with portfolio managers, and their research is generally not published externally.

Companies: BlackRock, Fidelity, Wellington Management, Capital Group

Independent Research

Produced by firms with no investment banking or trading relationship with the companies covered, aiming to offer unconflicted analysis. Often sold on a subscription basis to institutional investors.

Companies: Morningstar, CFRA, Third Bridge, Redburn Atlantic

Credit Research

Focuses on a company's ability to service its debt rather than its equity valuation, assessing bond issuers, credit ratings and default risk to support fixed income investment decisions.

Companies: Moody's, S&P Global Ratings, Fitch Ratings

Quantitative / Systematic Research

Uses statistical models, factor analysis and large datasets to identify investment signals and build systematic trading strategies, often with less emphasis on individual company narratives.

Companies: Two Sigma, AQR Capital Management, Man Group

ESG & Sustainable Investment Research

Assesses companies against environmental, social and governance criteria to support sustainable investment mandates, screening portfolios and engagement strategies.

Companies: MSCI, Sustainalytics, ISS ESG

Macro & Strategy Research

Focuses on top-down analysis of economies, interest rates, currencies and asset allocation, providing the broader market context that sector analysts build company views around.

Companies: Bank of America, Citi, Deutsche Bank, HSBC

Day to day tasks:

Across equity research roles, day-to-day work can vary significantly depending on the type of research, the sector covered and seniority, but common tasks include:

- **Financial modelling** — building and maintaining detailed forecast and valuation models (DCF, comparable company analysis, precedent transactions) for covered companies.
- **Earnings analysis** — reviewing quarterly results, updating models and writing notes on how results compare with expectations.
- **Report writing** — producing initiation reports, sector deep-dives, earnings previews/reviews and short thematic notes for clients.
- **Company & industry research** — reading filings, attending investor days, and tracking competitors, regulation and market trends.

- **Management interaction** — joining earnings calls, management meetings and site visits to test the investment thesis.
- **Client interaction** — presenting views to institutional investors, fielding questions from the sales desk, and joining roadshows (sell-side).
- **Morning meetings** — briefing the sales and trading desk each morning on overnight news and rating or estimate changes.
- **Team collaboration** — working with associates and senior analysts to divide coverage, sense-check models and prepare publications.
- **Compliance & controls** — ensuring research is produced independently of investment banking, in line with regulatory requirements.
- **Data maintenance** — keeping comparable company tables, consensus trackers and industry databases up to date.

For a junior equity research analyst, a typical day might therefore involve: checking overnight news → updating models → drafting notes → morning meeting → calls with management or clients → refining estimates.

Required skills:

- **Financial Modelling & Valuation** — building robust, auditable models and applying valuation methods such as DCF, comparable multiples and sum-of-the-parts analysis.
- **Accounting Knowledge** — strong grasp of financial statements and how accounting choices affect reported earnings and cash flow.
- **Analytical & Problem-Solving Skills** — synthesising large amounts of information into a clear, well-supported investment view.
- **Industry Expertise** — developing deep knowledge of a sector's structure, drivers, regulation and key players over time.
- **Written Communication** — producing concise, well-argued research notes that clients can act on quickly.
- **Verbal Communication & Conviction** — confidently pitching investment ideas to sales teams, clients and portfolio managers, including under challenge.
- **Numerical & Data Skills** — comfort working with large datasets, spreadsheets and financial databases such as Bloomberg, FactSet and Capital IQ.
- **Attention to Detail** — producing accurate models and forecasts, particularly under the time pressure of earnings season.
- **Resilience & Time Management** — managing coverage of multiple companies simultaneously against tight publication deadlines.
- **Awareness of Regulation rules** – abiding by possible laws.

Specific interview advice:

The most important advice for a role in this industry is having market awareness. Keeping up to date with current news sources such as The Economist or the FT is essential. **The**

University of Warwick Economics Department provide free subscriptions to both of these sources, so make good use of them.

Finally, have a good understanding of the technicals such as financial modelling (knowing the 3 financial statements well) and valuation techniques such as using Discounted Cash Flow analysis (DCF).

Career progression:

Intern (Off-cycle or Summer Intern): Gain exposure to equity research through model building, sector research and supporting the wider coverage team.

Research Associate: Support senior analysts with modelling, data gathering and drafting sections of published research.

Junior Analyst: Take ownership of parts of the coverage universe, contribute directly to published notes and build relationships with company management.

Senior Analyst & Vice President: Lead coverage of a sector or sub-sector, publish under your own name, and act as the primary point of contact for major clients.

Director: Oversee a coverage team, mentor junior analysts, and represent the franchise on the most significant client and corporate relationships.

Managing Director / Head of Research: Set the overall research strategy and franchise priorities and manage the department's relationships with the largest institutional clients.

Common exit opportunities include skills that have been built up throughout a career in equity research.

Here are some examples:

- **Buy-side investing** — moving to a hedge fund, asset manager or long/short equity fund as an analyst or portfolio manager.
- **Corporate development / strategy** — applying valuation and industry expertise in-house at an operating company.
- **Investor relations** — using knowledge of how investors and analysts think to manage a company's relationship with the market.
- **Private equity / venture capital** — applying diligence and valuation skills to private company investing.
- **Corporate finance / M&A** — transferring modelling and industry knowledge into a deal-execution role.