

Sell Side (Investment Banks)

Buy Side (Investors) & Companies

Cost Center

Profit Centers

Important Clients

Not So Important Clients

Sales & Trading holds the purse strings. When the desk head tells Research to jump, Research is in the air before asking "How high?" Research efforts are focused on the short-term to match the needs of the active-trading hedge funds. Sales desks also provide opportunistic intel and "quick hit" trade strategies to important HFs.

Sales & Trading

Research

Research participated in Corp. Finance until Elliot Spitzer spoiled the party in 2001. Recent underperformance of active strategies also provides pressure on Research..

Corporate Finance

Research may still provide intel regarding up and comers, but can't be compensated for Corporate Finance work.

Corporate finance and PWM are relationship businesses. A PWM client's company may need investment banking services. No wonder that leading i-banks recruit the children of execs and foreign potentates to their corporate finance divisions.

Private Wealth Management
Retail Broker Network

Large Hedge Funds

Large Mutual Funds

Small Funds

Active-trading hedge funds with tens of billions AUM represent the sweet spot for the sales & trading operations of an investment bank. Only the largest mutual funds trade often enough to generate great fees. Value oriented managers are disliked due to lack of trading frequency.

Mega- and large-caps are always issuing bonds, acquiring smaller firms, and looking to divest divisions – this is the bread and butter of corporate financiers. However, they can't ignore the up-and-comers at the risk of generating fees from the IPO of the next Google or Facebook. Micro- and Small-cap firms often use regional brokers. Mid-cap firms often serviced by junior employees.

Mega- and Large-Cap Firms

Private Companies

Micro, Small, and Mid-Cap Firms

Ultra High Net Worth Families

High Net Worth Families

Most Families

PWM fees are hidden such that not many high dollar clients even understand how much they are paying for their banking / investment services. The dinners, parties, concerts, and private meetings with analysts are nice, but the per-event "fee" is higher than many realize.

Some families and individuals have greater resources than many hedge funds, and these families get kid glove service. Six zeroes or less in your account's balance and you will be talking to a retail broker – expecting the broker to be cordial is a better bet than expecting him / her to be a financial genius.

Research will sometimes meet with HNW clients, especially executives at public companies, to try to pry industry or company information from them – sometimes straying well into a legal gray area. PWM mainly requests support from Research rather than demanding it as sales & trading does.

