

Career Insight: Jerrold Fine on What It Takes to Succeed on Wall Street

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*Jerrold Fine, 77, is a true hedge fund pioneer. Three years after graduating from Wharton, in 1967, Fine left his first job at Dominick & Dominick and teamed up with Michael Steinhardt and Howard Berkowitz to co-found Steinhardt, Fine, Berkowitz & Co., one of Wall Street's most successful hedge funds. He was only 24 at the time. In 1976, when the firm was at its peak, he resigned to launch Charter Oak Partners Management in Westport, Conn. In August 2018, Fine, who is now focused on writing, published his debut novel, *Make Me Even and I'll Never Gamble Again*.*

This July, Fine visited our Global Young Leaders Academy on Wharton's Philadelphia campus to speak with high school students from around the world about what it takes to become successful on Wall Street. Here, combined with some takeaways from his recent interview with our sister publication, Knowledge@Wharton, is Fine's best advice for aspiring financiers.

It all starts with money skills. "I assume by the time you get to Wharton, you're going to have a reasonable knowledge of economics, and certainly you're going to take economics, both micro and macro, while you're in college," Fine said. "I believe in an emphasis on accounting. I'm not an accountant, but you have to learn accounting. You have to be able to use it and understand it if you're going to go into security analysis or any kind of analysis. How are you going to analyze cash flow statements, income statements or balance sheets? Don't just gloss over accounting, really take it. At first, you'll think it's dry, and it is dry. But it's a knowledge you must have.

"I then would emphasize finance, but not just finance as it pertains to Wall Street. You have to understand the Federal Reserve and you have to understand the international flow of funds. It's a big world, much bigger for you than it was for me. I would sprinkle in there something else: stock markets, commodity markets, bond markets. There's a lot of psychology involved. You have to understand why a stock is trading over its value or under its value. When you're sitting there and everybody is telling you that you need to do something, you have to be able to stand up and say you disagree."

Internship experience. "It's good to have one or two internships on your record," noted Fine. "But I don't think you should kill yourself all summer. You shouldn't be 24/7, 12 months a year or you'll burn out. You've got to have perspective. I'm not saying you should go to the beach all summer. Do something that's stimulating, but don't over-stress yourself the whole year. If you're thinking about an internship, go somewhere that is used to having interns. We don't take interns at Charter Oak and never did because we don't have the infrastructure to hold your hand and take you through the process, work with you and educate you. Everyone at my place was there to professionally invest. You want to go somewhere that takes 10 or 15 interns every year and you can walk in and ask somebody a question. You'll grow that way instead of just putting on your job application: I summered at Charter Oak."

Read, read read. "I'm a voracious reader," Fine told Knowledge@Wharton last year. "I went through periods of my life when I commuted from Connecticut to New York and, on the way home, I had an hour and a half every day to read. I remember going through a China period, where for two years I read books on the history and culture of China. If you read an hour and a half every day, you can learn a lot." A couple of books that Fine recommends: *Reminiscences of a Stock Operator* by Edwin Lefèvre and *Extraordinary Popular Delusions and the Madness of Crowds* by Charles MacKay.

Everything starts with research. "I believe everything starts with the ability to research," said Fine. "Everything flows out of it. You can't be an investment banker without understanding research. You can't be a portfolio manager, an analyst or even a salesman without understanding research. You have to be able to read a report, make your own

judgments and ask the analyst, what about this and what about that.”

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Wall Street at a glance. Investment bankers advise clients on acquisitions, divestitures and other business moves, research analysts deeply understand their assigned industries, and salespeople work directly with clients. “Portfolio management is my world,” said Fine, referring to the job of making investment decisions for individuals or institutions. “This is in my view the most competitive because it’s like getting a batting average at the end of the year as a baseball player. You can make all the excuses you want, but if you hit only 240, then you’re a 240 hitter. You don’t want to hear about the line drive that somebody caught. As a portfolio manager, your record is your record. You can’t walk away. If you botched it big in 2008 and you’re down 50%, you cannot walk away from it. If you’re surrounding yourself with high-quality people that are very stimulating, it’s a very interesting life. The only thing that I can tell you from experience is that you can’t walk away from it. You’ll be thinking about it on vacation, you’ll be walking down the street in some city and you’ll be thinking about it. You’ll be reading constantly. When it goes well, it’s a wonderful feeling because you’re at the top of the pack and nobody can take that from you. The lows are really low. If you’re not doing well and you’ve made recommendations that are not working out, you’ll feel terrible. As wonderful as some of the highs are, the lows are the worst. It’s very lonely when everyone is doing well and you’re not. It’s a terrible feeling.”

Embracing mavericks. “First and foremost, Wall Street is a meritocracy,” noted Fine. “You will not be judged on your family name, you will not be judged by what you look like and they don’t care where you come from. It’s all about whether or not you can do the job. If you can do the job, they will embrace you. And you will get more responsibility than you could ever imagine.”

What it takes to succeed. “If you’re going to be good at this business, whether you’re a trader or a salesman or a money manager, you’re going to have to embrace the whole world,” said Fine. “You’re going to have to be well-read. You’re going to know that something is happening in the Middle East that’s going to impact oil prices. You’re going to know before anyone else knows the difference between a Shiite and a Sunni. You’re going to know which country is which and how things impact oil policy. The price of oil can impact airlines and retail and a lot of industries. You should have an opinion. Don’t just wait until the market tells you. Why at my age am I still running my family’s money? I love it. It’s addictive. I want to have opinions and to know what’s going on. I don’t want to have somebody else tell me.

“In a lot of areas, there is the art of doing something and the science of doing something. To succeed in these areas you need to be good at both. Take baseball and pitching. The science is learning how to grip the ball and throw a curve; anyone can learn that. The art is, can you read the batter and the situation? You have to analyze him. I’ve been with lots of people who have natural talent and they don’t go anywhere. You have to be able to read the other players. You won’t be the only one who has gone to a wonderful business school or who is reading *The Wall Street Journal* or *The Economist*. You will not be the only one who understands accounting or security analysis. What differentiates you is understanding the art.”

Money isn’t everything. “You want to wake up every day loving your job. It’s so much more important to enjoy your job and excel at something you’re made for, then just going to Wall Street and making money. You will not be happy. Money’s fine! But don’t make it the focus of your life.”