**Economy**

1. What have you read on the economy/news lately and what are your thoughts?
   1. Example of answers: FED raising interest rate to combat inflation. Powell is tilting towards fighting inflation rather than reducing the output/unemployment gap.
   2. Jet Blue’s hostile takeover of Spirit airline
   3. How terrible tech companies are doing
   4. Elon Musk reneging on Twitter deal etc.
2. How do you think rising inflation could affect the markets?
   1. You could talk about how inflation increases the cost of inputs to goods, making it more expensive for companies to produce stuff. That in turn lowers their profit margins.
   2. To combat inflation, the FED has increased interest rate, which may result in a recession, as it makes it more costly to borrow and obtain capital
   3. There are many responses, the above are examples of a few

**Accounting**

1. What are the 3 financial Statements? Can you name some major line items? How do they relate to each other?
   1. Balance sheet, income statement, cashflow statement
   2. In Balance sheet, there is assets, liabilities, and equity. Some line items include cash, accounts payable, prepaid expense etc.
   3. Income statement: revenue, cost of goods sold (COGS), net income etc.
   4. Cashflow statement: cash from operation, investing and ifnancing
   5. How they relate: net income goes to the top line in the cash flow statement, ending cash on the cash flow statement becomes the new cash in the next period’s balance sheet. Depreciation is calculated from Balance sheet’s PP&E etc.
2. How do you get from EBIT to FCF?
   1. FCF = EBIT \* (1 – tax rate) + non-cash expense adjustments – change in working capital – CAPEX

**Valuation**

1. What factors do you think drive the value of a company?
   1. Revenue growth and expectations
   2. Cost efficiency
   3. Management
2. What are some ways to value a company?
   1. Most basic ones: DCF, Public Comparable, Precedent transaction
3. What are some common multiples used in Valuation?
   1. EV/EBITDA, EV/EBIT, EV/Revenue, P/E etc.
4. What is a DCF?
   1. Discounted cashflow model is a way of valuing a company that projects out a company’s expenses, revenue, and other cashflow adjustments into the future to arrive at the unlevered free cash flow (UFCF).
   2. You then discount the UFCF by (1+WACC )^period. From here you have two options: use the final cashflow with Gordon growth or multiple method (don’t need to know) to determine a terminal value.

**Enterprise Value vs. Equity Value**

1. How do you get from EV to Equity Value?
   1. Equity Value = EV – Debt – non-controlling interests – preferred stocks + cash
2. What is the difference between Enterprise Value vs. Equity Value?
   1. EV is for all investors and equity value is mainly for equity investors.