

# Things You Must Know for the Final Exam

Fin 311

## 1. Definition:

- (1) capital structure
- (2) net working capital
- (3) YTM
- (4) current yield on the bond
- (5) IRR
- (6)  $\beta$
- (7) diversification
- (8) CAPM
- (9) SML
- (10) WACC
- (11) break-even level of sales (Accounting & NPV)

## 2. Valuation Models:

- (1) PV of annuity
- (2) PV of perpetuity
- (3) project value(NPV)
- (4) bond price
- (5) stock price
- (6) CAPM
- (7) WACC

## 3. Calculation:

- (1) PV of annuity
- (2) PV of perpetuity
- (3) NPV
- (4) bond price
- (5) stock price
- (6) current yield(bond)
- (7) D.O.L.
- (8) change in working capital
- (9) dep' n tax shield
- (10) sensitivity analysis (change in cash flow)
- (11) real interest rate or real income
- (12) CAPM
- (13) capital structure
- (14)  $\beta_A$
- (15) portfolio  $\beta$
- (16) WACC

## 4. Concepts:

- (1) Time value of money
- (2) IRR (i.e., YTM)
- (3) Break-even analysis
- (4) Sensitivity analysis
- (5) Opportunity cost of capital
- (6) risk-return tradeoff
- (7) Diversification
- (8) ?
- (9) CAPM
- (10) SML: Identify mispricing situations
- (11) Capital structure (Financing)
- (12) WACC (Financing & Capital Budgeting)
- (13) Term structure of interest rate: Yield curve
- (14) Stock Options (Text page 790-795)