



# RedPoint Capital

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## INTERVIEW QUESTION BANK

Fall 2023 – Analyst



## RedPoint Capital Fall 2023 Question Bank

Dear Applicant,

Thank you for your interest in joining RedPoint Capital as an Analyst. The following question bank includes all possible technical questions that could be asked during your interview. We will randomly pick and ask you several of these questions during the interview. We recommend you prepare for all questions to maximize your chances of performing well during the interview.

Interviews will be held by an RPC executive and the theme head you are being considered for based on the preferences stated in your application. Interviews are broken into two categories:

1. Getting to know you (~15 minutes)
  - I. General questions about your background and resume
  - II. Your motivations and goals for RPC and your career
  - III. Behavioral questions to assess your willingness to learn
  - IV. Understanding your interest for alternative assets and your potential theme
  
2. Technical Questions (~15 minutes)
  - I. Testing your willingness to learn about finance
  - II. Possible questions are listed in the following pages
  - III. Theme-specific and market questions could also be asked

We appreciate the time and effort you invest into your application.

Sincerely,  
RPC Executives



## Accounting & Enterprise / Equity Value Questions

### 1. What are the 3 financial statements?

Bonus points if you can explain how they are linked together.

### 2. List some major line items on the Income Statement.

### 3. List some major line items on the Balance Sheet.

### 4. List some major line items on the Cash Flow Statement.

### 5. If I only had 1 statement to review the overall health of a company, which statement would I use and why?

Hint: Going back to how to value a company, which financial metric is at the base of the intrinsic valuation method?

There are two possible answers, you will be judged on your justification.

### 6. What is Depreciation?

More on depreciation [here](#).

### 7. What's the formula for Enterprise Value?

Hint: Enterprise value represents the value of the firm's core business assets to all investors. We only require you to include the 3 major items in your answer, but you can give more if you are confident.

### 8. Could a company have a negative Equity Value?

Hint: How do you calculate Equity Value for a public company?

### 9. Is Enterprise or Equity Value more representative of the value of a firm when valuing it?

Hint: When acquiring a house, are you paying for the equity of the owner or for the full value of the asset, including its mortgage?

### Resources:

[Understanding Financial Statements](#)

[Understanding the concept of Enterprise Value](#)



## Investing Questions

### 1. How would you invest \$10 million?

Hint: Investing is as a science as much as an art. Specific assets chosen in a portfolio are up to your creativity, but you should consider the following factors in your decision:

- Risk tolerance
- Investment horizon
- Diversification
- Investment goal

### 2. What are some traits in a company that would make it a good investment?

Hint: The value of any asset is equal to the present value of its expected cash flow using a discount rate reflecting the underlying risk of the company.

$$Value = \sum \frac{Cash\ Flow}{Discount\ Rate}$$

### 3. Can you tell me about a specific company / industry you've been following?

Hint: We recommend you follow this structure:

- Brief description of the company or industry
- Explain a trend or new development the company or industry is going through
- Your opinion on the trend (how you see things moving forward and why)

### 4. Would you recommend a company to issue debt or equity?

Learn about the benefits and costs of debt and equity [here](#).



## Valuation Questions

**1. What are the 3 major valuation methodologies?**

Hint: There are two types of valuation: intrinsic and relative.

**2. Rank the 3 valuation methodologies from highest to lowest expected value.**

**3. What are the most common multiples used in Valuation?**

Hint: Multiples are often structured as shown below.

$$\text{Multiple} = \frac{\text{Valuation Metric}}{\text{Performance Metric}}$$

Multiples typically show how much an investor group (Shareholder, Debtholders, or both) are willing to pay for a performance metric. Find the main valuation metrics and the performance metrics that the investor group in the numerator has exposure to.

**4. What are some flaws with public company comparables?**

**5. How do you select comparable companies / precedent transactions?**

Hint: Apples should be compared to apples.

**6. How would you value an apple tree?**

Hint: Think through the lens of the 3 major valuation methodologies.

**7. How do you take into account a company's competitive advantage in a valuation?**

Hint: Think about how a competitive advantage can impact the following formula for the value of a firm, where cash flows are forecasted by you and discount rate (risk) is calculated by you:

$$\text{Value} = \sum \frac{\text{Cash Flow}}{\text{Discount Rate}}$$

**Resource:**

[Valuation Methods](#)



## Theme-Specific Questions

### Global Macro

**1. What are some current macro trends you find interesting? How could you capitalize on these trends when investing?**

Hint: environment, demographic, economic (GDP, inflation, interest rates), political, tech, social.

**2. Which national economies are being underappreciated in your opinion? Why?**

Hint: Can say any country, hint towards macro trends that are in some way specific to that country.

### Real Assets

**1. Describe the major real estate segments.**

**2. Describe the concept of Net Asset Value (NAV).**

**3. If you have two office building side by side that were identical in every way physically, why might the valuation of each property differ?**

Hint: Think about who the tenants in the building are.

### Private Equity

**1. Describe a leveraged buyout (LBO).**

**2. What type of companies do private equity firms look at / the ideal LBO candidate?**

Hint: Think about what would be needed to sustain such high leverage.

### Special Situations

**1. What is your opinion on Vice Media's recent bankruptcy?**

Hint: [This article](#) is a good place to start.

**2. Describe the main components of a capital structure. Who gets paid first in a bankruptcy?**

**3. Discuss different options available to a distressed company.**

Hint: Think about in-court vs. out-of-court restructurings.



## Investment Themes

RedPoint Capital is divided under 4 investment themes, each with their unique area of focus and expertise. Please reach out to the [Theme Heads](#) for more information.

### Global Macro

The Global Macro group covers broad views on markets including central bank policy, sovereign debt, and digital assets

### Real Assets

The Real Asset group covers private investment opportunities across global investable assets related to real estate, infrastructure, and land

### Private Equity

The Private Equity group explores investments that are made into early, mid, and late-stage companies that are not publicly traded

### Special Situations

The Special Situations group explores investment opportunities that arise from unique events within financial markets

## Professional Success

RedPoint Capital is proud to support the professional development of its members through active mentorship, career-focused workshops, and networking panels with top firms in the finance and alternative assets industry.

ALTAS

BANK OF AMERICA

BMO

Scotiabank

BARCLAYS

BlackRock

ECG

Brookfield

CIBC

CDPQ

CPP Investments

CREDIT SUISSE

EVERCORE



Goldman Sachs

LAZARD

LionTree

Moelis

Morgan Stanley

NOVACAP

ONTARIO TEACHERS' PENSION PLAN

PSP Investments

Royal Bank of Canada

TD Securities

WHITEHORSE LIQUIDITY PARTNERS

If you have additional questions, please do not hesitate to contact the RPC Executive team at [redpointcapital.mcgill@gmail.com](mailto:redpointcapital.mcgill@gmail.com)

# Contact Us

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