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# CAPM Beta

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*CAPM Beta is a theoretical measure of the way how a single stock moves with respect to the market, by taking correlation between the both; market represents the unsystematic risk and beta represents the systematic risk.*

**CAPM Beta** When we invest in stock markets, how do we know that stock A is less risky than stock B. Differences can arise due to [market capitalization](#), revenue size, sector, growth, management, etc. Can we find a single measure that tells us which stock is riskier? The answer is YES, and we call this as CAPM Beta or Capital Asset Pricing Model Beta.

In this article, we look at the nuts and bolts of CAPM Beta –

- [\*\*CAPM Beta\*\*](#)
- [\*\*CAPM Beta Formula\*\*](#)
- [\*\*What is Beta?\*\*](#)
- [\*\*Key Determinants of Beta\*\*](#)
- [\*\*High Beta Stocks/Sectors\*\*](#)
- [\*\*Low Beta Stock/Sectors\*\*](#)
- [\*\*CAPM Beta Calculation in Excel\*\*](#)

- [Advantages of CAPM Beta](#)
- [Disadvantages of CAPM Beta](#)

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## What is the CAPM Beta?

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Beta is a very important measure that is used as a key input for Discounted

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Cash Flow or [DCF valuations](#).

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If you wish to learn about DCF Modeling professionally, I have created a 117-course portfolio on Investment Banking. You may want to have a look at this

[Investment Banking Course here.](#)

### **Most Important – Download Beta Calculation Excel Template**

Calculate the BETA of MakeMyTrip in Excel using SLOPE and [Regression](#)

## CAPM Beta Formula

If you have a slightest of the hint regarding DCF, then you would have heard about the Capital Asset Pricing Model ([CAPM](#)) that calculates the [Cost of Equity](#) as per the below Beta formula.

**Cost of Equity = Risk Free Rate + Beta x Risk Premium**

Risk Free Rate

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Beta



Risk Premium

### Valuation Interview Questions >

- The return investor expects from a complete risk-free investment

### Discounted Cash Flow

### Top Valuation Methods >

- Should be in the currency cash flow

### Weighted Average Cost of Capital

### PE Ratio >

- The degree to which a company's equity returns vary with the return of the overall market

- Beta is a function of both the business risk and the financial risk

- Beta is a measure of systematic risk

- Investing in stock market is riskier than investing in government bond

- Investor expect a higher return to induce them to take the higher risk of investing in equities



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If you have not heard of Beta yet, then worry not. This article explains to you about Beta in the most basic way.

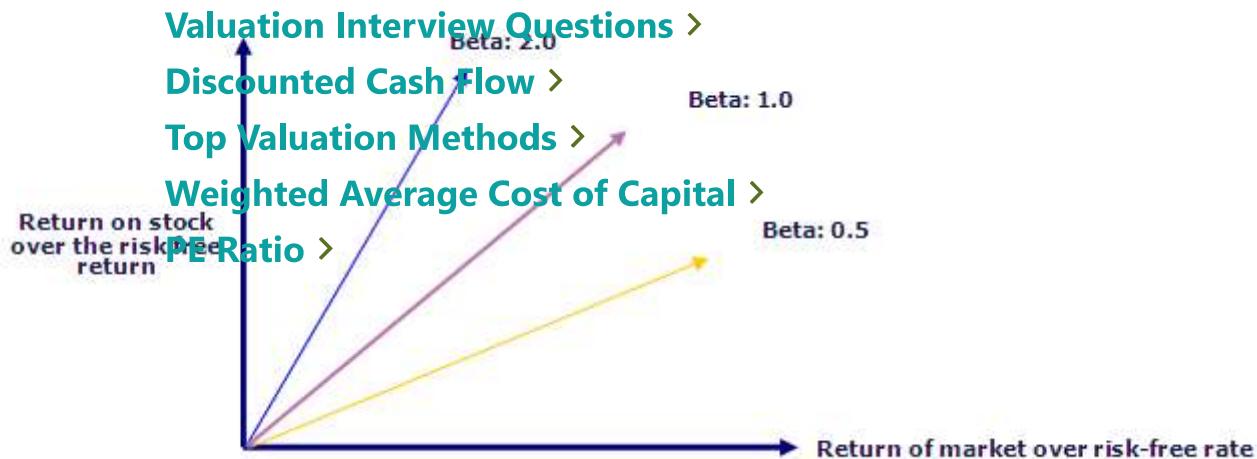
Let us take an example: when we invest in stocks, it is but human to pick stocks that have the highest possible returns. However, if one chases only returns, the other corresponding element is missed, i.e., **Risk**.

Actually, every stock is exposed to two types of risks.

- **Non-Systematic Risks** include risks that are specific to a company or industry. This kind of risk can be eliminated through diversification across sectors and companies. The effect of diversification is that the [diversifiable risk](#) of various equities can offset each other.
- **Systematic Risks** are those risks that affect the overall stock markets. Systematic risks can't be mitigated through diversification but can be [well understood via an important risk measure called "RFTA"](#)

Basic Definition of Beta – **Beta measures the stock risks in relation to the overall market.**

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- **If Beta = 1:** If the Beta of the stock is one, then it has the same level of risk as to the stock market. Hence, if the stock market ([NASDAQ and NYSE](#), etc.) rises up by 1%, the stock price will also move up by 1%. If the stock market moves down by 1%, the stock price will also move down by 1%.
- **If Beta > 1:** If the Beta of the stock is greater than one, then it implies a higher level of risk and volatility as compared to the stock market. Though the direction of the stock price change will be the same; however, the stock price movements will be rather extremes. For example, assume the Beta of the ABC stock is two, then if the stock market moves up by 1%, the stock price of ABC will move up by two percent (higher returns in the rising market). However, if the stock market moves down by 1%, the stock price of ABC will move down by

market; however, the stock prices will remain less risky and volatile. For example, if the beta of the stock XYZ is 0.5, it means if the overall

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market moves up or down by 1%, XYZ stock price will show an increase or decrease of only 0.5% (less volatile)

#### [Discounted Cash Flow >](#)

In general, [Large companies](#) with more predictable [Financial Statements](#) and profitability [Weighted Average Cost of Capital](#) for example, Energy, Utilities, and Banks, etc., all tend to have a lower beta. Most betas normally fall between 0.1 and 2.0 though negative and higher numbers are possible.

## Key Determinants of Beta

Now that we understood Beta as a measure of Risk, it is important for us to also understand the sources of risks. Beta depends on a lot of factors – usually, the nature of the business, operating and financial leverages, etc.

The below diagram shows the key determinants of Beta –

## Nature of Business

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- Type of business – Cyclical firms are expected to have higher beta than non-cyclical firms

### [Discounted Cash Flow >](#)

### [Top Valuation Methods >](#)

- Company's products are discretionary – Beta will be usually high

### [PE Ratio >](#)

- Business of providing basic necessity such as food and clothing – Low Beta

## Operating Leverage

- It is the measure of the proportion of fixed cost to the overall cost

- If the fixed cost component is higher, the stock will tend to have a higher beta

- The airline industry where a large proportion of their costs are fixed in nature e.g., air craft leasing, the beta will be higher

- Information Technology, which require lower sunk costs, would in general have relatively lower beta

## Financial Leverage

- Financial leverage refers to the debt taken on by the firm

- A company with high borrowing tends to have a higher beta

- By taking on debt, even a relatively safe business can end up having a high beta.

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- Nature of Business** – The beta value for a firm depends on the kind of **products and services offered** and its relationship with the overall macro-economic environment. Note that Cyclical companies have higher betas than non-cyclical firms. Also, discretionary product firms will have higher betas than firms that sell less discretionary products.
- Operating leverage:** The greater the proportion of fixed costs in the **cost structure** of the business, the higher the beta
- Financial leverage:** The more debt a firm takes on, the higher the beta will be of the equity in that business. Debt creates a **fixed cost**, interest expenses that increase exposure to market risks.

# High Beta Stocks/Sectors

CAPM Beta Stocks? It is normally understood that cyclical stocks have high Beta and defensive sectors have low Beta.

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Cyclical stocks are those whose business performance and stock performance is highly correlated with economic activities. If the economy is in recession, then these stocks exhibit poor results, and thereby stock performance takes a beating. Likewise, if the economy is in high growth trajectory, **cyclical stocks** tend to be highly correlated and demonstrate a high growth rate in business and stock performances.

Take, for example, General Motors; its CAPM Beta is 1.43. This implies if the stock market moves up by 5%, then General Motors stock will move up by  $5 \times 1.43 = 7.15\%$ .

The following sectors can be classified as cyclical sectors and tend to exhibit High Stock Betas.

- Automobiles Sector
- Materials Sector
- Information Technology Sector
- Consumer Discretionary Sector
- Industrial Sector
- Banking Sector

## Low Beta Stocks/Sectors

Low Beta is demonstrated by stocks in the defensive sector. **Defensive stocks** are stocks whose business activities and stock prices are not correlated with

down by  $0.78 \times 5 = 3.9\%$ .

The following **Featured Guides** are classified as defensive sectors and tend to exhibit

Low Stock Betas.

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[Discounted Cash Flow >](#)

- Consumer Staples

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- HealthCare

- Telecom

- Utilities

## CAPM Beta Calculation in Excel

Technically speaking, Beta is a measure of stock price variability in relation to the overall stock market (NYSE, NASDAQ, etc.). **Beta is calculated by regressing the percentage change in stock prices versus the percentage change in the overall stock market.** CAPM Beta calculation can be done very easily on excel.

Let us calculate the Beta of [MakeMyTrip](#) (MMTY) and Market Index as NASDAQ.

### [Most Important – Download Beta Calculation Excel Template](#)

Calculate the BETA of MakeMyTrip in Excel using SLOPE and [Regression](#)

**Step 1 – Download the Stock Prices & Index Data for the past 3 years.**

NASDAQ Composite (^IXIC) - Nasdaq GIDS ★ Watchlist

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**4,549.23** ↓**15.07 (0.33%)** Oct 29

Beat the

Get the

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[Discounted Cash Flow >](#)

choose the starting date and ending date

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Set Date Range

[Weighted Average Cost of Capital >](#)

Start Date: Jan

2012

Eg. Jan 1, 2010

End Date:

Oct

30

2014

Daily

Weekly

Monthly

Dividends Only

[Get Prices](#)

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Prices						
Date	Open	High	Low	Close	Volume	Adj Close*
Oct 29, 2014	4,551.37	4,564.44	4,517.02	4,549.23	2,184,050,000	4,549.23
Oct 28, 2014	4,505.73	4,564.29	4,505.11	4,564.29	1,966,920,000	4,564.29
Oct 27, 2014	4,469.02	4,489.60	4,450.29	4,485.93	1,585,580,000	4,485.93
Oct 24, 2014	4,459.46	4,486.26	4,445.85	4,483.72	1,754,300,000	4,483.72
Oct 23, 2014	4,427.44	4,475.55	4,421.56	4,452.79	1,952,380,000	4,452.79
Oct 22, 2014	4,429.16	4,435.86	4,381.28	4,382.85	1,967,020,000	4,382.85
Oct 21, 2014	4,359.17	4,419.48	4,356.10	4,419.48	1,997,580,000	4,419.48
Oct 20, 2014	4,254.16	4,316.87	4,248.22	4,316.07	1,717,370,000	4,316.07
Oct 17, 2014	4,275.09	4,296.11	4,241.67	4,258.44	2,260,070,000	4,258.44
Oct 16, 2014	4,133.25	4,246.01	4,131.65	4,217.39	2,591,940,000	4,217.39
Oct 15, 2014	4,154.10	4,231.54	4,116.60	4,215.32	3,058,740,000	4,215.32
Oct 14, 2014	4,246.23	4,281.34	4,212.82	4,227.17	2,496,120,000	4,227.17
Oct 13, 2014	4,274.91	4,303.82	4,212.87	4,213.66	63,104,908,800	4,213.66

Likewise, download the corresponding stock price data for the MakeMyTrip example from [here](#).

## Step 2 – Sort the Dates & Adjusted Closing Prices

Once you have downloaded the data set for the two, please do the following

~~for each of the data sets~~

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- Delete Open, High, Low, Close & Volume columns. They are not required for Beta Calculations.

Date	Open	High	Low	Close	Volume	Adj Close
10/29/2014	28.04	28.19	27.17	28.09	360500	28.09
10/28/2014	28.13	28.18	28.06	28.01	185600	28.01
10/27/2014	26.11	26.61	25.85	26.28	70500	26.28
10/24/2014	26.31	26.44	25.8	26.2	96300	26.2
10/23/2014	25.08	26.98	25.8	26.28	181600	26.28
10/22/2014	26.07	26.61	25.14	25.71	114000	25.77
10/21/2014	26.11	26.65	24.8	26.06	116100	26.06
10/20/2014	24.36	24.36	24.36	24.36	116100	24.36
10/17/2014	23.9	23.9	23.9	23.9	116100	23.9
10/16/2014	22.32	22.32	22.32	22.32	116100	22.32
10/15/2014	22.15	22.15	22.15	22.15	116100	22.15
10/14/2014	23.8	24.83	23.03	24.13	293200	24.13
10/13/2014	23.88	24.55	22.97	23.54	353800	23.54
10/10/2014	24.48	25.74	23.87	24	562700	24
10/9/2014	26.87	27.41	21.42	24.01	1171000	24.01
10/8/2014	25.49	27.79	25.46	26.77	197200	26.77
10/7/2014	26.63	26.97	25.26	25.46	197300	25.46
10/6/2014	26.88	27.14	26.4	26.78	82200	26.78

### Step 3 – Prepare a single sheet of Stock Prices Data & Index Data.

Date	NASDAQ Adj Close	% change in NASDAQ	MakeMyTrip Adj Close	% change in MakeMyTrip
1/3/2012	2648.72		24.73	
1/4/2012	2648.36		23.99	
1/5/2012	2669.86		23.75	
1/6/2012	2674.22		21.83	
1/9/2012	2676.56		21.92	
1/10/2012	2702.5		22.42	
1/11/2012	2710.76		22.58	
1/12/2012	2724.7		22.36	
1/13/2012	2710.67		22.58	
1/17/2012	2728.08		22.08	
1/18/2012	2769.71		22.64	
1/19/2012	2788.33		23.44	

single sheet  
containing the  
corresponding  
prices

Date	Adj Close	% change in Adj Close	Adj Close	% change in Adj Close
1/4/2012	2648.36	0.0%	23.99	-1.4%
1/5/2012	2669.86	0.8%	23.75	-1.0%
1/6/2012	2674.22	0.2%	21.83	-8.1%
1/9/2012	2676.56	0.1%	21.92	0.4%
1/10/2012	2702.5	1.0%	22.42	2.3%
1/11/2012	2710.76	0.3%	22.58	0.7%
1/12/2012	2724.7	0.5%	22.36	-1.0%
1/13/2012	2710.67	-0.5%	22.58	1.0%
1/17/2012	2728.08	0.6%	22.08	-2.2%

## Step 5 – Calculate Beta – Three Methods

You can use either of the three methods to calculate Beta – 1)

Variance/Covariance Method 2) [SLOPE Function in excel](#) 3) Data Regression

- Variance / Covariance Method**

Date	NASDAQ Adj Close	% change in NASDAQ	MakeMyTrip Adj Close	% change in MakeMyTrip	
1/3/2012	2648.72		24.33		
1/4/2012	2648.36	0.0%	23.99	-1.4%	
1/5/2012	2669.86	0.8%	23.75	-1.0%	
1/6/2012	2674.22	0.2%	21.83	-8.1%	
1/9/2012	2676.56	0.1%	21.92	0.4%	
1/10/2012	2702.5	1.0%	22.42	2.3%	
1/11/2012	2710.76	0.3%	22.58	0.7%	
1/12/2012	2724.7	0.5%	22.36	-1.0%	
1/13/2012	2710.67	-0.5%	22.58	1.0%	
1/17/2012	2728.08	0.6%	22.08	-2.2%	

**Variance / Covariance Formula**

=COVARIANCE.P(C4:C713,E4:E713)/VAR.P(C4:C713)

Using the variance-covariance method, we get the **Beta as 0.9859 (Beta Coefficient)**.

- SLOPE function in excel**

1/4/2012	2648.36	0.0%	23.99	-1.4%	
1/5/2012	2669.86	0.8%	23.75	-1.0%	SLOPE Method
1/6/2012	2674.22	0.2%	21.83	-8.1%	
1/9/2012	2676.56	0.1%	21.92	0.4%	=SLOPE(E4:E713,C4:C713)
1/10/2012	2702.5	1.0%	22.42	2.3%	
1/11/2012	2710.76	0.3%	22.58	0.7%	
1/12/2012	2724.7	0.5%	22.36	-1.0%	
1/13/2012	2700.7	0.5%	22.58	1.0%	

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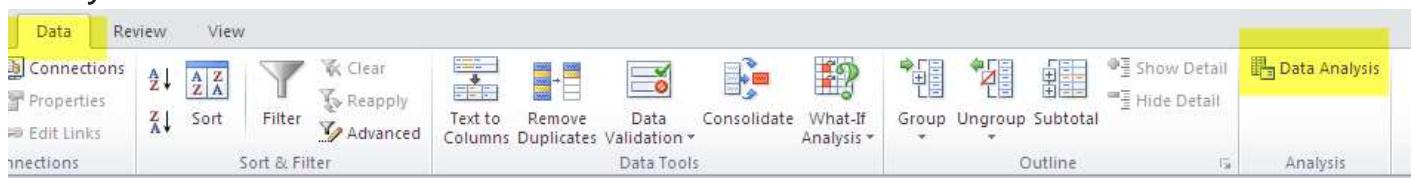
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[Weighted Average Cost of Capital](#) >

Using this SLOPE function method, we again get the [Beta as 0.9859 \(Beta Coefficient\)](#).

- **3rd Method – Using Data Regression**

For using this function in excel, you need to go to the Data Tab and select Data Analysis.



If you are unable to locate Data Analysis in Excel, then you need to install the Analysis ToolPak. This process is relatively easy: **Go to FILE -> Options -> Add-Ins -> [Analysis ToolPak](#) -> Go -> Check Analysis ToolPak -> OK**

Date	Adj Close	NASDAQ	Adj Close	MakeMyTrip
1/3/2012	2648.72		24.33	
1/4/2012	2648.36	0.0%	23.99	-1.4%
1/5/2012	2669.86	0.8%	23.75	-1.0%
1/6/2012	2674.22	0.2%	21.83	-8.1%
1/9/2012	2676.56	0.1%	21.92	0.4%
1/10/2012	2676.56	0.1%	21.92	0.4%
1/11/2012	2676.56	0.1%	21.92	0.4%
1/12/2012	2676.56	0.1%	21.92	0.4%
1/13/2012	2676.56	0.1%	21.92	0.4%
1/17/2012	2676.56	0.1%	21.92	0.4%
1/18/2012	2676.56	0.1%	21.92	0.4%
1/19/2012	2676.56	0.1%	21.92	0.4%
1/20/2012	2676.56	0.1%	21.92	0.4%
1/23/2012	2700.84	0.1%	23.55	0.5%
1/24/2012	2700.84	0.1%	23.55	0.5%
1/25/2012	2818.31	1.1%	23.35	-1.0%
1/26/2012	2805.28	-0.5%	23.54	0.8%

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[Sampling](#)

[t-Test: Paired Two Sample for Means](#)

[t-Test: Two-Sample Assuming Equal Variances](#)

[t-Test: Two-Sample Assuming Unequal Variances](#)



OK

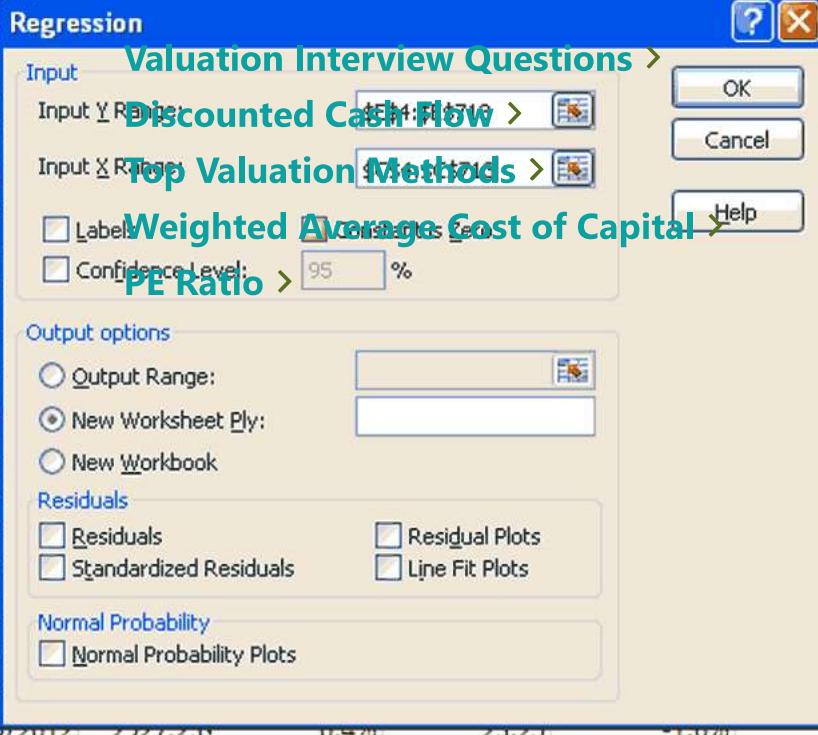
Cancel

Help

Choose the Y Input Range and X Input Range

1/9/2012	2676.56	0.1%	21.92	0.4%
1/10/2012	2702.5	1.0%	22.42	2.3%
1/11/2012	2710.76	0.3%	22.58	0.7%
1/12/2012	2724.7	0.5%	22.36	-1.0%

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Once you click OK, you get the following Summary Output

SUMMARY OUTPUT						
Regression Statistics						
Multiple R	0.268728					
R Square	0.072215					
Adjusted R Square	0.070904					
Standard Error	0.03094					
Observations	710					
ANOVA						
	df	SS	MS	t Stat	P-value	Significance F
Regression	1	0.052752	0.052752	55.10761	3.28E-13	
Residual	708	0.677739	0.000957			
Total	709	0.730491				
	Coefficient	Standard Err	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-7.8E-05	0.001166	-0.0667	0.946839	-0.00237	0.002211
					-0.00237	0.002211

Beta = 0.9859

Also, note that MakeMyTrip beta is approximately closer to 1.0, this implies that MakeMyTrip has the same level of risk as to the broad NASDAQ Index.

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## Levered vs. Unlevered Beta

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**Levered Beta** or [Equity Beta](#) is the Beta that contains the effect of capital structure, i.e., Debt and Equity both. The beta that we calculated above is the Levered Beta.

**Unlevered Beta** is the Beta after removing the effects of the capital structure. As seen above, once we remove the financial leverage effect, we will be able to [calculate Unlevered Beta](#).

Unlevered Beta can be calculated using the following formula –

$$\text{Beta (Unlevered)} = \text{Beta (levered)} / (1 + (1-\text{tax}) * (\text{Debt}/\text{Equity}))$$

As an example, let us find out the **Unlevered Beta for MakeMyTrip**.

**Debt to Equity Ratio** (MakeMyTrip) = 0.27

Tax Rate = 30% (assumed)

Beta (levered) = 0.9859 (from above)

$$\text{Beta (Unlevered)} = 0.9859 / (1 + (1-0.30) * 0.27)$$

$$\text{Beta (Unlevered)} = 0.8291$$

## Calculate Beta of an Unlisted or Private

**private companies** (not listed), then how we should find Beta? In this case, Beta does not exist; however, we can find an IMPLIED BETA from the [Featured Guides](#) [comparable companies analysis](#).

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Implied Beta is found using the following 3 step process –

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**Step 1 – Find all the Listed Comparables whose Beta's are readily available.**

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[PE Ratio](#) >

Please note that the Betas that you download are [Levered Betas](#), and hence, it is important to remove the effect of capital structure. The higher amount of debt implies higher variability in earnings ([Financial Leverage](#)), which in turn results in higher sensitivity to the stock prices.

Let us assume here that we want to find the Beta of a private company, let's call this as PRIVATE. As a first step, we find all the listed peers and identify their Betas (levered)

Company	Levered Beta
A	1.09
B	0.99
C	2.00
D	1.89
E	1.31
F	0.50
G	0.78
H	2.20
<b>Mean</b>	<b>1.35</b>
<b>Median</b>	<b>1.20</b>

## Step 2 – Unlever the Betas

Please note that for each of the competitors, you will have to find additional information like Debt to Equity and Tax Rates. While unlevering, we will be able to remove the effect of financial leverage.

Company	Discounted Cash Flow Beta	D/E Ratio	Effective tax rate %	Unlevered beta
<b>Top Valuation Methods</b>				
A	1.09	0.40	20.0%	0.83
B	0.99	1.30	30.0%	0.52
C	2.00	1.87	25.0%	0.83
D	1.89	0.99	22.0% <span style="border: 1px solid green; padding: 2px;">=D39/(1+(1-F39)*E39)</span>	
E	1.31	0.67	10.0%	0.82
F	0.50	1.35	15.0%	0.23
G	0.78	1.03	15.0%	0.42
H	2.20	0.97	18.0%	1.23
<b>Mean</b>	<b>1.35</b>	<b>1.07</b>	<b>0.19</b>	<b>0.74</b>
<b>Median</b>	<b>1.20</b>	<b>1.01</b>	<b>0.19</b>	<b>0.82</b>

### Step 3: Relever the Beta

We then relever the beta at an optimal capital structure of the PRIVATE company as defined by industry parameters or management expectations. In this case, ABC company is assumed to have a Debt/Equity of 0.25x and a Tax Rate of 30%.

The calculation for the relevered beta is as follows:

Beta of ABC company
Unlevered Beta
Debt/Equity
Tax rate
Levered beta of ABC <span style="border: 1px solid black; padding: 2px;">=D49*(1+(1-D51)*D50)</span>

It is this relevered Beta that is used for calculating the Cost of Equity of the Private companies.

Though in the above cases, we saw that Beta was greater than zero; however, there may be stocks that have negative betas. Theoretically, the negative beta would mean that the stock moves in the opposite direction of the overall stock market. Though the stocks are rare, they do exist. Many companies that are into gold mining have negative betas because gold and stock markets move in the opposite direction. International companies may also have negative beta as their business may not be directly linked to the domestic economy.

If you are curious to see some examples of Negative Beta Stocks, here is the process through which you can hunt for negative beta stocks.

## Step 1 – Visit Yahoo Screener

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- [Weighted Average Cost of Capital >](#)
- [PE Ratio >](#)

## Step 2 – Choose the Industry Filter

You may choose the sector/industry of your choice. I have picked up Gold (Basic Materials)

## Step 3 – Choose the Beta Values Minimum and Maximum

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**Step 4 – Click on Find Stocks, and you will see the list below**

**Step 5 – Sort the Beta column from Low to High**

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**Step 6 – Enjoy the list of Negative Betas :-)**

## Advantages of CAPM Beta

- Single measures to provide an understanding of security volatility as compared to the market. This understanding of stock volatility helps the portfolio manager with his decisions of adding or deleting this security from the portfolio.
- Most of the investors have diversified portfolios from which unsystematic risk has been eliminated. Beta only considers systematic risk, thereby providing the real picture of the risks involved.

## Disadvantages of CAPM Beta

- **Cannot accurately measure Beta for new Stocks** – As we saw from above that we can calculate beta of unlisted or private companies.

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However, the problem lies in finding the true comparable that can provide us with an implied Beta number. Unfortunately, we do not always have the right comparable for start-ups or private companies.

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- Beta does not distinguish the stock was more volatile during the bear phase or the bull phase. It does not distinguish between upswings or downswing movements.

## CAPM Beta Video

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If you learned something new or enjoyed the post, please leave a comment below. Let me know what you think. Many thanks, and take care. Happy Learning! [Top Valuation Methods](#) >

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quite interesting!

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Enjoyed reading [Discounted Cash Flow >](#)

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◦ Dheeraj Vaidya says

Thanks for your kind words!

[Reply](#)

2. Thuy says

This is the most amazing blog I have ever seen. Thank you so much for your sharing since your sharing is so informative and is written in the order that really easy to follow.

[Reply](#)

◦ Dheeraj Vaidya says

Thanks for your kind words!

[Reply](#)

3. vero says

4. Kenei says

You are a rockstar! Thanks for sharing.

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5. Prithvi says [Top Valuation Methods >](#)

[Weighted Average Cost of Capital >](#)

Very informative, thank you very much for the explanation.

[PE Ratio >](#)

## Reply

o Dheeraj Vaidya says

thanks Prithvi!

## Reply

6. VENKATESH says

well explained in simple steps. very informative.

## Reply

o **Dheeraj Vaidya** says

thanks Venkatesh!

## Reply

7. Mahmoud says

many thanks! you make it very clear

My Pleasure Manmoud!

**Reply**

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8. Jithin [Valuation Interview Questions >](#)

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Thank you so much for the article and the worksheet. Helped a lot to understand [Top Valuation Methods >](#)

[Weighted Average Cost of Capital >](#)

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**Reply**

- Dheeraj says

thanks Jithin!

**Reply**

9. Terry says

It's a great essay to understand the Beta. Now I get the approaches to calculate beta from stock market.

Thank you so much!

But I have a question about beta: Suppose a statement said a corp. carried \$200 million debt and has 15 million shares trading at price of \$30 in TSX. It's stock beta is 0.9. This beta is levered beta or unlevered beta? Thanks!

Terry

**Reply**

- Dheeraj says

from this, then you need to apply the formula to unlever the same.

Thanks,  
Dheeraj

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0. Ali says [Weighted Average Cost of Capital >](#)  
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You are soooooooooooooood

**Reply**

◦ Dheeraj says

thanks Ali!

**Reply**

1. MARIA SHUJA says

thank sir u really make it easy...

**Reply**

◦ Dheeraj says

thanks Maria!

**Reply**

2. Kola Yaqub says

such as fixed income, derivatives and asset beta.

Thank you once again

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- Hello Kola [PE Ratio >](#)

Many thanks for your appreciation :-)

Best,

Dheeraj

## Reply

3. Gaurav verma says

Awesome brother you are doing good work. This article is very very helpful to me and many others.

## Reply

- Dheeraj says

thank you Gaurav!

## Reply

4. Herman Tan says

◦ Dheeraj says

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thank you Herman :-)

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5. Vitali says [Weighted Average Cost of Capital >](#)

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great, Dheeraj

## Reply

◦ Dheeraj says

Thank you Vitali!

## Reply

6. Berenice says

Very didatic article. Thanks and congratulations!

## Reply

◦ Dheeraj says

Thanks Berenice!

## Reply

7. vincent says

8. Nadine says

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This is comprehensive, simple to understand and awesome! Thanks sooo much!

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9. Huro says [Weighted Average Cost of Capital >](#)

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Very clear explanation. Thanks!

### Reply

0. Somsubhra Mukherjee says

Simple and very welled explained...Can you please upload module on FOREX.

### Reply

◦ Dheeraj says

Thanks Somsubhra. I am looking forward to an article on Forex in the near future.

### Reply

1. msdevi says

well explained in a simple way.

### Reply

posts on security valuation.

Thanks

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3. Ankit says [Discounted Cash Flow >](#)

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Sir, request you to take some important FM concepts on a regular basis like minority interest, PE Ratio and adjustments and other such important but often ignored concepts.

Thanks.

## Reply

4. Ankit says

it was a great article in a way that though i learnt beta concepts during my MBA, but it was not this thorough and practical in approach. and yahoo screener was a new thing as well.

## Reply

5. sandheep says

Your articles are always simple and interesting.

Thank you

## Reply

6. AVGRAO says

◦ AVGRAO says

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excellent Sir, with regards

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7. mahendra.dunori says [Weighted Average Cost of Capital >](#)

[PE Ratio >](#)

its a very important article. and i learned new things with your article. i glad to thanks to you....

### Reply

8. Neeraj says

Your article always have new things for me to learn from

### Reply

9. Anika Kalra says

I thought negative beta stocks are difficult to find. Your article is very comprehensive. Thanks Dheeraj

### Reply

◦ Wall Street Mojo says

Thanks Anika!

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