Xiang, xiang.gao@anu.edu.au Consults wed 11-2, 3-4, CBE 3.52

1. Difference between Capital Market Line and Security Market Line: CML SML Risk SD Beta Assets Distribution under the line under, above or on the line Purpose of graphing focus market portfol. focus on individual asset or individual portfolio

T3

Two types of incremental revenues: - Direct - Indirect

T7

can use general quadratic formula to solve IRR to save time apparently (providing it's an x^2, and that $x = 1/(1+rate)$)

T12

Payout policy: know definitions for cash dividend, stock diviend and share repurchase (three types of these) Calculation type: retain earnings vs payout Effective dividend tax rate formula Signaling: - Information asymmetric - Smoothing theory Split ratio

MM theory - $V^J = V^U + 2$ benefits + 2 costs (B = Tax shield, agency benefits, C=FDC, agency costs) - Trade off theory NPV: - big and hard question - Beware of leasing in this as well, don't forget to study that lol - True tac lease (afeter tax borrowing discount) - Non tax lease (use before tax borrowoing rate discount Capital budgeting: APV, WACC & FTE Levels of leverage: - Constant leverage - Pre-determined leverage - Preiodically adjusted leverage (normally anually)

Important things to do (in order of importance): - Workshop/tutorial questions - Practise final exam paper - Notes