



CORPORATE FINANCE CATEGORY GLOSSARY

This is a non-exhaustive list of useful terms to know for your category.

Corporate Finance - The sector of finance focused on how business receive and allocate financial resources

Debt - Funding of a company through obligations that must be paid back later

Dividend - A periodic payment to shareholders, payment may or may not follow a stable pattern

EBIT - Earnings before interest and taxes, once these are deducted, you have net profit

Equity - Funding of a company through revenue forms such as sale of ownership

Interest - Money accrued periodically, payable to creditors

Ratios - Useful indicators to measure and compare financial performance of businesses

- Popular ratios include:
 - Return on Investment (Net Profit \div Total Investment)
 - Debt and equity ratios (Debt \div Firm Value, Equity \div Firm Value)
 - Debt-equity ratio (Debt \div Equity)

Return on equity - The required return on investment for equity investors of a company

S&P 500 / TSX Composite Index - Financial indexes used to approximate the performance of the stock market

T-bills - Treasury bills, US bonds which are often seen as risk-free investments

Unlevered equity - A firm completely funded by equity, no debt

Weighted Average Cost of Capital (WACC) - The required return on investment for investors of a company as a whole, multiple formulas possible depending on context