



Cornell Hedge Fund Technical Preparation: Fall 2024

What do we look for?

We look for potential, passion, humility, etc. Not experience!

Questions we may ask

- We may provide definitions of technical terms and ask you to apply them – you won't be expected to know them prior to, and you may ask follow-up questions.
- We may ask questions about market news, current events, etc.

Questions we will not ask:

- We won't expect any accounting, modeling, or valuation knowledge from any applicant.
- We won't ask any technical questions unless your resume indicates you have prior knowledge or experience.

Sample Question 1

Think about 2 companies with similar profitability/growth. Why would one be valued at a premium to the other?

- Possible responses may include, but are not limited to:
- Positive news/earnings report above expectations
- Competitive advantages not shown in financials, like a patent or brand name
- Market leader/greater market share than others
- In an acquisition, one process was more competitive (more bidders)
- Different industries/markets – one firm could be in a growing industry while the other is in a declining one

Sample Question 2

Tell me about a company you admire and why?

- There is no correct answer, so the following are recommendations:
- Provide detailed and thoughtful responses
- It is ok to talk about a well-known, big company, but your answer shouldn't be limited to the fact that the company is big and well-known
- Demonstrate not only your understanding of the company's business and revenue/geographical segments, but also their competitive edge and why you *personally* admire the company
- Be familiar with the company's leadership and how their expertise contributes to the company; understand the company's industry and any trends in that industry
- Attend the CHF Stock Pitch Tutorial and learn more about what makes a company a good investment!

Sample Question 3

If you could fix one issue in the world, what would that be?

- There is no correct answer, so the following are recommendations:
- Demonstrate that you follow current events and are passionate about things going on in the world
- This doesn't have to be market-related! Being well-read and informed is important
- This can include the supply shortage, inflation, Russia vs. Ukraine conflict, China's treatment of the Uyghurs, etc.

Sample Question 4

Beta measures systematic risk: the volatility of your company relative to the market. Would a refrigerator company or a bio-tech start-up have a higher beta?

- Consider the risk of these two companies
- The technology start-up will have a higher beta because it's riskier as it's an early company in a volatile industry

Resources:

Free Business News Access:

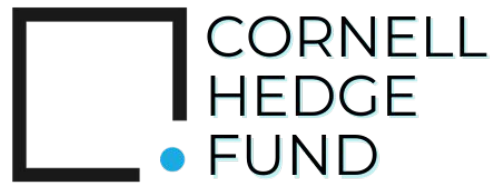
- Wall Street Journal
- Financial Times
- NY Times
- Morning Brew
- Finimize

Podcasts:

- The Journal Podcast
- Snacks Daily by Robinhood
- WSJ What's News
- Bloomberg Surveillance

X:

- Corey Hoffstein - Newfound Research
- Patrick O'Shaughnessy - OSAM
- Chamath Palihapitiya - Social Capital
- Vinod Khosla - Sun MS/ Khosla Ventures
- Kaushik Basu - Cornell Professor
- Eswar Prasad - Cornell Professor
- Morgan Housel
- Josh Wolfe
- Michael Mauboussin



Thank You!

CHF Website:

