FORMULAE

DVM

$$P_0 = \frac{d_1}{k_e - g}$$

$$k_e = \frac{d_1}{P_0} + g$$

$$g = r \times b$$

CAPM

$$k = R_f + [R_m - R_f]ß$$

$$ß_{eu} = ß_{eg}\left[\frac{V_E}{V_E + V_D[1-t]}\right] + ß_d\left[\frac{V_D[1-t]}{V_E + V_D[1-t]}\right]$$

$$ß_{eg} = ß_{eu} + [ß_{eu} - ß_d]\left[\frac{V_D[1-t]}{V_E}\right]$$

WACC

$$WACC = k_{eg}\left[\frac{V_E}{V_E + V_D}\right] + k_d[1-t]\left[\frac{V_D}{V_E + V_D}\right]$$

FX, interest rates & inflation

$$F_0 = S_0 \times \frac{[1 + r_{var}]}{[1 + r_{base}]}$$

$$S_1 = S_0 \times \frac{[1 + r_{var}]}{[1 + r_{base}]}$$

$$(1 + r_{nominal}) = (1 + r_{real}) \times (1 + \text{inflation})$$

M&M

$$V_g = V_u + TB$$

$$k_{eg} = k_{eu} + [k_{eu} - k_d]\left[\frac{V_D[1-t]}{V_E}\right]$$

$$WACC = k_{eu}\left[1 - \left[\frac{V_D t}{V_E + V_D}\right]\right]$$

TERP

$$\text{TERP} = \frac{1}{N+1}[(N \times \text{cum rights price}) + \text{issue price}]$$

$$\text{Yield-adjusted TERP} = \frac{1}{N+1}[(N \times \text{cum rights price}) + \text{issue price} \times (Y_{new}/Y_{old})]$$

VaR

VaR = confidence interval value x standard deviation

The confidence interval value comes from the normal distribution table.