

# Equity Research Analyst Interview Questions And Answers Guide.



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# Equity Research Analyst Job Interview Preparation Guide.

## Question # 1

What is equity research?

### Answer:-

Desired information availability and consumption spurred a whole new industry, popularly known as Equity Research.

Equity research is the study of equities or stocks for the purpose of investments. Equity research is what an equity research analyst does. In simpler terms, equity research is the act of gathering information:

- 1) Information that helps investors to decide where to put in their money
- 2) Information that traders require to understand whether to enter or exit a market position
- 3) Information that financiers (bankers and firms) need to evaluate companies

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## Question # 2

Which important skills are for a research analyst?

### Answer:-

To be painstakingly detail-oriented is crucial. Strong math is also of utmost importance. Analytical skills have to be top-notch if a person is to be able to interpret the market and company performance. And communication skills are important because a research analyst communicates with clients and target industries and prepares reports regularly.

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## Question # 3

Why do you want to work in equity research?

### Answer:-

If your aim is to work in equity research or you're interested in any finance position, you should have a good reason for applying for the position you're interviewing for.

In the case of equity research, mention your non-finance work experience as a reason to focus on the sector you're interviewing for. Also, you could use a specific class or course that helped you prepare for this position.

One way to look at equity research vs. investment banking is that as an equity research analyst/associate:

- \* You only have access to public information, which makes the job interesting.
- \* You get to talk to suppliers, customers and competitors of your coverage universe.
- \* You focus on one sector and eventually become an expert in that sector.

On the other hand, as an investment banking associate/analyst:

- \* You get to work with companies directly and you could have access to material non-public information.
- \* You work on many deals with different scopes.
- \* You work on companies from different sectors.

Just do your research before you head to an interview and have couple reasons on why you picked this position over another one. Saying that you'll get to apply your finance skills might not be enough, because you could apply them whether you work in equity research or in investment banking.

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## Question # 4

Do you know the purpose of equity research?

### Answer:-

The purpose of equity research is to study companies, analyze financials and look at quantitative and qualitative aspects, helping investors of varying degrees to make an informed decision.

As the name suggests, 'research' plays the most important role here.

Over the years, research methods have changed but the sole intention of research remains the same.

The number of investors is booming and so is the need for exploring the nature of investments.

Investors wish to take calculated and informed decisions, and this is where the role of equity research begins.

The purpose of equity research and the researcher is manifold.

To begin with, one gathers and analyses industry data and financial models of a specific company or an industry.

It also involves understanding current market trends, both from the perspectives of macro economy and micro economy, and report findings. Since the equity research targets a specific audience, it is necessary to tailor the findings to the audience demand.

Further, adequate stress is laid on the accuracy of information. If investors take actions based on any kind of misinformation or misrepresentation, losses are



tremendous and harmful to both the investor and the company. Therefore, equity analysts spend a considerable amount of time analyzing stocks and valuating estimates.

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### **Question # 5**

Explain equity research process?

**Answer:-**

Multiple steps are involved in the equity research process, which are given below:

1. Economic Analysis
2. Industry Analysis
3. Company Analysis
4. Financial Statement Analysis
5. Financial and Valuation Modeling
6. Report Writing
7. Presentation or Recommendation

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### **Question # 6**

Define economic analysis in equity research?

**Answer:-**

Economic analysis is a systematic practice undertaken to determine the usability of available resources, comparison between two or more resources, accounting opportunity costs and measuring the scope or viability of an investment.

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### **Question # 7**

What is industry analysis in equity research?

**Answer:-**

Industry analysis is a tool used for assessing current markets and understanding its complexities. Political, economic and market factors are reviewed to understand its influence over the development of the industry.

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### **Question # 8**

What is company analysis in equity research?

**Answer:-**

Company analysis is a series of activities undertaken to analyse the operations of a business, focusing on the cause and effect of decisions and how they are likely to benefit (or not) future investors.

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### **Question # 9**

Tell me what is financial statement analysis in equity research?

**Answer:-**

Accounts of a company are evaluated to determine the financial soundness (or otherwise) of the company. Profit and loss statements and managerial practices are overseen to prepare an accurate financial statement.

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### **Question # 10**

What is financial and valuation modeling in equity research?

**Answer:-**

Financial and valuation modeling is the process of valuing the company and its assets.

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### **Question # 11**

Please tell us about report writing of equity research?

**Answer:-**

All the other processes of equity research culminate into the report writing stage where the equity analyst prepares an in-depth report accessible to relevant shareholders.

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### **Question # 12**

What are the characteristics of a successful research analyst?

**Answer:-**

Research analysts are highly-motivated proactive professionals who are out to make a difference. They are fast-paced, adaptable, dynamic and demonstrate initiative. They are strong team players, have a passion for technology and think creatively.



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### **Question # 13**

Please give examples for types of analysis that you do?

#### **Answer:-**

Review analyses you have been experienced with, such as product and scenario analysis or analysis of economic performance.

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### **Question # 14**

What is the typical research process?

#### **Answer:-**

An analyst focuses on a specific company or industrial segment, researches its economic performance, and documents it in the form of a report. The report is presented to the company management who then decides how to improve the services.

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### **Question # 15**

Do you have any idea about presentation or recommendation in equity research?

#### **Answer:-**

Presentation or recommendation is based on the report, recommendations are made for the benefit of the company and its shareholders.

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### **Question # 16**

What should be the equity research qualification?

#### **Answer:-**

A degree in MBA, CA or CFA is essential to begin a career in equity research. A person begins as an equity research associate and then moves on to become an analyst in the long-term.

Interning with good financial and investment companies while still completing the course gives a strong platform towards career building.

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### **Question # 17**

Which skills are needed for an equity research analyst?

#### **Answer:-**

- \* It is necessary to possess higher analytical abilities.
- \* You need to have strong understanding of accounts and financial fundamentals as most of the time, what you are doing are crunching numbers!
- \* Apart from this, knowledge about global and local business is an added advantage.
- \* You should know about capital markets and how they function.
- \* The equity analyst also needs to be a good communicator.
- \* Since all the financial analysis needs to be presented in the form of reports and/or case studies, strong writing skills is a must.
- \* As an equity researcher, possessing correct judgment goes with the job.

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### **Question # 18**

Describe investment banking structure in equity research?

#### **Answer:-**

The Investment Banking function is usually organized by industry groups and product groups. Industry groups are essentially sectors, such as industrial, Consumer Products, Energy, Financials, and others. Product groups include functions like ECM, DCM and M&A and serve companies in all sectors. The analyst role is at the lowest level.

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### **Question # 19**

Describe the equity research structure?

#### **Answer:-**

Equity Research organizational chart is very flat. There are only 3 levels: associate, analyst and the Head of Equity Research. Each analyst is responsible for covering companies in a particular sector. We illustrate only some of these sectors. In reality, there are many more sectors and sub-sectors as an investment bank can have anywhere from 10 analysts (boutique investment bank) to as many as 60 analysts (big bulge brackets with international operations).

A single analyst typically has one or two associates depending on how many companies he covers.

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### **Question # 20**

Tell us about investment analyst reports of equity research?

#### **Answer:-**

Investment analyst reports contain advice on whether to buy or sell the securities of specific companies or industries. They are produced by research analysts employed by firms that may have an interest in selling securities; however, they can provide a useful model to students in understanding how investment professionals analyze an industry and what data points they find of most interest.



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### **Question # 21**

Which industries have you worked with in the capacity of a research analyst?

#### **Answer:-**

Describe the industries or companies you analyzed in the past. Also mention the companies or clients you worked for who are fairly predictable, but be specific.

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### **Question # 22**

Can you please explain the difference between an associate and an analyst in equity research?

#### **Answer:-**

In Equity Research, the associate is the lowest role in the organizational hierarchy and the associate reports to the analyst.

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### **Question # 23**

Have you considered leaving your job to start your own company?

#### **Answer:-**

No, I'm not emotionally attached to the things I do, so for me starting my own business limits my flexibility if I'm financially invested.

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### **Question # 24**

What keeps you motivated?

#### **Answer:-**

Even if I win the lottery tomorrow, I would still live my life exactly the same. I'm pretty content at the moment so just keeping the course is enough to motivate me for now.

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### **Question # 25**

How much does money motivate you?

#### **Answer:-**

Motivate a little in the sense that it's one form of measurement for success. But otherwise not a whole lot. Partly why I would not consider banking at this point in my life as I personally do place a value on my free time and would forgo a potentially bigger payoff via the banking/PE route.

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### **Question # 26**

What is the difference between an associate and an analyst in investment banking?

#### **Answer:-**

In Investment Banking, the analyst role is the lowest level in the organizational chart. The analyst usually reports to an associate, and therefore the associate in Investment Banking ranks higher than the analyst.

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- 2 : [Analysis Frequently Asked Interview Questions and Answers Guide.](#)
- 3 : [GIS Analysis Frequently Asked Interview Questions and Answers Guide.](#)
- 4 : [Spatial Data Frequently Asked Interview Questions and Answers Guide.](#)
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