



Information requirements

- It is impossible to value a commodity company without taking a point of view on commodity prices.
 - a. True
 - b. False
- Explain.

Price versus Value

- You are valuing Amazon and arrive at an estimate of value of \$515 per share. The stock is trading at \$625 a share. Which of the following statements most likely explains the difference?
 - a. The market is much less optimistic about the company's fundamentals (risk, growth and cash flows) than you are.
 - b. The market is much more optimistic about the company's fundamentals (risk, growth and cash flows) than you are.
 - c. Neither.

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Value and Price: The Importance of Faith

- If you find a company to be under valued (your value is much higher than the price), you need to have
 - a. Faith in your estimate of value
 - b. Faith that the stock price will move towards the value
 - c. Faith that you can hold on long enough for (b) to happen
 - d. None of the above. Investing is about being right, not having faith.

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