

How to Ace Your Capital Markets Interview

INTERVIEW GUIDE

Presented by

WCM

When preparing for interviews you are likely to encounter two types of questions: *Behavioural* and *Technical*.

Behavioural questions are generally consistent across the various fields in Capital Markets, whereas *technical* questions are field-specific.

In addition to preparing for behavioural and technical questions, it's important to have a good understanding of *key events* in the markets and economy over the past year and a *well thought out view* on the direction you see it taking in the future. Overall, by doing your homework and preparing effectively, you will increase your chances of landing a job in Capital Markets.

Your interviewer may be considering the following questions when evaluating your candidacy

- Does this person have the necessary skills to do the job? (Ability)
- Will this person make good decisions? (Judgment)
- Does this person know what they are getting into? (Commitment)
- Would this person be a good addition to our team? (Fit)

Various fields within Capital Markets often focus on specific topics during their campus interviews, a few examples are

- Asset management: Broad macroeconomic and fundamental knowledge
- Sales and Trading: Emphasis on stocks, bonds/interest rates, currencies, and options / derivatives
- Investment Banking and Equity Research: Emphasis on valuation, financial modelling, and working with financial statements
- Corporate Banking: Emphasis on analyzing credit risk, financial covenants, and working with financial statements
- Credit Risk: Emphasis on corporate financial and industry sector analysis, strong collaboration & judgment skills
- Market Risk: Emphasis on knowledge of Capital Market products, financial modeling & interpretation

Before the Interview

1. Research

- Read the business section in the news on a daily basis
- Know the company's stock price (if publicly traded) and any major news
- TSX closing price and 10 year bond yield
- Recent economic indicators (GDP, interest rates, CPI, employment, housing prices and sales, etc.)
- Major market news and deals (recent IPOs, mergers and acquisitions, etc.)
- The organization—have a clear understanding of their stakeholders, business proposition, clients etc.

Use sites like **Glassdoor** for additional insight into what kind of questions the firm typically asks interviewees depending on the role/location

2. Prepare for the selected interview format

There are typically three types of interviews done

- One way pre-recorded
- Two way video conference
- In person interview

3. When preparing for your interview there are things you should do should they choose to go with a virtual format

- Ensure your camera and webcam are fully functional
- Have the resume you submitted next to you during the interview and be prepared to talk about it
- Familiarize yourself with the video conferencing platform that is to be used
- Identify key points about the job and the firm that made you interested in joining the organization

How to Ace Your Capital Markets Interview

Keys to acing the *qualitative* part of the interview

- Make sure to find ways to highlight your achievements and success when answering the questions
- Prepare and deliver your answers to questions using the STAR method (Situation, Task, Action, Result)
- Try to “own” your answers and be as specific, concrete and relevant as possible
- Remember - these types of questions allow interviewers to see what you did in particular situations vs what you would do, using the STAR method to answering questions is key to doing that successfully

Bring questions back to your resume so you can highlight your education and work experience

Frame the question to your comfort level

Behavioural Questions

For Summer Students and Recent Grads

- Walk me through your resume or tell me about yourself
- What made you decide to pursue a career in capital markets?
- Tell me about a time when you experienced failure and how you learned from that experience
- Describe an ethical dilemma that you faced in the past, how did you resolve it?
- Tell me about a time when you worked on a highly quantitative project, how did you tackle it and what was the outcome?
- Tell me about a time when you had to overcome a weakness to achieve a personal or professional goal?
- Describe a situation where you had conflicting responsibilities and how you handled it.
- Why capital markets and why our firm?
- What about this position and firm appeals most to you?

Behavioural Questions (contd.)

For Summer Students

- Why did you choose to attend this university?
- Tell me about an instance where you had a leadership role in a team project
- What are your strengths and weaknesses? Describe yourself

For Recent Grads

- Why are you interested in x (specific to the role in capital markets)
- Tell me about an instance where you had a leadership role in a team project, and how your leadership was key to your success
- Describe your ideal team and working environment and explain why
- Tell me about a time where you had to work with a difficult colleague or coworker
- Why are you a fit for this role (this is where the elevator pitch is used)
- Explain your experience working in one or multiple past positions and how these experiences would help you to excel in this role

Keys to acing the *quantitative* part of the interview

- If you don't know the answer, walk through your logical thinking process out loud
- Don't be afraid to ask the interviewer(s) to repeat and or clarify the details of the question
- It's ok not to be at the same level of knowledge as the interviewer, focus on what you know
- Know your resume, if you note in having experience in specific areas make sure you are well versed coming into the interview

Technical/Markets Questions

- What is one of your favourite stock picks and why?
- If you had to sell one stock short, which one would you pick and why?
- What industries are you interested in? How are companies in those industries valued?
- What is WACC? How would you calculate it?
- Where do you think the stock market will be in 3 / 6 / 12 months?
- Walk me through an income statement, cash flow statement and balance sheet
- How do the different financial statements interact?
- What are a few general ways to value a company? (DCF, Comparable Transactions, Comparable Companies)
- What is the yield to maturity on a bond?
- How do you price a bond? If you believe interest rates will fall, should you buy bonds or sell bonds?
- When should a company issue debt instead of issuing equity?
- What factors influence the price of an option and if an option is “in the money” what does that mean?

Brainteasers

These are increasingly rare. The interviewer isn't looking for the 'right' answer, they are looking for your thought process.

- What is 17 squared?
- How many gas stations are in Canada?
- How many degrees are there between a clock's two hands when the clock reads 3:15?
- You bought gold and the price of gold went up but when you sold it you encountered a loss, why?
- What would you do with a million dollars and why?

End of Interview

- Have three good questions about the employer prepared
- Questions can include asking for more information about what they feel would make someone successful in the role, how they measure success in the role outside of fiduciary success (behavioural skills that are key to the role)

About WCM

Accelerating equity, diversity and inclusion in finance through education and collective action.

WCM is a not-for-profit organization founded in 1995. Our strategies and initiatives aim to amplify diverse talent, build the industry's equity literacy, and unite firms to drive change on an industry-level. We do this through advocacy, research, programming and recruitment.

Our partners include the major Canadian bank-owned dealers, independent and foreign dealers, asset managers, insurance firms, major pension plans, and advisory firms. Our community of 3,500 professional and student members makes WCM the largest network of professionals in Canadian finance who have come together to vote for increased equity, diversity and inclusion, and our initiatives have impacted the careers of countless students and professionals across the country.

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