

Corporate Finance Fundamentals

Module 1: Capital Investment Overview

Term	Definition
Capital Investment	An investment for which the economic benefit extends beyond one year, such as opening a new factory, entering a new market, or acquiring another business.
Debt and Equity Mix	The combination of debt and equity used to fund a company's investments, which determines how assets are increased.
Financial Buyer	A financial entity, such as a private equity firm, that acquires businesses primarily for investment purposes and often uses leverage to maximize equity returns.
Horizontal Expansion	The acquisition of a business similar to the acquiring company's operations.
Mergers and Acquisitions (M&A)	The process of companies buying, selling, or combining businesses to achieve cost savings, revenue synergies, or market share growth.
Revenue Synergies	Increases in revenue that result from mergers or acquisitions, often due to enhanced market share or financial resources.
Risk-Adjusted Return	The potential return on an investment adjusted for its risk, used to evaluate projects or investments.
Strategic Buyer	An operating business that acquires another company, often to achieve horizontal or vertical expansion and capture synergies.