

Investment Analyst interview questions

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What to expect

Investment analyst interviews assess your technical ability to value assets, your commercial judgement, and how you communicate and defend your ideas. Expect a mix of technical, behavioural, and scenario-based questions.

- **Technical:** Testing your knowledge of financial modelling, valuation methods, and accounting.
- **Behavioural:** Exploring how you work in teams, handle pressure, and manage competing priorities.
- **Scenario:** Presenting a market event or investment case and asking you to reason through it.
- **Process:** Asking you to walk through your research or modelling process.
- **Client-facing:** Assessing how you explain complex ideas to non-technical stakeholders.

The process typically starts with a phone or video screen with HR, followed by a technical test or modelling exercise, then interviews with senior analysts and portfolio managers. Final rounds may involve presenting an investment idea to the investment committee.

1. Walk me through how you would value a company using discounted cash flow analysis.

Why they ask

This tests your technical grounding in valuation, a core skill for the role.

How to structure your answer

Start with the big picture, then detail each step: forecasting free cash flows, estimating the discount rate, calculating terminal value, and deriving the present value. Finish with sensitivity analysis.

Example answer

"I start by forecasting the company's free cash flows for a five to ten year period, based on historical performance and industry outlook. I then estimate the weighted average cost of capital to discount those cash flows. For the terminal value, I use either a perpetuity growth model or an exit multiple. After discounting all cash flows, I sum them to get the enterprise value, then adjust for net debt to arrive at equity value. Finally, I run sensitivity analysis on key assumptions like growth rates and discount rates to understand the range of outcomes."

2. Tell me about a time you had to defend an investment recommendation that was challenged.

Why they ask

This assesses your conviction, communication skills, and ability to handle pushback.

How to structure your answer

Use STAR: describe the situation, the task, the action you took, and the result.

Example answer

"In my previous role, I recommended buying a retail stock based on my analysis of its online growth strategy. A senior analyst challenged the recommendation, citing margin pressures. I had already modelled various scenarios, so I walked through my assumptions, showed how the online segment would offset store declines, and provided data from comparable companies. The committee accepted the recommendation, and the stock outperformed the market over the next six months."

3. The RBA unexpectedly raises interest rates by 50 basis points. How would you assess the impact on your portfolio?

Why they ask

This tests your ability to think on your feet and apply macroeconomic analysis to portfolio decisions.

How to structure your answer

Acknowledge the scenario, outline immediate impacts on sectors, then discuss adjustments to your holdings.

Example answer

"An unexpected rate hike would likely pressure rate-sensitive sectors like real estate and utilities, while benefiting banks through higher net interest margins. I would immediately review my portfolio's exposure to these sectors, check duration risk in my fixed income holdings, and consider hedging with interest rate swaps. I would also reassess growth stocks, as higher discount rates could compress valuations. Based on that, I might rotate into financials or increase cash allocations until the market digests the change."

4. Describe your process for building a financial model from scratch.**Why they ask**

This reveals your efficiency, attention to detail, and understanding of model design.

How to structure your answer

Walk through steps: gathering data, structuring the model, assumptions, validation, and outputs.

Example answer

"I begin by defining the purpose and scope, then gather historical financials from annual reports and market data from Bloomberg. I structure the model with separate sheets for inputs, calculations, and outputs. I build the income statement, balance sheet, and cash flow statement, ensuring they link correctly. Assumptions are clearly labelled and sourced. I then run validation checks, such as comparing projected cash flows to historical trends and testing for circular references. Finally, I create output charts and a summary dashboard for decision-makers."

5. How would you explain a complex investment strategy to a client with limited financial knowledge?**Why they ask**

This assesses your ability to communicate clearly, a key part of the role when dealing with advisory clients.

How to structure your answer

Use analogies, avoid jargon, focus on outcomes, and check for understanding.

Example answer

"I would start by asking what they want to achieve, such as funding retirement. Then I would explain the strategy in simple terms, like comparing diversification to not putting all eggs in one basket. I would avoid terms like alpha or beta, and instead talk about how the strategy aims to grow their money steadily while managing risk. I would use a visual aid if possible and ask questions to confirm they understand before moving on."

6. Give an example of a time you worked under pressure during earnings season.**Why they ask**

This tests your resilience and time management during peak periods.

How to structure your answer

Use STAR: situation, task, action, result.

Example answer

"During earnings season, I had to analyse results for ten companies in one week while also responding to ad-hoc requests from portfolio managers. I prioritised by market cap and upcoming investment committee dates, worked early mornings to focus on modelling, and delegated data gathering to an intern. I delivered all reports on time, and one of my analyses led to a timely sell recommendation that avoided a significant loss."