Meeting dates and times:
September 23, 30; October 7, 14, 21, 28, at 6:00 p.m. – 9:00 p.m.
Location: KMEC Room: 5-80, Location: Washington Square

Contact Information:
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TAs: Chen Ling and Spencer Rolfe

Objective: To prepare students to understand, evaluate, and invest using a Global Value Investment Philosophy in all asset classes (i.e. Securities, Real Estate, and Hard Assets). Students will be exposed to Value Investment Valuation methods, strategies and techniques.

Students are guaranteed to be better investors over their lifetimes or their money back!

Course Prerequisites
- Foundations of Finance (B01.2311)
- Basic valuation techniques and methods
- Basic accounting terminology
- Basic common sense
- Extraordinary enthusiasm and effort

Required Readings:
3. Benjamin Graham, The Intelligent Investor
4. Seth A. Klarman, Margin of Safety + Baupost Partnership Letters
6. John Train, *The Craft of Investing*
7. Charles Mackay, *Memoirs of Extraordinary Popular Delusions*
9. Joel Greenblatt, *You Can be a Stock Market Genius*

**Recommended Readings:**

1. UBS, *Fundamental Equity Analytics: How to analyze and talk the Language of Multiples*
2. Barclays, *US Credit Strategy: Credit Market Activism through Covenants*
3. John McDonald and Riley Graebner, *High-yield Bonds: An Introduction to Material Covenants and Terms*
4. Jefferies University, *Forensic Accounting – Digging for Irregularities*
5. Credit Suisse, *Measuring the Moat: Assessing the Magnitude and Sustainability of Value Creation*
7. Howard Marks, Oaktree Outlook Memo
8. BCA Research, *European Investment Strategy Special Report: The 5 Most Important Valuation Measures*

**Structure:** The course will use a combination of lectures, reading assignments, and guest lectures.

**Lectures:** Lectures will focus primarily on Value Investment Philosophy and valuation methods and techniques.

**Reading Assignments:** Students are expected to be able to discuss the required readings. Recommended readings are optional.

Guest lectures by some of the Investment Industries’ most famous practitioners (if allowed to attend by NYU Health and Safety regulations, otherwise virtual). They will provide examples of how the Philosophy of Value Investing has impacted their careers as well as case studies.

**Optional Zoom Workshops:**

- **Midterm Workshop**
  - Sunday, October 3rd at 4 pm EST
- **Final Workshop**
  - Sunday, October 24th at 4 pm EST

**Grading:**

- **Class Participation** 30%
- **Midterm** 30%
- **Final: Investment Analysis & Investment Pitch** 40%
Session Plan

Session 1 9/23/2021 - Introduction to Value Investing

- What is Value investing?
- Pioneers of Value Investing
- Types of Value Investing
- Rosenwald Student Investment Fund

Readings:


Chapter 8 – Value Investing

Burton Malkiel, *A Random Walk down Wall Street*

Chapter 4 – The Explosive Bubbles of the Early 2000s
Chapter 5 – Technical and Fundamental Analysis

John Train, *The Craft of Investing*

Section 1 – The Craft
Section 2 – The Nature of Markets

Guest Speaker – TBA
Session 2 09/30/2021 – Value Investing Criteria

- Investing vs. Speculating
- Contrarian vs groupthink
- Alignment of interests
- Competitive advantage
- Margin of Safety

Readings:

Seth Klarman, *Margin of Safety*
- Chapter 1 – Speculators and Unsuccessful Investors
- Chapter 6 – Value Investing: The Importance of a Margin of Safety
- Chapter 7 – At the Root of a Value-Investment Philosophy

Charles MacKay, *Memoirs of Extraordinary Popular Delusions*
- Chapter 3 – The Tulipomania

Burton Malkiel, *A Random Walk down Wall Street*
- Chapter 6 – Technical Analysis and The Random Walk Theory
- Chapter 7 – How Good is Fundamental Analysis?

Benjamin Graham, *The Intelligent Investor*
- Chapter 7 – Portfolio Policy for the Enterprising Investor: The Positive Side
- Chapter 8 – The Investor and Market Fluctuations

Chapter 20 – "Margin of Safety" as the Central Concept of Investment

Guest speaker – TBA
Session 3 10/07/2021 – Valuation & Portfolio Construction

- Valuation methods
- Tangible book value and balance sheet analysis
- Portfolio construction and diversification
- Value traps, Value Stocks, and Value Index

Readings:

Warren Buffett, Berkshire Hathaway Annual Letters
  Acquisition and Investments: Same Rules for Both – 1978 & 1981 letter
  Dividend Policy – 1984 letter
  Swimming against the Tide: When Nothing Works – 1985 letter
  Capital Allocation, Control Investment and taxes – 1987 letter
  Why Good Businesses are Better Than Poor Ones – 1989 letter
  Increase Wealth is NOT the same as Increasing Size – 1992 letter
  Diversification and Concentration; Risk and Return – 1993 letter

Warren Buffett, The Superinvestors of Graham & Doddsville

Burton Malkiel, A Random Walk down Wall Street
  Chapter 10 – Behavioral Finance
  Chapter 11 – Potshots at the Efficient-Market Theory and Why They Miss

Guest speaker – TBA
Session 4 10/14/2021 - Global Value Investing

- Value Investing Performance and Markets
- Geopolitical and FX considerations
- Value investing in real estate
- Dalton Case Study: Avex Holdings (7860 JP)

Readings:

Baupost’s *Letters to the Partnership*


Joel Greenblatt, *You Can be a Stock Market Genius*.......................... please purchase book

Chapter 3 –Chips Off the Old Stock: Spinoffs, Partial Spinoffs, and Rights Offering

Chapter 4 – Don’t Try This at Home: Risk Arbitrage and Merger Securities

Chapter 5- Blood in the Streets (Hopefully, Not Yours): Bankruptcy and Restructuring

Guest speaker – TBA
Session 5 10/21/2021 - Value Investing at Dalton Investments

- Investment approach and process
- Cannibals vs zombies
- “Long term greedy” vs “short term greedy”
- Dalton Case Study: SZS (3376 TT)

Readings:

Examples of Stock Analysis for Investment Pitch

Guest speaker – TBA

Session 6 10/28/2021 – Final

Final Exam: Investment Pitch

Guest Judges: TBA