Advanced Investment Research
Summer 2016

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**Below information is subject to change**

REQUIRED COURSE MATERIAL

Common Stocks and Uncommon Profits, Phil Fisher
The Essays of Warren Buffett, Cunningham
Competition Demystified, Bruce Greenwald
Value Investing, Bruce Greenwald
Analysis for Financial Management, Robert Higgins
The Analyst’s Cookbook, Peter Eliot (to be distributed)
Capital: The Story of Long Term Investment Excellence, Charles Ellis
The Visual Display of Quantitative Information, Edward Tufte
Other readings and cases to be distributed

REQUIRED CO-REQUISITES AND CONNECTION TO THE CORE

Co-requisite: Capital Markets

The learning in this course will utilize, build on and extend concepts covered in the following core courses:

<table>
<thead>
<tr>
<th>Core Course</th>
<th>Connection with Core</th>
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<tbody>
<tr>
<td>Corporate Finance</td>
<td>1. Cost of Capital</td>
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<td>2. Valuation</td>
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<td>3. Financing Options</td>
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<td>4. Time value of money</td>
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| Financial Accounting | 1. The “accounting equation”  
|                      | 2. Revenue and expense recognition  
|                      | 3. Resources and obligations – measurement and disclosure |
| Global Economic Environment | 1. Risk Management  
|                           | 2. What is Gross Domestic Product and how is it measured?  
|                           | 3. What causes inflation?  
|                           | 4. What causes changes in exchange rates?  
|                           | 5. What are the causes of business cycles?  
|                           | 6. What are the effects of monetary policy?  
|                           | 7. What are the effects of fiscal policy?  
|                           | 8. What is the role of financial markets in the economy? |
| Managerial Economics | 1. Barriers to entry  
|                       | 2. Moats  
|                       | 3. Maximization and thinking on the margin  
|                       | 4. Analyzing complex decision-making under uncertainty  
|                       | 5. Decision-based cost analysis  
|                       | 6. Pricing with market power  
|                       | 7. Market segmentation and other advanced pricing strategies  
|                       | 8. Understanding market competition and equilibrium thinking (in the short-run)  
|                       | 9. Market equilibrium thinking (in the long-run) and barriers to entry  
|                       | 10. Strategic interaction among firms and Nash equilibrium |
| Strategy Formulation | 1. Trade-offs, value-added, efficiencies  
|                       | 2. Creation of value vs. value capture  
|                       | 3. Competing firms  
|                       | 4. Co-optition and Complementors  
|                       | 5. Strategic interaction analysis  
|                       | 6. Diversification and scope  
|                       | 7. Ethics & IBS  
|                       | 8. Behavioral and evidence-based strategy  
|                       | 9. Management |

Students will be expected to have mastered these concepts and be able to apply them in the course.

**COURSE DESCRIPTION & OBJECTIVES**

Can you understand a company so well that you see something others don’t? Can you turn your research into gold? Do you have the nerve to stick your neck out when even the king thinks you are wrong? Can you dazzle a round table of accomplished investors with original work? Do you have what it takes to be a professional investor? This course challenges you to answer these questions.

Each student will be assigned an industry. Over the course of the class they will develop the skills of an industry analyst, find an interesting stock within their coverage, conceptualize a framework for analyzing it, do several assignments to take them through a rigorous research process, and hone their work into a brief and forcible presentation to a panel of Portfolio Managers in Capital’s New York offices.
Intellectually, the course bends towards long-term, value-oriented, fundamental investing. It offers a pragmatic rather than theoretical perspective. Weekly homework assignments and participation underpin the class, including: discussion of readings; workshop-style presentation of research work; and interaction with guest speakers.

The class is a real world experience and an opportunity to interact with and present your work to highly accomplished CEOs, CFOs, Analysts, and Portfolio Managers - in many ways similar to a summer internship. You will be expected to work hard and be professional. Needless to say this is a demanding class and can be overwhelming if you are not prepared to dedicate significant time and energy to it. **Students should expect 20-25 hours of work per week outside of class.**

**CONDUCT POLICIES AND METHOD OF EVALUATION**

- Homework assignments are due by Monday 10am prior to class, unless otherwise specified
- All assignments will be designated B – group/individual
- Dress code for corporate executives is business attire; for all other guests it is business casual
- Students should be prepared to discuss their homework in class
- Students should be active participants in Q&A for guest speakers
- Homework will be evaluated simply: is it on-time, thoughtfully done, and high-quality?
- Late HW is an automatic P with no feedback
- All HW assignments must be completed to pass the course
- Class participation will be evaluated on quality and consistency
- Final Investment Memo will be evaluated by a panel of experienced judges on how compelling the investment thesis, how well the student handles Q&A, how thorough was the research, did the student develop an insightful point of view about key questions impacting the stock

**Feedback & Office Hours**

Students should expect feedback in class when they present and a few lines of feedback on their HW assignments most weeks. (Occasionally, personal/professional obligations make me skip a week). Unfortunately I do not have time for office hours.

**Milestones**

- Industry analysis piece
- Conceptualization of stock
- Final investment recommendation

**Grades**

Learning a lot and having fun are the most important goals of the class; grades are secondary – at least to me. That said we follow the CBS guidelines and give grades according to the recommended curve for an elective class (i.e. no more than 50% H, no less than 5% P).

Grades will be based on:
- Class participation - 30%
- Weekly homework assignments - 30%
- Final write-up and presentation - 40%

CLASSROOM NORMS AND EXPECTATIONS

*Class Participation:*

*Zero Tolerance on Plagiarism*

DON’T PLAGIARIZE – CITE EVERYTHING YOU NEED TO

Yes, I check and have given an F in the past for plagiarism