Applied Value Investing
B8373-001

Professor: David Horn and Eric Almeraz

**Spring 2019 Bidding Syllabus**

Tuesdays 5:45 - 9:00 PM,
Room Uris 328
Office Hours & Contact Details TBA
Teaching Assistant: TBD

**COURSE DESCRIPTION/OBJECTIVES:**

According to Charlie Munger, when Warren Buffett lectures at business schools, he says, “I could improve your ultimate financial welfare by giving you a ticket with only 20 slots in it so that you had 20 punches—representing all the investments that you got to make in a lifetime. And once you’d punched through the card, you couldn’t make any more investments at all. Under those rules, you’d really think carefully about what you did and you’d be forced to load up on what you’d really thought about. So you’d do so much better.”

While you may aspire to find a career path that allows you to make a new investment once every 2.5 years on average (assuming a 50 year career), your reality will likely be much different. This course will provide a detailed application of the value investing approach from the perspective of both an equity analyst at an investment management company, as well as a portfolio manager. The course will address many of the issues that typically arise in the real world. We will explore essential topics such as idea generation, filtering, researching, valuing, financial modeling, pitching, monitoring, and selling. Students should expect to finish the course with a familiarity and basic understanding of the demands on an investment management team, and critically, how to develop one’s own investment process based on the core tenets of value investing.

The course will move quickly and it is assumed that each student has a solid handle on the prerequisite material. The workload will be significant and intense at times.

While valuation mechanics will be the foundation of the course, we will emphasize a real-world application of this skill. As such, there will be a significant amount of required reading on topics ranging from investment philosophy to behavioral psychology.
There will be a handful of guest speakers throughout the semester. The speakers are analysts and portfolio managers, and they will each give a unique perspective on their investment technique.

Each class will require a high level of interaction and student participation. Students should be comfortable interacting not only with the professors but with other students and guests as well. The course will include guest speakers where appropriate. Feedback is vital to the success of this class and it is important that everyone feel comfortable both giving and receiving critiques.

Students will be responsible for a final presentation at the end of the semester. The final presentation will be on a security that is assigned at the beginning of the semester. The final assignment will require deliverables over the course of the semester which will correspond to class topics.

**Use of Electronics**
It is assumed that students will give the class, and their fellow classmates, their full attention. Please reserve use of electronics for class related activities only.

**Grades**
- Class Participation - 35%
- Homework & Assigned Readings - 35%
- Final Assignment - 30%

**CLASS TOPICS:**

Our classes will incorporate the following:

1. Construction of a process for value investing
2. Detailed case studies
3. Real-time trading and company analysis
4. Detailed application of a checklist for investing including:
   a. Business basics
   b. Fundamentals
   c. Valuation
   d. Management
   e. Technical factors
   f. Catalysts
   g. Risks
5. Guest speakers
6. Homework assignments
7. Review of common investing mistakes
8. Incorporating macro factors in company analysis
9. Related books & articles
10. Company assignment & final presentations