REQUIRED COURSE MATERIAL

Required SUMMER reading prior to the term includes:

- The Intelligent Investor – Benjamin Graham
- Value Investing – James Montier
- Common Stocks & Uncommon Profits – Phil Fisher
- The Essays of Warren Buffett – Warren Buffett and Lawrence Cunningham
- Seeking Wisdom: from Darwin to Munger - Peter Bevelin

Required reading throughout the term includes:

1. The Wall Street Journal
2. Financial Times
3. Barrons
4. SEC filings related to companies we are studying, company call transcripts and other available data
5. There will be other articles assigned related to speakers or topics of interest as the semester progresses.

**There are no good textbooks for this course. I assume because you are in an advanced security analysis class / AVI program at Columbia you have read at least parts of the following books:
Greenwald et al, *Graham and Dodd’s Security Analysis, Sixth Addition* OR
Cottle, Murray, and Block, *Graham and Dodd’s Security Analysis, Fifth Addition*
Greenwald and Kahn, *Competition Demystified, A Radically Simplified Approach to Business Strategy*

*Security Analysis* is a must read for anyone interested in value investing.

“In my whole life, I have known no wise people (over a broad subject matter area) who didn’t read all the time – none, zero.” Charlie Munger.

We agree with that statement 100%. We don’t know anyone who reads too much. Given everyone’s strong interest in value investing, the required list is not as long as it first appears as nearly all you have read a few of these and most are not that lengthy. Also, some will be required for other classes you are taking this fall. We appreciate and recognize that everyone comes in with a different level of knowledge. Ensuring that everyone has read at least these books before class begins will enable us to conduct the class at a deeper level so you will all learn more than would be possible without this same base of knowledge. The fall semester is quite demanding in terms of time required. This will put you all a step ahead of your peers outside of this section and competitors from other schools. Ultimately it should be enjoyable and time well spent. Reading these will help give you more insight into how we think.
REQUIRED PREREQUISITES AND CONNECTION TO THE CORE

Prerequisite: Capital Markets

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

<table>
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<tr>
<th>Core Course</th>
<th>Connection with Core</th>
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| Corporate Finance            | 1. Cost of Capital  
|                              | 2. Valuation  
|                              | 3. Financing Options  
|                              | 4. Time value of money  
|                              | 5. Opportunity cost (of capital)  
|                              | 6. The Capital Asset Pricing Model (CAPM)  
|                              | 7. Firm Valuation Model                                                             |
| 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.
You will find direct links in your study of micro and macro economics, accounting, strategy, corporate finance, and all other investing courses to this class.

**COURSE DESCRIPTION & OBJECTIVES**

This course combines the methods and teachings of security analysis with practical buy-side methodologies to identify and research attractive value investments. Idea selection methodologies vary materially depending on scope of investment parameters, industry and subsector, investment philosophy and market conditions; several of these approaches will be discussed and practiced. Both long and short methodologies will be covered during the semester.

This course will leverage your theoretical learning in security analysis plus require you to develop business acumen and industry expertise. A combination of fundamental analysis and assessment of intrinsic value will be balanced with thematic thinking and business judgment. The course should arm you with the tools to identify attractive value investments through a variety of methodologies for several alternative fund strategies. Throughout the semester, students will prepare a full investment memorandum on a given single stock security that will be sourced using one of the identified methodologies, and ultimately presented to the class and outside fund managers.

The class will be kept small to take advantage of the instructional method. Class discussions will be complemented by guest discussions from highly regarded investment professionals from the long only and hedge fund community.

**CLASS SCHEDULE (for 2017)**

Thursday, September 7th, Class 1: Introduction & Requirements, Research Process I, Applied Value I, Guest Speakers
Thursday, September 14th, Class 2: Stock Pitch
Thursday, September 21st, Class 3: Valuation, Sourcing Ideas, Research Process II
Thursday, September 28th, Class 4: Valuation, Sourcing Ideas, Research Process II
Thursday, October 5th, Class 5: Primary research, Stock Pitch, Guest Speaker
Thursday, October 12th, Class 6: Research Process/Primary Research, Guest Speaker
Thursday, October 26th, Class 7: Stock Pitch, Guest Speaker
Thursday, November 2nd, Class 8: Guest Speaker – understanding financial history, Management and Incentives
Thursday, November 9th, Class 9: Case Study Presentations,
Thursday, November 16th, Class 10: Review and Guest Speaker

Thursday, November 30th, Class 11: Review and Guest Speaker
Thursday, December 15th, Class 12: Final Presentation to 2 distinguished investors & all former students (business dress)
METHOD OF EVALUATION

Class Participation – quantity and more importantly quality, quizzes  20%
Long Write-ups & Presentations  25%
Case Study  20%
Final Exam – write-up and presentation  35%

Grades will reflect knowledge and application of the course material and communication skills. This course is intended to be interactive and class participation will be crucial to the success of this class.

ATTENDANCE POLICY
Students are required to attend each class. Students should reach out to the Office of Student Affairs (OSA) by using Core Absence Form on this course’s Canvas page regarding excused absences (for religious observances; personal, medical, and family emergencies; military service; court appearances such as jury duty). Unexcused absences will affect your course grade.

INCLUSION, ACCOMMODATIONS, AND SUPPORT FOR STUDENTS
At Columbia Business School, we believe that diversity strengthens any community or business model and brings it greater success. Columbia Business School is committed to providing all students with the equal opportunity to thrive in the classroom by providing a learning, living, and working environment free from discrimination, harassment, and bias on the basis of gender, sexual orientation, race, ethnicity, socioeconomic status, or ability.

Columbia Business School will make reasonable accommodations for persons with documented disabilities. Students are encouraged to contact the Columbia University’s Office of Disability Services for information about registration. Students seeking accommodation in the classroom may obtain information on the services offered by Columbia University’s Office of Disability Services online at www.health.columbia.edu/docs/services/ods/index.html or by contacting (212) 854-2388.

Columbia Business School is committed to maintaining a safe environment for students, staff and faculty. Because of this commitment and because of federal and state regulations, we must advise you that if you tell any of your instructors about sexual harassment or gender-based misconduct involving a member of the campus community, your instructor is required to report this information to a Title IX Coordinator. They will treat this information as private, but will need to follow up with you and possibly look into the matter. Counseling and Psychological Services, the Office of the University Chaplain, and the Ombuds Office for Gender-Based Misconduct are confidential resources available for students, staff and faculty. “Gender-based misconduct” includes sexual assault, stalking, sexual harassment, dating violence, domestic violence, sexual exploitation, and gender-based harassment. For more information, see http://sexualrespect.columbia.edu/gender-based-misconduct-policy-students.
CLASSROOM NORMS AND EXPECTATIONS

Class Participation:
Preparation, Discussion, Organization

Must attend be on time and attend EVERY class. There are no excused absences.

No internet connectivity allowed during class – first offense will result in removal from class

Final Company Pitch:
During the course of the semester, students will be assigned a single Company to research, model, and prepare a detailed pitch for final submission and presentation. Throughout the semester, we will review the key components and methodologies in researching and organization a long and/or short idea.

Guest Speakers:
This course will involve several buy-side guest lectures; class participation will be crucial to the success of the course.

OFFICE HOURS

TBA