Applied Value Investing
Fall 2017
Bidding Syllabus

Professors:
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Course Overview: Over the course of the semester, we will teach you to develop an investment process using frameworks to identity investment ideas. The class will also emphasize value-added research (VAR). We will guide you through exercises that go above and beyond the typical research process in order to create a differentiated mosaic of information. Ultimately, you will learn to boil your many research findings into a succinct and effective pitch. This will require you to synthesize the insights learned in core CBS courses including strategy, corporate finance, economics, accounting and management. The end goal of the course is to allow you to develop the skills needed in order for you to find and succeed in a buyside analyst position following graduation.

In addition to the core topics above, our course will be supplemented with presentations by a number of highly talented practitioners.

While we have very high expectations for the class – and we can’t overstate that this will be a significant time commitment - ultimately we want you to have some fun. If you apply yourself, this course will be stimulating and will allow you to end your semester equipped with a valuable (and differentiated) toolkit that you can carry with you throughout your career.

Class Expectations (What We Require):
• Rule #1: You are expected to work hard. Rule #2: Don’t forget rule #1.
• All materials are for your eyes only and are not to be shared outside of class
• Attire: Business Casual
• All classes are mandatory
• Homework: Due each Saturday at 6pm
• We have zero tolerance for plagiarism on individual assignments. Your work will be your own.
Class Goals (What You Get):
• Develop a thoughtful approach to analyzing both long and short investments
• Learn to conduct differentiated research and present ideas in a succinct and effective fashion
• Learn how to strategically approach the buy-side interview process
• Complete at least one solid, deeply researched pitch to use in interviews

Required Pre-Class Reading:
• The Little Book That Beats The Markets, Joel Greenblatt
• The Outsiders, William Thorndike
• Competition Demystified, Bruce Greenwald

Recommended Reading:
• You Can Be A Stock Market Genius, Joel Greenblatt
• Margin of Safety, Seth Klarmin (on reserve at the library)
• Common Stocks, Uncommon Profits, Phil Fisher
• The Intelligent Investor, Benjamin Graham

Method of Evaluation:
• Grades will be based on the following:
  o 50% Final Pitches
  o 50% Class Preparation/Participation

Feedback and Office Hours:
• Students will receive feedback throughout the semester, both before class and during the pitch process. We will not be holding formal office hours, but students should feel free to email questions or comments and we will respond as soon as possible.

Tentative Class Schedule:
*Please note that the timing of topics and guest speakers is subject to change throughout the semester
Class # 1 – Monday, September 11th
- Course overview
- Review of outline and expectations
- Student goals
- Permian investment framework overview
- The importance of good management
- Idea sourcing
- Being an effective analyst
- Introduce mentors
- Investment framework – Management Led Turnarounds
- Homework: Pitch #1 – Mgmt review, initial VAR reach out list, preliminary thesis

Class # 2 – Monday, September 18th
- *Guest Speaker: Michael Corasaniti, CIO of Tourmalet Advisors and CBS Professor*
  - Presentation - How to think about yield across asset classes
- Practice Pitch #1
- Homework: Finish Pitch #1

Class # 3 – Monday, September 25th
- Investment framework – Fad Shorts
- Pitch #1 Presentation
  - *Guest Judges: Various senior hedge fund professionals*
- Homework: Pitch #2 – Mgmt review, initial VAR reach out list, preliminary thesis

Class # 4 – Monday, October 2nd
- *Guest Speaker: Cristiano Amoruso, VP at Lion Point Capital*
  - Activist investing case study
- *Guest Speaker: William Thorndike, Founder of Housatonic Partners and author of “The Outsiders”*
  - Presentation – Evaluating Management Teams
- Homework: Continue working on Pitch #2

Class # 5 – Monday, October 9th
- Starting your own fund / the analyst job search
- *Guest Speaker: Chris Dion, Chief Investment Officer of Lowe, Brockenbrough & Co.*
  - Discussion on raising capital for hedge funds and how to evaluate a hedge fund
- Homework: Finish Pitch #2
Class # 6 – Monday, October 16th
- Investment Framework – Organic Compounders
- Pitch #2 Presentation
  - Guest Judges: Various senior hedge fund professionals
- Homework: Pitch #3 – Mgmt review, initial VAR reach out list, preliminary thesis

Class # 7 – Monday, October 30th
- CEO Guest Speaker
- Investment Framework - TAM / Inorganic Compounders
- Homework: Continue working on Pitch #3

Class # 8 – Monday, November 13th
- Guest Speaker: Neal Nathani, Partner and Founder of Totem Point Management
  - Presentation – Structurally challenged / secularly declining shorts
- Guest Speaker: Matias Marcote, Partner at McKinsey
  - Presentation – Sustainable competitive advantage
- Homework: Interim draft of Pitch #3

Class # 9 – Monday, November 20th
- Guest Speaker: Ahmar Ahmad, Partner at Roystone Capital
  - Presentation - Investing in distressed debt
- CEO Guest Speaker
- Homework: Continue working on Pitch #3

Class # 10 – Monday, November 27th
- Portfolio sizing exercise
- Homework: Interim draft of Pitch #3

Class # 11 – Monday, December 4th
- Investment Framework – Asset Bubbles
- Portfolio Management
- Homework: Continue working on Pitch #3

Class # 12 – Monday, December 11th
- Pitch #3 presentations
  - Guest Judges: Various senior hedge fund professionals