Seminar in Value Investing  Block Week
Summer 2016
July 11th-15th

Professor Paul Johnson
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Bradford Kirby

Course Description:
Office hours: by appointment

Columbia Business School is the academic home of Benjamin Graham and the birthplace of security analysis and value investing. Graham, with the help of David Dodd, taught Value Investing at Columbia from 1928 to 1956. They published their seminal work, Security Analysis in 1934 and Graham published The Intelligent Investor in 1949. Roger Murray taught the class until 1977. After a gap of 15 years, Value Investing returned in the early 1990’s under Bruce Greenwald’s guidance and has been offered ever since. Notable graduates of the program include Warren Buffett, Mario Gabelli, Glenn Greenberg, Leon Cooperman, Chuck Royce, William von Mueffling and Todd Combs.

This survey course is designed to introduce the fundamentals of the Graham and Dodd value approach to investment management. The course will be segmented into two parts: the basic structure of the analytical approach to value investing and its relationship to many of the elements of the MBA curriculum will be described through lectures, exercises, readings, in-class discussions and homework assignments; the last day of the week will be devoted to student presentations of their investment recommendations.

Class Structure will consist of:

Lectures and class discussion
Financial modeling
Group presentations (last day of the week)

The lectures will cover:

Introduction and course history
Capital market theory
Intrinsic value vs expectation theory
Competitive advantage and capital allocation
Corporate governance and activist investing
Security analysis and research techniques
Valuation and risk
Search/portfolio construction/risk management
Decision making under uncertainty
Required reading:

Most Important Thing, Howard Marks
Value Investing, Bruce Greenwald
Intelligent Investor, Benjamin Graham Articles
on Canvas

Course Requirements:

The bulk of the work in this class will be performed in groups, although there will be several individual assignments.

Every student will participate in analyzing an investment opportunity as part of a group. Each group will present an investment recommendation, based on their analysis, to the class at the end of the week. The guidelines for the final case will be presented in class.

Students are also expected to participate in daily classroom discussions and activities.

Grades:

Grades will be determined by how well your group does on its final presentation, individual assignments and class participation.

Cases will be graded on the strength of their investment analysis and the persuasiveness of the presentation.

Class participation will be graded on an individual basis. Students are encouraged to challenge, disagree and pose alternative views. Points will be given for quality over quantity.