Seminar in Value Investing

Course Description:

Columbia Business School is the academic home of Benjamin Graham and the birthplace of security analysis and value investing. Graham, along with David Dodd, taught Security Analysis 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 took over the class upon Graham’s retirement and taught until he retired in 1978. After a 17-year gap, Value Investing returned in the fall of 1993 under Professor Bruce Greenwald’s guidance and the course has been offered at the school ever since. Notable graduates of the program include Warren Buffett, Mario Gabelli, Leon Cooperman, Chuck Royce, William von Mueffling and Todd Combs.

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

Class Structure will consist of:

Lectures and class discussions
Financial modeling
Group presentations (last session of the course)

The lectures will cover:

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

Mindset, Carol Dweck
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.

Each group will analyze a different company as a potential investment opportunity and 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 provided separately in class.

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

Grades:

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

Final presentations will be graded on the strength of their investment analysis and 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.