Seminar in Value Investing
Block week – summer 2018

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Course Description:

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 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 has been offered at the school ever since. Notable graduates from 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 analysis. The course will be segmented into two parts: the basic analytical structure and its relationship to many elements from the MBA curriculum will be described through lectures, exercises, readings, in-class discussions and homework assignments; the last day of the course will be devoted to student presentations of their investment recommendation.

Class Structure will consist of:

Lectures and in-class discussions
Financial modeling
Group presentations (last day 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, managing for value 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:

*Pitch the Perfect Investment*, Sonkin and Johnson  
*Mindset*, Carol Dweck  
*Most Important Thing*, Howard Marks  
*Deep Work*, Cal Newport  
*Wisdom of Finance*, Mihir Desai  
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 project and 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.