Course Description:

This course will review the basic elements of fundamental analysis and will provide practical experience in business valuation, value investing, special situation investing, risk arbitrage, option investments, risk assessment and portfolio management.

Requirements:

One stock recommendation (summarized in no more than one page single-spaced— with backup work), one more advanced stock analysis/recommendation individual or in small group and a final exam. (2 highest grades to be weighted 40%, lowest grade 20%). In addition, class participation and extra credit assignments may improve a student’s grade.

Readings:

Greenwald, B., et al., Value Investing — required
Haugen, R., The New Finance: (4th edition)— required
Greenblatt, J., You Can Be a Stock Market Genius — required
Greenblatt, J., The Little Book That Still Beats the Market — required
Greenblatt, J., The Big Secret for the Small Investor—required
Cunningham, L., The Essays of Warren Buffett — required
Hooke, J., Security Analysis on Wall Street — recommended
O’Shaughnessy, J., What Works on Wall Street — recommended
Dreman, D., Contrarian Investment Strategies: The Psychological Edge — recommended
Graham, B., *The Intelligent Investor* — recommended

Plus – selections from Graham, B., O’Glove, T., Buffett, M., and more

Course Outline:

1. **Financial Analysis and Interpretation of Financial Statements** — (Balance Sheets, Income Statements, Cash Flow Analysis, Valuation Methodologies) — selected readings plus text: Hooke (recommended)

2. **Value Investing and Fundamental Analysis** — (Theoretical underpinnings and case studies) texts: Greenwald, Haugen, Cunningham – Guest Speaker: Richard Pzena, Pzena Asset Management.

- **Special Situation Investing** — (spin-offs, bankruptcies, liquidations, recapitalizations, restructurings, etc.) text: Greenblatt

1. **Risk Arbitrage and Option Investing**
2. **Investment Analysis, Risk and Portfolio Management** (Common sense risk and portfolio management for inefficient markets)
3. **Additional Guest Speakers with some surprises.**