Applied Value Investing
Fall 2019

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 identify 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 buyside 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
- Pitch the Perfect Investment, Paul Sonkin and Paul Johnson

**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:
  - 50% Final Pitches
  - 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*

**Permian Office Address (for sessions labeled “295 Madison”)**
295 Madison Ave, 34th Floor (41st Street Between Madison and Park)

**Class Time:**
Permian (295 Madison Classes): 6:30pm-9:30pm
On-Campus (Uris 327 Classes): 5:45pm-8:45pm

**Class # 1 – Monday, September 9th**
- 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 – Management review, initial VAR list, preliminary thesis

**Class # 2 – Monday, September 16th**
- *Guest Speaker: Michael Corasaniti, CIO of Tourmalet Advisors and CBS Professor*
  - Presentation – Yields across asset classes
- *Guest Speaker: Kartik Nehru, Senior Analyst, Permian Investment Partners*
  - Presentation – Analyst Best Practices
- Homework: Finish Pitch #1

**Class # 3 – Monday, September 23rd**
- Pitch #1 presentation
  - *Guest Judges: Various senior hedge fund professionals*
- *CEO Guest Speaker*
- Homework: Pitch #2 – Management review, initial VAR list, preliminary thesis

**Class # 4 – Monday, September 30th**
- *Guest Speaker*
- Starting your own fund / the analyst job search
- Homework: Continue working on Pitch #2

**Class # 5 – Monday, October 7th**
- *Guest Speaker*
- Investment Framework – Fad Shorts
- Homework: Continue working on Pitch #2

**Class # 6 – Monday, October 14th**
- *Guest Speaker*
- Investment Framework – TAM / Inorganic Compounders
- Homework: Finish Pitch #2

**Class # 7 – Monday, October 28th**
- *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
- Pitch #2 Presentation
Guest Judges: Various senior hedge fund professionals

Homework: Begin Pitch #3

Class # 8 – Monday, November 11th
- Guest Speaker
- Investment Framework – Organic Compounders
- Homework: Pitch #3 – Mgmt review, initial VAR reach out list, preliminary thesis

Class # 9 – Monday, November 18th
- Guest Speaker
- Investment Framework – Asset Bubbles
- Homework: Continue working on Pitch #3

Class # 10 – Monday, November 25th
- Portfolio sizing exercise
- Homework: Interim draft of Pitch #3

Class # 11 – Monday, December 2nd
- Guest Speaker
- Portfolio management
- Homework: Finish Pitch #3

Class # 12 – Monday, December 9th
- Pitch #3 presentations
  - Guest Judges: Various senior hedge fund professionals

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