Value Investing Program
Student Information Session

January 25, 2012, 12:30 - 2:00, Uris 301
Agenda

- **Introduction to the Heilbrunn Center**: Who we are and what we do
- **Investing at Columbia**: Something for everyone
- **The Value Investing Program**
  - **The Application Process**: What is entailed
  - **Testimonials**: Advice from the second-years
Introduction: Heilbrunn Staff

- Louisa Serene Schneider, Director: 212-851-5992
- Julia Kimyagarov, Assistant Director: 212-854-1933
- Preeti Bhattacharji, Assistant Director: 212-854-1113

- **Contact Info:**
  - Email: valueinvesting@columbia.edu
  - Offices – 2M
  - Office Hours: Email for appointment
  - Website: [www.grahamanddodd.com](http://www.grahamanddodd.com)
  - LinkedIn group: Value Investing Network of Heilbrunn Center at Columbia Business School
Heilbrunn Center: Overview

- Our mission is to lead the theory and practice of investing

- Our approach

  - VI Program for MBA students
  - 25+ investors teaching as adjunct faculty
  - Investment Ideas Club
  - CSIMA education series
  - Class speakers
  - Pershing Square Challenge
  - Moon Lee Prize
  - Sonkin Prize
  - Practitioner Chair

Research Initiatives & Special Projects

- Walter Schloss Investing Archives / Library
- eNewsletter – *Graham & Doddsville*
- Heilbrunn Research Board

Education

- Graham and Dodd Breakfast
- CIMA Conference
- Networking events
- Discussion forums
- Recruiting support – mentors, etc.
- Recognition of excellence
- Industry Partnerships – CSIMA, NYSSA, etc.

Outreach
“Graham & Dodd” Investing

Approaches to Investing

- Long Term
  - Fundamental (Value)
  - Levels
    - Market Price vs. Intrinsic Value

- Short Term
  - Fundamental (Value)
  - Changes
    - Current Price + Forecast Change (Micro and Macro)
  - Technical
    - Momentum
    - Price/Volume Patterns

- Efficient Markets
  - Asset Allocation
  - Cost Minimization

Long only funds, Hedge funds, Mutual funds, Private Equity, separate accounts, etc.

We are here = “Graham & Dodd”
**Value Investing Process**

**Graham & Dodd Investing Framework**

**SEARCH**
- Cheap, Ugly, Obscure
- Otherwise Ignored
- Areas where you have expertise / ‘edge’ (circle of competence)

**VALUATION**
- Asset coverage
- Earnings Power
- Franchise & growth analysis

**REVIEW & RESEARCH**
- Key Issues
- Collateral Evidence
- Personal Biases

**RISK MANAGEMENT**
- Portfolio management
  - Insurance positions
  - Some Diversification
- Margin of Safety
- Patience – Default Strategy
### Heilbrunn Courses – Something for Everyone (2011-2012)

#### Fall Semester

<table>
<thead>
<tr>
<th>Course Name</th>
<th>Professor</th>
</tr>
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<tbody>
<tr>
<td>Applied Value Investing†</td>
<td>Andrew Gundlach</td>
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<tr>
<td>Applied Value Investing*</td>
<td>Artie Williams/T. Charlie Quinn</td>
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<tr>
<td>Applied Value Investing*</td>
<td>Avi Berg/Michelle Borre</td>
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<tr>
<td>Applied Value Investing†</td>
<td>Jeff Gramm/Terry Kontos</td>
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<tr>
<td>Applied Value Investing*</td>
<td>Mark Cooper (Guest Professor: Todd Combs)</td>
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<tr>
<td>Applied Value Investing*</td>
<td>Mike Blitzer/Guy Shanon</td>
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<tr>
<td>Applied Value Investing†</td>
<td>Neal Nathani</td>
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<tr>
<td>Applied Value Investing (EMBA)†</td>
<td>Tom Tryforos</td>
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<tr>
<td>Credit Markets and Leveraged Buy-Outs (EMBA)†</td>
<td>Margaret Cannella</td>
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<tr>
<td>Distress Investing‡*</td>
<td>Marty Whitman/Jon Salinas</td>
</tr>
<tr>
<td>Economics of Strategic Behavior‡*‡X</td>
<td>Wouter Dessein</td>
</tr>
<tr>
<td>Mental Models‡*‡</td>
<td>Jeff Cino/Ethan Binder</td>
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<tr>
<td>Persuasion‡</td>
<td>Cheryl Einhorn</td>
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<tr>
<td>Security Analysis†</td>
<td>Gavin Albert</td>
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<tr>
<td>Security Analysis‡</td>
<td>Michael Corasaniti/Grant Toch</td>
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<tr>
<td>Security Analysis (EMBA)†</td>
<td>Paul Johnson</td>
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<tr>
<td>Special Situations*</td>
<td>Joel Greenblatt/Dan Yarsky</td>
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<tr>
<td>Seminar in Value Investing (EMBA/ MBA)†</td>
<td>Paul Johnson</td>
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<tr>
<td>Globalization (EMBA)†</td>
<td>Joseph Stiglitz/Bruce Greenwald</td>
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#### Spring Semester

<table>
<thead>
<tr>
<th>Course Name</th>
<th>Professor</th>
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<tbody>
<tr>
<td>Advanced Investment Research‡</td>
<td>Ken Shubin-Stein/Cheryl Einhorn</td>
</tr>
<tr>
<td>Applied Security Analysis 1&amp;2†</td>
<td>Andrew Brenner/Naveen Bhatia</td>
</tr>
<tr>
<td>Applied Value Investing (EMBA)†</td>
<td>Tom Tryforos</td>
</tr>
<tr>
<td>Credit Markets and Leveraged Buy-Outs†</td>
<td>Margaret Cannella</td>
</tr>
<tr>
<td>Distressed Value Investing‡*</td>
<td>Dan Krueger</td>
</tr>
<tr>
<td>Security Analysis†</td>
<td>Michael Mauboussin</td>
</tr>
<tr>
<td>Security Analysis†</td>
<td>Ian McDonald</td>
</tr>
<tr>
<td>Seminar in Value Investing (EMBA)†*</td>
<td>Arnaud Ajdler</td>
</tr>
<tr>
<td>Seminar in Value Investing‡*‡X</td>
<td>Tano Santos/Bruce Greenwald</td>
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#### Summer Semester

<table>
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<tr>
<th>Course Name</th>
<th>Professor</th>
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<tbody>
<tr>
<td>Advanced Investment Research†</td>
<td>Peter Eliot</td>
</tr>
<tr>
<td>Security Analysis†</td>
<td>Christopher Begg</td>
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<tr>
<td>Security Analysis†</td>
<td>Paul Sonkin</td>
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Note: All VI classes have only one prerequisite: Capital Markets. In some cases, Capital Markets can serve as a co-requisite (contact the Heilbrunn Center for more information).

All courses depend on availability and are subject to change without notice.

*Value Investing Program Application †Bidding ‡Additional screening required ‡Bruce Greenwald on sabbatical '11-12
Value Investing Faculty Affiliations: 2011-2012

♦ Andrew Brenner, Morgan Stanley (Former)
♦ Andrew Gundlach, Arnhold S. Bleichroeder Holdings
♦ Arnaud Ajdler, Crescendo Partners
♦ Artie Williams, Summit Street Capital
♦ Avi Berg, Jennison Associates
♦ Bruce Greenwald, First Eagle Funds
♦ Cheryl Einhorn, Columbia Business School
♦ Christopher M. Begg, East Coast Asset Mgmt
♦ Dan Krueger, Owl Creek
♦ Dan Yarsky, Morgan Stanley
♦ David Greenspan, Blue Ridge Capital
♦ Ethan Binder, Blue Ridge Capital
♦ Gavin Albert, Soros Fund Management LLC
♦ Grant Toch, Steingberg Asset Management
♦ Guy Shanon, Kingstown Capital
♦ Ian McDonald, Tourmalet Advisors (Former)
♦ Jeff Cino, Ramius LLC
♦ Jefferson Gramm, Bandera Partners
♦ Joel Greenblatt, Gotham Capital
♦ Jon Salinas, Marble Arch Investments
♦ Joseph Stiglitz, Columbia University
♦ Ken Shubin-Stein, Spencer Capital
♦ Margaret Cannella, CHF Finance International
♦ Mark Cooper, PIMCO
♦ Marty Whitman, Third Avenue Value Fund
♦ Michael Corasaniti, Tourmalet Advisors
♦ Michael Mauboussin, Legg Mason
♦ Michelle Borre, Oppenheimer Funds Inc
♦ Mike Blitzer, Kingstown Capital Management
♦ Naveen Bhatia, The Keffi Group
♦ Neal Nathani, Axial Capital Management, LLC
♦ Paul Johnson, Nicusa Capital Partners
♦ Paul Sonkin, Hummingbird Fund
♦ Peter Eliot, Capital World Investors
♦ T. Charlie Quinn, Gardner, Russo, and Gardner
♦ Tano Santos, Heilbrunn Center
♦ Terrence Kontos, Fred Alger Management
♦ Tom Tryforos, Grand Street Capital
♦ Wouter Dessein, Columbia University
Bruce Greenwald, the Robert Heilbrunn Professor of Finance and Asset Management, directs the Heilbrunn Center for Graham & Dodd Investing and the academic program in value investing.

Tano Santos, the David L. and Elsie M. Dodd Professor of Finance, is the research director of the Heilbrunn Center for Graham & Dodd Investing.

Louisa Serene Schneider, the administrative director of the Heilbrunn Center for Graham & Dodd Investing, is responsible for all operational aspects of the center.

Executive Advisory Board

William von Mueffling ’95, Chair
Cantillon Capital Management

David Greenspan ’00
Blue Ridge Capital

Edwin Schloss
Walter & Edwin Schloss Associates

Will Browne
Tweedy, Browne Company, LLC

Andrew S. Gundlach ’01
Arnhold & S. Bleichroeder Advisors LLC

Paul Sonkin ’95
Hummingbird Fund

Budge Collins
Collins/Bay Island Securities

Thomas Russo
Gardner Russo & Gardner

Jennifer Wallace ’94
Summit Street Capital Management
Updates for 2012-2013

- Bruce Greenwald back from sabbatical in Summer 2012
  - Will teach Globalization course with Joseph Stiglitz in Summer 2012
- Although all other professors who taught in 2011-2012 are expected to teach in 2012-2013, this is subject to change at any time
Value Investing Program for You (2012-2013)

- The Program will be **one block**: CY13 = 7,000 points
- **The Program will consist of the following courses:**
  1. Applied Value Investing (3 credits) – Fall 2012
  2. Special Situations (3 credits) – Fall 2012
  3. Economics of Strategic Behavior (3 credits) – Fall 2012
  4. Distressed Value Investing (3 credits) – Spring 2013
  5. Seminar in Value Investing* (3 credits) – Spring 2013
- Other classes that are **limited to students applying for the VI Program but not exclusive to the students in the VI Program** (will cost additional 1,000 points each):
  - Mental Models (6 students) – Fall 2012
  - Distress Investing (20 students) – Fall 2012
- Even if you are admitted to the program, you are NOT assured seats on Mental Models and/or Distress Investing. The professors for Mental Models and Distress Investing will select their rosters.
- If you are admitted into the program you must complete all 5 classes in the program to be considered a Value Investing Program Graduate.

*Name subject to change
If you take Seminar in Value Investing in Spring 2012, you can take it again in Spring 2013* with Bruce Greenwald and Tano Santos.

- CREDIT: You will get full credit for the Spring 2013 session (taught by both Bruce Greenwald and Tano Santos) in addition to your credit for the Spring 2012 session (taught by Tano Santos).

- POINTS: You will be charged 7,000 points for the five classes that comprise the program (Applied Value Investing; Special Situations; Distressed Value Investing; Seminar on Value Investing*; and Economics of Strategic Behavior), in addition to the points you were already charged for the Spring 2012 Seminar in Value Investing session.

*Course name and number will change in 2013
Value Investing Program (contd.)

- Other classes that are **limited to students applying for the VI Program but not exclusive to the students in the VI Program** (will cost additional 1,000 points each):
  - Mental Models (6 students) – Fall 2012
  - Distress Investing (20 students) – Fall 2012
- Other classes that **require application but are not part of the VI Program**:
  - Advanced Investment Research – Spring 2013
  - BUT Advanced Investment Research (Summer 2012) is open for bidding
- In addition, the Heilbrunn Center may offer **bidding only** sections of Applied Value Investing
- Please schedule an appointment with the Heilbrunn Center if you would like thoughts on specific classes
VI Sequence – Administrative Details

- **Enrollment Capacity:** Maximum 40 students

- **Interview:** You must sign up for and attend a mandatory interview with the Heilbrunn Center. There will be interview slots scheduled between May 7-18, 2012. Starting February 14, you can sign up for an interview slot on the sign-up sheets outside Louisa’s office in Uris 2M. Time slots will be filled on a first come first serve basis. Be sure to sign up by April 1.

- **Application:** Submit your application electronically by May 23 at 5 p.m. EST (no exceptions) as a single PDF file, named LastName_FirstName.pdf. Send it to valueinvesting@columbia.edu. You will receive confirmation that we have received your submission. Applications include:
  1. A cover letter explaining why you want to be in the program
  2. Resume
  3. Investment idea (2 pages) – idea will be emailed on April 2
  4. Application information form – will be emailed on April 2

In the application, it helps to demonstrate interest in the subject matter, aptitude for investing, and commitment to the work.

- **Professor Request:** Does not come into play until the class has been selected.

- **Notification:** By the 2nd week of June via your official CBS email account.
Application Procedure: Investment Idea

- **Investment Write-Up.** Write a two-page memo analyzing an idea, including:
  - What value you assign to the company and why
  - What makes this idea attractive or unattractive
  - The competitive situation of the company (industry or peers)

- Please limit the text and financial analysis (charts, tables, etc) to **two pages** (single-sided)
Application Review Process

• Consideration will be given to interest level, preparation (books read, knowledge of industry, value techniques, etc.), and demonstrated commitment to investing.

• Application Review: Applied Value Investing professors and at least one member of the Heilbrunn Center staff.

• At the professor's discretion, phone interviews may also be scheduled.

• The review/selection process is conducted with best efforts to match instructor/student preferences.

• By submitting this application, you agree to the process and will accept the final decisions of the professors reviewing the applications.

• We are unable to provide specific feedback on any applications.

• By submitting this application, you agree to have 7,000 points deducted.

• The courses offered are subject to change at any time without advance notice due to unforeseen circumstances or changes in teaching schedules or adjunct availability.