



THE OHIO STATE UNIVERSITY

FISHER COLLEGE OF BUSINESS

## Investment Strategies and Philosophies Busfin: 4225 Spring 2019 Course Description and Syllabus

**Instructor:** Matt Sheridan, CFA

**Lecture:** Tuesday Thursday 12:45-2:05 p.m. in SB230 & 5:30-6:50 p.m. in SB220

**Office Hours:** Monday 1-3 p.m. & Wednesday 3-4 p.m.

**Office:** 306 Fisher Hall   **Email:** sheridan.146@osu.edu

**Course Twitter Username/Handle:** @Sheridanfinance

### Course Description:

This course is designed to uncover different investment strategies, reveal the beliefs that underlie each one, provide evidence on whether the strategies actually produce results, and what an investor needs to understand in order to implement a philosophy. The strategies covered include value investing, growth investing, technical analysis, market timing, arbitrage, fixed income total return/unconstrained, as well as various hedge fund strategies. The course will also highlight the investment philosophies of prominent investors that have achieved long-term investing success.

Prerequisites: Busfin 4211 & 4221

### Text and Materials (Required):

*Investment Philosophies, 2nd Edition: Successful Strategies and the Investors Who Made Them Work*  
by Aswath Damodaran

The Wall Street Journal – Student access for print and digital. Use the following link to subscribe:  
<http://r.wsj.net/hZsLm>

Additional Course Materials will be posted on Carmen

### Course Schedule:

The following schedule is tentative and subject to change based on how the class progresses.

Week	Topic	Reading
1	Current State of the Global Financial Markets Categorizing and Developing Investment Philosophies	Ch 1 & 2
2	Investor Policy Statement Assessing and Measuring Risk in the Equity Market	Listed on Carmen
3	Basics of Valuation Review Trading: Implications of Costs and Taxes Financial Bubbles	Ch 4 & 5
4	Bloomberg Training	Ch 6 & 7

	Testing Investment Strategies Technical Analysis Strategies and Empirical Evidence	Quiz 1 Due 2/3 at 10 p.m.
5	Value Investing Philosophy Creating Value Screens on Bloomberg and Capital IQ Ben Graham , Warren Buffett, Charlie Munger, Bill Miller, & Seth Klarman	Ch 8 Project 1 Due 2/7
6	Growth Investing Philosophy: Small Cap and Growth Investing Creating Growth Screens on Bloomberg and Capital IQ Peter Lynch, Philip Fisher, & John Templeton	Ch 9
7	Trading on Market Moving News and Information Leveraging new types of data: AI, location tracking apps, satellite imaging, social media sentiment Momentum Strategies, Timing the Market, and Impact of Leverage	Ch 10 & 12 Quiz 2 Due 2/24 at 10 p.m.
8	Trading on News cont. Midterm on 2/28	
9	The Case for Indexing Jack Bogle and David Booth	Ch 13
10	The Essence of Arbitrage Introduction of Hedge Fund Strategies	Ch11 Project 2 Due on 3/21
11	Hedge Fund Strategies: Global Macro, Event Driven, Long/Short Equity Ray Dalio, Paul Tudor Jones, David Tepper, George Soros, Stan Druckenmiller, Leon Cooperman, and James Chanos	Listed on Carmen Q3 Due 3/24 at 10 p.m.
12	Hedge Fund Strategies: Merger Arbitrage, Relative Value, Activist, Quantitative, Fund of Funds Carl Icahn, Bill Ackman, Ed Thorpe, Jim Simons, Cliff Asness, and Ken Griffin	Listed on Carmen Q4 Due 4/14 at 10 p.m.
13	Fixed Income Investment Strategies: Distressed Securities, Directional Debt, Absolute Return Bill Gross, Howard Marks, & Jeff Gundlach	Listed on Carmen
14	Pulling it all together: Asset Allocation and Choosing an Investment Philosophy	CH 14 Project 3 Due on 4/16
	Final Exam based on University Schedule (found on OSU's website)	

### **Class Format:**

This class meets twice per week. I will follow the flow of topics and concepts in the book selectively. The course will heavily rely on market moving news and events. During lectures you will be exposed to Bloomberg, which is the most powerful investor tool in the world. Regular class attendance is expected since material will be covered that is not in the text book. Please feel free to ask questions during lecture. Lecture notes will be on Carmen at least 24 hours in advance of class. I will also use Carmen to distribute emails to the class and post supplemental information.

Solving end of chapter problems is essential for success in this class. For each chapter, I will post a recommended list of problems. These problems are representative of what you might see on an exam or quiz, but it is not an exhaustive list.

**Grading:**

Projects	40%
Quizzes	10%
Mid-term Exam	25%
Final	25%

No extra credit offered. Grades will be determined at the end of the term. Any curve, if there is one, is set at that time.

**Projects:**

Project	Description	Group	Grade Weight
1	Investor Policy Statement	No	10%
2	Investment Screening & Back Testing	Yes	15%
3	Investment Philosophies Prospectus	Yes	15%

In-depth project instructions will be posted on Carmen. Based on the amount of research and analysis required, it is recommended (but not required) to work in a group on projects two and three.

**Quizzes:** There will be 4 quizzes but only 3 will be used in your final grade. You may drop your lowest quiz score. The quizzes can be found under the Quizzes tab in Carmen. Please note the due date and time for each quiz. If you do not complete the quiz by the due date deadline, you will not receive partial credit. No quiz extensions or make-ups will be offered.

**Midterm Exam and Final:** Exams are closed book/notes. Absences from exams will only be excused for the most serious of reasons and documented by an appropriately accredited professional (i.e., a medical doctor).

**Optional Trading Simulation:** You will have the ability to test any investment strategy on the Think or Swim platform via TD Ameritrade U. Information on creating an account will be posted on Carmen early in the semester. You will also have access to some of the most powerful investor tools in the world (Bloomberg, S&P Capital IQ, Morningstar, and Thomson Reuters).

**Students with Disabilities:**

The Office of Disability Services verifies students with specific disabilities and develops strategies to meet the needs of those students. Students requiring accommodations based on identified disabilities should contact me at the beginning of the semester to discuss his or her individual needs. All students with a specific disability are encouraged to contact the Office of Disability Services to explore the potential accommodations available to them.

**Academic Integrity:**

All students enrolled in this course are responsible for abiding by the guidelines outlined in the University's Code of Student Conduct. According to University Rule 3335-31-02, **all suspected cases of**

**academic misconduct will be reported to the Committee on Academic Misconduct.** The sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's Code of Student Conduct, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University's Code of Student Conduct and this syllabus may constitute "Academic Misconduct." The Ohio State University's Code of Student Conduct (Section 3335-23-04) defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's Code of Student Conduct is never considered an "excuse" for academic misconduct, so I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct

**Disenrollment:**

Fisher College University Rule 3335-8-33 provides that a student may be disenrolled after the third instructional day of the quarter, the first Friday of the quarter, or the student's second class session of the course, whichever occurs first, if the student fails to attend the scheduled course without giving prior notification to the instructor.

**NOTE: The University and College expectation is that students spend two hours outside of class for every hour spent in class. Since this course meets 3 hours per week, you should expect to spend 6 hours per week outside of class on course-related work.** Thus, you should be spending at least six hours per week outside of class on this course alone. That time should be spent reading the required material, taking notes on what you were reading, rewriting your class notes, meeting with class colleagues in going over what you have learned, working on homework problems, reading current investment news to see how concepts learned tie into the course, and thinking about how the course concepts tie together.

## Appendix A: Sheridan's Recommended Readings

### Sheridan's Hall of Fame of Investment Books

*Security Analysis*, Graham & Dodd  
*Fixed Income Analysis*, Frank Fabozzi  
*The Intelligent Investor*, Benjamin Graham  
*The Most Important Thing*, Howard Marks  
*Margin of Safety*, Seth Klarman  
*Irrational Exuberance*, Robert Shiller  
*Liars Poker*, Michael Lewis  
*Against the Gods*, Peter Bernstein  
*Alpha Masters*, Maneet Ahuja  
*The Alchemists*, Neil Irwin  
*When Genius Failed*, Roger Lowenstein  
*The New Market Wizards*, Jack D. Schwager  
*Too Big to Fail*, Andrew Ross Sorkin  
*The Big Short*, Michael Lewis  
*The Predators' Ball*, Connie Buck  
*A Random Walk Down Wall Street*, Burton Malkiel  
*Fooled by Randomness*, Nassim Nicholas Taleb  
Stocks for the Long Run, Jeremy Siegel  
*Thinking, Fast and Slow*, Daniel Kahneman

### Books by Topic

#### General Investing/Economic/Academic

*The Intelligent Investor*, Benjamin Graham  
*The Most Important Thing*, Howard Marks  
*Margin of Safety*, Seth Klarman  
*Irrational Exuberance*, Robert Shiller  
*Stocks for the Long Run*, Jeremy Siegel  
*A Random Walk Down Wall Street*, Burton Malkiel  
*Fooled by Randomness*, Nassim Nicholas Taleb  
*The Black Swan*, Nassim Nicholas Taleb  
*Thinking, Fast and Slow*, Daniel Kahneman  
*The Little Book of Common Sense Investing*, John Bogle  
*One Up on Wall Street*, Peter Lynch  
*Beating the Street*, Peter Lynch  
*The Index Revolution*, Charlie Ellis  
Buffett, Roger Lowenstein  
Poor Charlie's Almanac, Charles Munger  
*Adaptive Markets*, Andrew Lo  
*Misbehaving*, Richard Thaler  
*The Alchemists*, Neil Irwin  
*Common Stocks and Uncommon Profits*, Philip Fisher  
*Think Twice*, Michael Mauboussin  
*Mastering the Market Cycle*, Howard Marks

## **Wall Street Culture & History**

*Liars Poker*, Michael Lewis  
*Too Big to Fail*, Andrew Ross Sorkin  
After the Music Stopped, Alan Blinder  
*The Big Short*, Michael Lewis  
*The Predators' Ball*, Connie Buck  
*Young Money*, Kevin Roose  
*Other People's Money*, John Kay  
*A History of the United States in Five Crashes*, Scott Nations  
America's Bank, Roger Lowenstein  
*Flash Boys*, Michael Lewis  
*Barbarians at the Gate*, Brian Burrough & John Helyar  
*Billion Dollar Whale*, Tom Wright & Bradley Hope

## **Hedge Funds**

*When Genius Failed*, Roger Lowenstein  
*A Man for all Markets*, Edward Thorp  
*More Money than God*, Sebastian Mallaby  
*Alpha Masters*, Maneet Ahuja  
*Black Edge*, Sheelah Kolhatkar  
*The New Market Wizards*, Jack D. Schwager  
*No Bull*, Michael Steinhardt  
*When the Wolves Bite*, Scott Wapner  
*A Tiger in the Land of Bulls and Bears*, Julian Robertson  
*Principles*, Ray Dalio  
*Hedge Fund Market Wizards*, Jack Schwager  
*Fooling Some of the People All of the Time*, David Einhorn  
*The Alchemy of Finance*, George Soros  
*The Quants*, Scott Patterson

## **Investing Foundations and Valuation**

*Security Analysis*, Graham & Dodd  
*Fixed Income Analysis*, Frank Fabozzi  
*Narrative and Numbers*, Aswath Damodaran  
*The Little Book of Valuation*, Aswath Damodaran

## **Non-Investing Books (that cover various investing themes)**

*Factfulness*, Hans Rosling  
*Are You Ready to Succeed?*, Srikumar Rao (read this helpful book if you want examine and evaluate the mental models you have created to interpret the world)  
*The Art of Learning*, Josh Waitzkin  
*Thinking in Bets*, Annie Duke  
*The Curse of Cash*, Kenneth Rogoff  
*The Outsiders*, William Thorndike, Jr.  
*Sapiens: A Brief History of Humankind*, Yuval Noah Harari  
*Rise of the Robots*, Martin Ford  
*The Signal and the Noise*, Nate Silver

## **Appendix B: Suggested Investing Related Podcasts**

### **Masters in Business with Barry Ritholtz**

Bethany McLean	12/13/2018	Aswath Damodaran	10/28/2016
Ray Dalio	11/30/2018	William McNabb	10/21/2016
Howard Marks	10/4/2018	Michael Mauboussin	8/12/2016
Leon Cooperman	8/10/2018	Daniel Kahneman	8/4/2016
Robert Arnott	7/26/2018	Jack Schwager	6/22/2016
Ed Yardeni	5/23/2018	Jack Bogel	3/11/2016
James Chanos	5/11/2018	Mohamed El-Erian	2/13/2016
Joel Greenblatt	4/20/2018	Roger Lowenstein	12/5/2015
Ray Dalio	12/7/2017	Ken Fisher	11/30/2015
Katie Stockton	9/8/2017	Mario Gabelli	10/30/2015
Richard Clarida	8/3/2017	Jeremy Siegel	10/18/2015
Ed Thorp	7/14/2017	Jason Zweig	9/11/2015
William Sharpe	6/2/2017	Nate Silver	8/21/2015
Andrew Lo	4/21/2017	Howard Marks	7/19/2015
Charles Ellis	4/13/2017	Richard Thaler	6/14/2015
Burt Malkiel	3/31/2017	Scott Galloway	6/5/2015
Michael Lewis	12/9/2016	David Booth	5/22/2015
Bill Miller	11/4/2016	Cliff Asness	2/21/2015

### **The Knowledge Project – Shane Parrish**

Winning the Great Game (Part 1 & 2): Adam Robinson  
Getting Better by Being Wrong: Annie Duke  
Life Lessons from a Self-Made Billionaire: Ray Dalio  
A Decision Making Jedi & When to Trust Your Gut: Michael Mauboussin  
Elevate Your Financial IQ: Jason Zweig

### **The Tim Ferriss Show**

Howard Marks  
Ray Dalio  
Hedge Funds, Investing, and Optimizing Lifestyle: Mark Hart & Raoul Pal  
Becoming the Best Version of You: Josh Waitzkin, Adam Robinson, & Ramit Sethi

### **Other Investment Related Podcast Suggestions**

NPR Planet Money  
NPR The Indicator from Planet Money  
The Meb Faber show  
The Curious Investor by AQR Capital Management, LLC  
Animal Spirits – Michael Batnick and Ben Carlson  
Invest Like the Best – Patrick O’Shaughnessy