



Course Title: Value Investing: An Introduction
Course Code: BUS 123 W
Instructor: Kenneth Jeffrey Marshall

Course Summary:

Value investors like Warren Buffett can beat not only the stock market, but also most other money managers. Why? What do value investors do differently from other investors? And if value investing works so well, why do so few people use it?

In this online course we will learn the fundamental framework for analyzing any stock investing opportunity from a value perspective. We'll do this in six steps. First, we'll see how to understand a company by assessing its products, customers, industry, form, geography, and status. Second, we'll discover how to measure a firm's historical performance with vital metrics like return on capital employed. Third, we'll master how to assess its future performance by evaluating its strategic positioning and market dynamics. Fourth, we'll study how to gauge its shareholder-friendliness by weighing executive compensation, insider ownership, share repurchases, and dividends. Next, we'll learn how to see if a stock is underpriced through critical ratios like enterprise value to operating income. And finally, we'll see how to implement the value approach by steering clear of short-term reporting, biases, and other mental hurdles. By tackling the tools of value investing and the keys to their implementation, students will gain insight into the capital management strategy that performs best over the long term.

**Please see course page for full description and additional details.*

Grade Options and Requirements:

- No Grade Requested (NGR)
 - This is the default option. No work will be required; no credit shall be received; no proof of attendance can be provided.
- Credit/No Credit (CR/NC)
 - Students must participate in at least 70% of weekly discussions and/or Zoom sessions.
- Letter Grade (A, B, C, D, No Pass)
 - Students must participate in at least 70% of weekly discussions and/or Zoom sessions, and complete a piece of written work (to be discussed further in class).

Please contact the Stanford Continuing Studies office with any questions
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 650-725-2650

**Please Note: If you require proof that you completed a Continuing Studies course for any reason (for example, employer reimbursement), you must choose either the Letter Grade or Credit/No Credit option. Courses taken for NGR will not appear on official transcripts or grade reports.*

Tentative Zoom Schedule*:

Zoom sessions will be held on Fridays. Each will last one hour. The starting time will vary week-to-week to best accommodate the broad range of commitments and time zones that we as a group represent. Each Friday's time will be announced on Canvas the prior Saturday. Live Zoom session attendance is optional, and each session will be recorded and posted for your later review.

**Please note that the Zoom schedule is subject to change.*

Tentative Weekly Outline:

Please note that the required textbook for the course is *Good Stocks Cheap: Value Investing with Confidence for a Lifetime of Stock Market Outperformance*, published in 2017 by McGraw-Hill. Additional case materials will be provided in downloadable form free of charge. Each case will be a specific stock of timely interest, and as such can't be specifically identified this far in advance.

Week 1

Chapter 1: The Quiet Outperformer
Chapter 5: Understanding the Business
Case

Week 2

Chapter 6: Accounting is a Language
Chapter 7: Capital Employed
Case

Week 3

Chapter 8: Operating Income
Chapter 9: Free Cash Flow
Chapter 10: Book Values and Shares
Case

Week 4

Chapter 11: Past Performance
Case

Week 5

Chapter 12: Future Performance
Case

Week 6

**Chapter 13: Shareholder-Friendliness
Case**

Week 7

**Chapter 14: Inexpensiveness
Case**

Week 8

**Chapter 16: Misjudgment and Misaction
Case**

Week 9

**Chapter 19: Generating Ideas
Case**

Week 10

**Chapter 20: Differences Among Value Investors
Case**