

B40.3122 Investment Strategies
PRELIMINARY Course Syllabus – Fall 2014

Professor: Richard Bernstein

Wednesday Evenings: 6:00 p.m. to 9:00 p.m.
Room: TBA

This course will critically analyze various investment strategies utilized by professional investors. It details practical insights regarding how strategies are used, and to better understand the strategies' strengths and weaknesses. Students are expected to read the materials supplied by the professor as well as selected chapters in the required texts.

The course objective is to give the student a subjective and anecdotal approach to securities analysis, relative valuation, industry and group rotation, asset allocation, market timing, "theme" investing, and quantitative analysis.

Both old and new market theories will be discussed within the context of financial history, including various sentiment, psychological, style, and cyclical influences on securities prices. Contrasts will be drawn between long-term and short-term strategies. Various asset classes, such as stocks, bonds, and alternative assets, will be discussed.

A considerable portion of each class will be an interactive discussion relating the concepts covered in the classes to actual financial market events. The final examination will focus on analysis using the basic concepts learned in class.

There are several short readings assigned during the semester, and there are two required texts for the course. Students are expected to read the required articles and chapters before coming to class. The two required texts are:

- *Style Investing – Unique Insight into Equity Management* by Richard Bernstein – published by John Wiley, and
- *Navigate the Noise – Investing in the New Age of Media and Hype* by Richard Bernstein – also published by Wiley.

(Note that the professor donates all his profits from these books to charity.)

The final exam will be the primary determinant of the course grade, but class participation is noted and can be considered (to a 10% maximum of the grade based solely at professor's discretion).

April 1

Introduction to the Course and Requirements

History of Investment Strategies

The critical connection between macro- and micro-investing - The Stovall “Target Diagram”.

Reading: Navigate the Noise – Introduction; Bernstein, Peter. “Growth Companies vs. Growth Stocks.”

April 8

Asset Allocation

Reading: Navigate the Noise – Chapters 4 and 7.

April 15

The profits cycle vs. the economic cycle

Sector Rotation

Style Investing

Reading: Style Investing – Part I (Chapters 1, 2, and 3)

April 22

Strategies for Individual Investors: Time Horizons, Income vs. Growth, Risk Tolerances.

Analyzing stocks like bonds.

Reading: Navigate the Noise – Chapters 2 and 5. Style Investing – Chapter 7.

April 29

Critiquing and Using Fundamental “Bottom-Up” Research
“Quality”

Characteristics of a Financial Bubble

Reading: Style Investing – Chapter 5. Navigate the Noise – Chapters 8 and 9.

May 6

****FINAL EXAMINATION 6:00 – 9:00 PM****

Recommended Additional Preparation:

-Articles discussed in class, and placed on “Blackboard”.

-Optional reading *The Battle for the Soul of Capitalism* (Bogle), *The Money Masters* (Train), and *Devil Take the Hind Most* (Chancellor).

Students are expected to adhere to the School’s academic policies regarding attendance, academic conduct, and behavior. These can be reviewed online at

http://w4.stern.nyu.edu/academic/affairs/policies.cfm?doc_id=7511.

If you have question about this course contact the TA/grader, Luis Salgado at las725@stern.nyu.edu.