Course Syllabus – Fall 2010
Investment Strategies

Professor: Richard Bernstein
B40.3122 Investment Strategies

Wednesday Evenings from 6:00 p.m. to 9:00 p.m.
Room: XXXXX

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 you 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, and a written mid-term assignment will mimic such discussions. The final written examination will focus on the basic concepts learned in class.

There are two required texts for the course, and students are expected to read the required 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.)

Grading for the course will be determined as follows: Mid-term assignment (45% minimum), Final examination (45% minimum), and class participation (10% maximum).

September 22
Introduction to the Course and Requirements
The critical connection between macro- and micro-investing
The Stovall “Target Diagram”.
Discussion of mid-term assignment
Asset Allocation – Part I
Reading: Navigate the Noise – Introduction
**September 29**
Asset Allocation – Part II
History of Investment Strategies
Current financial event discussion
**Reading:** Navigate the Noise – Chapters 4 and 7. Grantham and Michaelson articles.

**October 6**
The profits cycle vs. the economic cycle
Sector Rotation
Style Investing
Current financial event discussion
**Reading:** Style Investing – Part I (Chapters 1, 2, and 3)

**MID-TERM ASSIGNMENT DUE (in-class by October 6)**

**October 13**
Strategies for Individual Investors
Basics of long-term wealth building
Current financial event discussion
Financial regulation and investors
**Reading:** Navigate the Noise – Chapters 2 and 5. Pan & Statman article.

**October 20**
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. Peter Bernstein article (1956).

**October 27**
**FINAL EXAMINATION 6:00 – 9:00 PM**

**Recommended Additional Preparation:**
- Regularly read daily publications like the *Financial Times* and the *Wall Street Journal*, and weekly publications like *The Economist*.
- Critically watch/listen to CNBC, Bloomberg TV, and Bloomberg Radio (WBBR).
- View *Consuelo Mack WealthTrack* and *Nightly Business Report* on PBS.
- Students with further interest should consider reading *The Battle for the Soul of Capitalism* (Bogle), 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, XXXXX at XXXXX@stern.nyu.edu. Administrative questions should be directed to XXXXX in the Department of Finance at (212) 998-XXXX or XXXX@stern.nyu.edu.