

Annual Letter 2014-2015

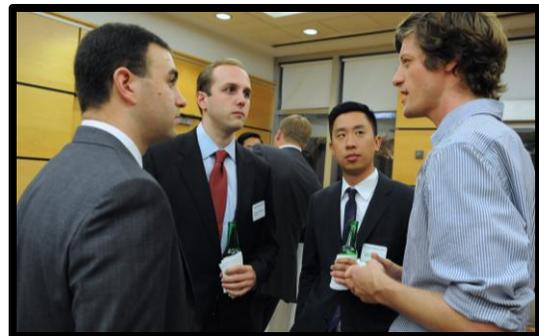
The Heilbrunn Center for Graham and Dodd Investing continues to be at the epicenter of the study and application of value investing principles. Our courses, events, research, and educational materials emphasize a value discipline across investment strategies and we are dedicated to set the industry standard and continue to offer the premiere coursework in value investing across the business school landscape (*for the 2014-2015 course listings, see page 9*).

Heilbrunn Center Update

The Center is excited to offer a robust menu of courses for the 2014-2015 academic year. Thank you to our [faculty members](#) for their continued dedication to creating relevant and engaging curriculum in the value investing realm. Their exceptional instruction is noteworthy and essential in making the Heilbrunn Center's courses among the most sought after at Columbia Business School. This year we are thrilled to welcome new faculty members Justin Muzinich (Muzinich & Co.), Jonathon Luft '08 (Eagle Capital Partners), and Mike Kimpel '12 (Permian Investment Partners) who will teach fall courses. Professor Muzinich will be leading a bidding section of a new course entitled *Value Investing in Credit Markets*. In addition, as part of the Value Investing Program, Professor Luft and Professor Kimpel will be co-teaching separate *Applied Value Investing* sections. Columbia Business School students have already expressed gratitude for the tutelage of the newest investment gurus to join the Center.



The Heilbrunn Center's Administrative Team: Emily McClain (left), Ashleigh Hussey (middle), Julia Kimyagarov (right).



Value Investing Program students networking with alumni at the Value Investing Program Welcome Reception on Friday, September 12, 2014.

As our popularity continues to grow, so has our team. The Center is happy to introduce Emily McClain, Senior Associate Director, and Ashleigh Hussey, Program Coordinator. Emily and Ashleigh joined the Administrative Team earlier this summer and look forward to working with the various center cohorts. We wish Marci Zimmerman the best of luck in her new endeavor as an Assistant Director in the Office of Student Affairs.

Emily joins the Heilbrunn Team after spending the last four years recruiting and selecting the next generation of MBA students as a member of the Columbia Business School Admissions Team. Previously, Emily served as an Admissions Officer and College Counselor at Brentwood School in Los Angeles. Emily received her B.A.

in History and Psychology at Bates College and an M.S. in Social Work at Columbia University. Ashleigh Hussey joined the Center in June and is a recent graduate of Teachers College and a former intern at the Center for Career Education at Columbia University. Ashleigh received her B.A. in History and English at Rutgers University and an M.A. in Higher and Post-Secondary Education at Teachers College.

Heilbrunn Center Support

The Center acknowledges the visionary leadership of our [executive advisory board](#). Additionally, we would like to thank our generous supporters. Last year alumni and friends of the Center contributed over \$1,462,408 and several adjunct faculty members graciously donated their salary to support [Heilbrunn programming and curriculum](#).

5x5x5 Student Value Investment Fund

We are delighted to announce the formation of Columbia Business School's inaugural student-run Value Investing Fund. This innovative fund was made possible by a generous gift given by Thomas Russo and his wife Georgina. Mr. Russo is a frequent guest lecturer in our marquee courses and a member of the Heilbrunn Center Advisory Board. **Thanks to Mr. Russo's creativity and leadership, this unique entrepreneurial fund is both long-term and aligns with the fundamental principles of value investing, making it unlike any other student-run fund.** The Russo's gift affords value investing program students the invaluable opportunity to connect value-oriented investment theories to real world practice as they apply their classroom learning to the management of this fund.



Thomas Russo, Glenn Hubbard, Bruce Greenwald and Louisa Serene Schneider at the official inception of the 5x5x5 Student Value Investment Fund.



Thomas Russo shares his investment expertise on a panel at the "From Graham to Buffett & Beyond" Dinner in Omaha, Nebraska.

The 5x5x5 Student Value Investment Fund was introduced by Thomas Russo to the Heilbrunn Community at the Value Investing Program Welcome Reception on Friday, September 12, 2014. In addition to Mr. Russo, the 5x5x5 Fund Board will consist of five students from the Value Investing Program along with Bruce Greenwald, Robert Heilbrunn Professor of Finance and Asset Management, and Louisa Serene Schneider, Senior Director of the Heilbrunn Center. During the Spring 2015 semester, students in the *Value Investing* course taught by Bruce Greenwald and Tano Santos will have the opportunity to submit their investment ideas to the 5x5x5 Board. The Board will then choose among these investment ideas and will articulate five reasons behind each investment. Five of the stocks will then be selected and will be invested in for a period of five years. At the end of five years, the original amount, accounting for inflation, will be invested back into the 5x5x5 Fund and the remainder of the gains will be used to support current-use scholarships for students

interested in investment management. As alumni, program students will remain active managers of the 5x5x5 Fund, continuing their support of, and connection to, the Heilbrunn Center and Columbia Business School.

Women and Value Investing

The Heilbrunn Center remains dedicated to supporting women who are interested in pursuing a career in investment management. In addition to our annual luncheon for women each spring, this will be the fourth year a team of Columbia women will represent the Business School at the annual Women in Investing (WIN) Conference in Boston. Students are selected to attend this conference after presenting team pitches to fund managers at Capital Group. The selected conference pitch team is then mentored by both volunteers from Capital Group and the team of students who represented Columbia at the 2013 WIN Conference. This year, prior to the conference, WIN participants will also have the opportunity to engage with Columbia Business School alumnae and investment professionals from Fidelity at an informal networking event. Juliana Bogoricin '15, member of the 2013 WIN Pitch Team and current Value Investing Program student, describes her experience at WIN as the highlight of her time at Columbia Business School. Juliana noted to center staff:

“Throughout the WIN experience I met extraordinary women investors. These women have had a tremendous impact in my life as inspiring examples, mentors, and friends. By the end of the conference I was convinced that investing is an incredible career path that I want to pursue.” -Juliana Borgoricin '15

We continue to focus on pipeline development through our partnership with the Smart Woman Securities (SWS) Club, a nonprofit organization at Barnard College co-founded by Tracy Britt of Berkshire Hathaway. Through mentoring and seminars, SWS provides investment education to undergraduate women which directly align with Tracy Britt's mission to educate women on financial independence and investing. The Heilbrunn Center, in conjunction with the Columbia Student Investment Management Association (CSIMA), works with SWS to match business school student mentors with SWS members. In addition, the SWS women are invited to pitch competitions and other CSIMA and Heilbrunn events so that they can learn more about investment management and the value investing philosophy.

The Center remains committed to supporting women interested in value investing and will continue to look for ways to bring talented women into the investment management field by providing various opportunities for women to develop and refine their valuation methodologies, pitching skills, and connections with successful mentor professionals in the investment space.



Columbia Business School students at the 2013 Women in Investing Conference in Boston



Louisa Serene Schneider and Tracy Britt at the 2014 Omaha Dinner.

Omaha Trip Update

Each year the Heilbrunn Center organizes a trip for twenty MBA students to visit Omaha and spend the day with investing legend, and Columbia Business School alum, Warren Buffett MS '51. During their time in Omaha, the trip participants interact with Mr. Buffett MS '51 through several hours of Q&A at his office and then attend a luncheon with him at a local Omaha restaurant. In addition, trip participants conduct site visits at Berkshire Hathaway subsidiaries Borsheims and Nebraska Furniture Mart and attend a private dinner and Q&A session generously hosted by Todd Combs '02, Investment Manager of Berkshire Hathaway. We are thrilled to report that nine of the twenty participants who attended our 2014 Omaha trip were women.



Columbia Business School Students with Warren Buffett MS '51 on the annual trip to Omaha.

For many students the Omaha trip is one of the highpoints of their Columbia Business School career. Richard Hunt '14, former co-president of CSIMA and 2014 trip participant, had the opportunity to discuss investing with Warren Buffett MS '51 and to reflect on their shared experience at Columbia. He called his time in Omaha an “unforgettable experience” and noted to Center staff:

“Following three hours of Q&A at Mr. Buffett's office, I found myself sitting next to my hero. He was unbelievably smart, incredibly kind, and hilariously funny. Mr. Buffett gave me his take on a stock pitch I was working on for class and I will always be grateful for this incredible opportunity given to me by Louisa and the Heilbrunn Center.” - Richard Hunt '14

Read more about Richard Hunt's experience in Omaha [here](#).

2014-2015 Investor Spotlight

The Heilbrunn Center will host the 24th annual Graham and Dodd Breakfast on Friday, October 24, 2014 at the Pierre Hotel. This year the Graham and Dodd Breakfast will include a panel discussion moderated by Bruce Greenwald, Robert Heilbrunn Professor of Finance and Asset Management and Faculty Director of the

Heilbrunn Center. The panel features Bruce Berkowitz, Managing Member, Fairholme Capital Management, Mario Gabelli '67, Chairman and CEO, GAMCO Investors, Inc., and Jonathan Salinas '08, Founder and Managing Member, Plymouth Lane Capital Management, LLC.

Bruce Berkowitz is the Founder, Managing Member, and Chief Investing Officer of Fairholme Capital Management, LLC and President and a Director of the Fairholme Funds, Inc. Mr. Berkowitz is also a Director and Chairman of the Board of Directors of the St. Joe Company and served as a director at AmeriCredit Corporation, White Mountains Insurance Group Ltd., Winthrop Realty Trust, Inc., and TAL International Group, Inc. Mr. Berkowitz received a B.A. in Economics from the University of Massachusetts at Amherst in 1980. In 2010, Mr. Berkowitz was named the Domestic-Stock Fund Manager of the Decade by Morningstar, as well as the Domestic-Stock Fund Manager of the Year. In 2014, *Institutional Investor* named Mr. Berkowitz Money Manager of the Year.

Mario Gabelli is Chairman and Chief Executive Officer of GAMCO Investors, Inc., a New York Stock Exchange listed company that is a widely recognized provider of investment advice to alternative investments, mutual funds, and institutional and private wealth management. Mr. Gabelli founded the firm in 1977 as an institutional broker-dealer. It has since grown into the diversified financial services corporation it is today. Mr. Gabelli is a summa cum laude graduate of Fordham University, holds an MBA degree from Columbia University Graduate School of Business, and has an Honorary Doctorate Degree from Roger Williams University in Rhode Island and Fordham University. He is a leading proponent of the Graham and Dodd school of securities analysis. He is a pioneer in applying Graham and Dodd's principles to the analysis of cash generating, franchise companies in a wide range of industries. His proprietary Private Market Value with a Catalyst methodology is now an analytical standard in the value investing community. Mr. Gabelli has been a frequent commentator on CNBC, CNN, Fox Business and Bloomberg News. He has appeared ten times on "Wall Street Week with Louis Rukeyser." Mr. Gabelli is often written about in the financial print media including *Barrons*, *Institutional Investor*, *Business Week*, *Fortune*, *Forbes*, *Money*, and *Changing Times*. He was Morningstar's Portfolio Manager of the Year in 1997 and is a member of the Barron's All Star Century publications such as the Financial Analysts Handbook. Mr. Gabelli was named Money Manger of the Year by *Institutional Investor* for 2011.

Jonathan Salinas is the Founder and Managing Member of Plymouth Lane Capital Management, LLC. Mr. Salinas founded Plymouth Lane Capital Management, LLC in April 2013. Prior to founding Plymouth Lane, Mr. Salinas worked as an analyst at Marble Arch Investments, a long/short hedge fund manager from 2009 to 2013. Before joining Marble Arch, Mr. Salinas served as a consultant at ZBI Equities, a long/short hedge fund manager operated by Ziff Brothers Investments. Prior to ZBI, he was an analyst at Festina Lente Investment Management, a concentrated, value-oriented investment manager. From 2002 to 2007, he worked as an analyst at UBS AG. Mr. Salinas earned an MBA from Columbia Business School in 2008. While at Columbia, he completed the Value Investing Program administered by the Heilbrunn Center for Graham and Dodd Investing. He received a B.A. in Political Science from Rutgers College in 2002, where he graduated with high honors and was elected to Phi Beta Kappa in 2002. Mr. Salinas is currently an adjunct professor at Columbia Business School where he teaches *Applied Security Analysis* and has previously taught *Distressed Value Investing*.

Professor Bruce C. N. Greenwald holds the Robert Heilbrunn Professorship of Finance and Asset Management at Columbia Business School and is the Faculty Director of the Heilbrunn Center for Graham &

Dodd Investing. Described by the New York Times as "a guru to Wall Street's gurus," Greenwald is an authority on value investing with additional expertise in productivity and the economics of information. Greenwald has been recognized for his outstanding teaching abilities. He has been the recipient of numerous awards, including the Columbia University Presidential Teaching Award which honors the best of Columbia's teachers for maintaining the University's longstanding reputation for educational excellence. His classes are consistently oversubscribed, with more than 650 students taking his courses every year in subjects such as Value Investing, Economics of Strategic Behavior, Globalization of Markets, and Strategic Management of Media.

18th Annual CSIMA Conference

The Heilbrunn Center is also delighted to announce the keynote speakers for the 18th annual CSIMA Conference which include, Daniel Loeb, founder and CEO of Third Point, LLC and Michael Mauboussin, Head of Global Financial Strategies, Credit Suisse. The CSIMA Conference will be held on Friday, January 30, 2015 in Lerner Hall at Columbia University. The Conference continually provides an excellent opportunity for those passionate about investing to hear from some of the top names in the investment management business. The CSIMA conference has been featured by key publications, including the *New York Times* and *The Wall Street Journal*.

Faculty Publications and Research

The Heilbrunn Center has hired Ye Li, current PhD student at Columbia Business School, to prepare a "valuing research" series under the direct supervision of Professor Tano Santos, David L. and Elise M. Dodd Professor of Finance and Faculty Co-director, and Head of Research of the Heilbrunn Center for Graham and Dodd Investing. This series includes summaries of recent academic papers with both theoretical and practical implications for the greater value investing community. The valuing research summaries created by Tano Santos and Ye Li can be read [here](#).

In June 2014, Heilbrunn Center professors, Joseph Stiglitz and Bruce Greenwald published *Creating a Learning Society: A New Approach to Growth, Development, and Social Progress*. In their book, Stiglitz and Greenwald emphasize that it is a knowledge gap rather than a resource gap that separates developed countries from less-developed countries. Stiglitz and Greenwald highlight the importance of eliminating these knowledge gaps and creating societies focused on learning so that a country can grow and develop. Partha Dasgupta of University of Cambridge commented: "Profound and dazzling. In their new book, Joseph E. Stiglitz and Bruce C. Greenwald study the human wish to learn and our ability to learn and so uncover the processes that relate the institutions we devise and the accompanying processes that drive the production, dissemination, and use of knowledge. The authors' analysis provides the foundations of an understanding of the progress and regress of nations. This is social science at its best" (Columbia University Press). Read more on *Creating a Learning Society: A new Approach to Growth, Development, and Social Progress* [here](#).

[Review of the book *Creating a Learning Society: A New Approach to Growth, Development, and Social Progress*]. *Columbia University Press*. Retrieved from <https://cup.columbia.edu/book/978-0-231-15214-3/creating-a-learning-society/reviews>

Careers and Recruiting

During the 2013-2014 academic year, the Heilbrunn Center received more than 100 inbound inquiries from buy-side and sell-side firms looking to hire full-time analysts and interns from the Value Investing Program. The 2013-2014 cohort effectively utilized their relationships with adjunct faculty members, professional mentors, and the Center's administrative team during the job search process. Members of the 2013-2014 Value Investing Program have accepted jobs at some of the top investment firms such as: Allianz Global Investors/RCM, Appaloosa, Becker Drapkin, Candlewood Investment Group, CrediCorp Capital, Development Capital, Elm Ridge, Fidelity, Foxpoint, LLC, FPR Partners, George Schultze, Incline Global, Gramercy, KeyPoint Capital, Koch Industries, Litespeed, Longview Asset Management, Manikay Partners, Moore Capital, MSF Capital, Perry Capital, Plymouth Lane Capital, PIMCO, Och-Ziff, Redwood Capital, T. Rowe Price, Sanford Bernstein, and SLS Capital. The continued success of our students constantly enhances the Heilbrunn Center's relationships with prominent investment funds.

The Center conducts individual meetings with firms looking to hire both those in the Value Investing Program, current MBA students, and alumni. The Heilbrunn Team also advises students and coordinates unique full-time and part-time job and internship searches. If you are interested in advertising an internship or job at Columbia Business School or within the investment community please contact valueinvesting@gsb.columbia.edu.

Heilbrunn Center Events 2014-2015

Value Investing Welcome Reception.....	Friday, September 12, 2014, New York
Heilbrunn Center Cocktail Party.....	Thursday, October 23, New York
24 th Annual Graham and Dodd Breakfast.....	Friday, October 24, 2014, New York
Women in Investing Conference.....	Thursday, November 20–Friday, November 21, 2014, Boston
Inaugural CSIMA Investment Challenge.....	Friday, November 21, 2014, New York
18th Annual CSIMA Conference.....	Friday, January 30, 2015, New York
Moon Lee Prize Competition.....	Winter 2015, New York
Omaha Trip.....	Thursday, February 26–Friday, February 27, 2014, Omaha
Women and Value Investing Luncheon.....	Spring 2015, New York
Pershing Square Challenge.....	Wednesday, April 22, 2015, New York
From Graham to Buffett and Beyond Omaha Dinner.....	Friday, May 1, 2015, Omaha

**Please review the events page on www.grahamanddodd.com to find out how you can get involved with the Heilbrunn Center this year.*

Course Offerings 2014–2015

Fall Semester 2014		Spring Semester 2015 (Tentative)		Summer Semester 2015 (Tentative)	
Course Name	Professor	Course Name	Professor	Course Name	Professor
Advanced Investment Research	Kian Ghazi	Advanced Investment Research	David Greenspan/Stirling Levy	Globalization (EMBA)	Joseph Stiglitz/Bruce Greenwald
Applied Value Investing	Mark Cooper/Jonathon Luft/Jean-Marie Eveillard	Advanced Investment Research	Ken Shubin Stein	Security Analysis	Keith Luh
Applied Value Investing	Artie Williams/T. Charlie Quinn	Applied Security Analysis 1&2	Jon Salinas/Naveen Bhatia	Seminar in Value Investing	Paul Jonhson
Applied Value Investing	Rishi Renjen/Kevin Oro-Hahn	Applied Value Investing (EMBA)	Tom Tryforos	From Feast to Famine (And Back Again) (London)	Margaret Cannella
Applied Value Investing	Scott Hendrickson/Mike Kimpel	Applied Value Investing (EMBA)	Arnaud Ajdler		
Applied Value Investing	Andrew Gundlach/Jean-Marie Eveillard	Applied Value Investing	Eric Almeraz/David Horn		
Credit Markets and Leveraged Buy-Outs (EMBA)	Margaret Cannella	Credit Markets and Leveraged Buy-Outs	Margaret Cannella		
Economics of Strategic Behavior	Wouter Dessein	Distressed Value Investing	Dan Krueger		
Mental Models	Ethan Binder/Jeff Cino	Economics of Strategic Behavior (EMBA FRI/SAT format)	Bruce Greenwald		
Misunderstood Securities: Investing in Uncertainty and Change	Lauren Krueger	From Feast to Famine (And Back Again) (MBA Block Week)	Margaret Cannella/Ellen Carr		
Security Analysis	Gavin Albert/Mike Corasaniti	Security Analysis	Michael Mauboussin		
Security Analysis	Chris Begg	Security Analysis	Ian McDonald/Ryan Brown		
Special Situations in Value Investing	Joel Greenblatt/Dan Yarsky	Value Investing (EMBA)	Tano Santos		
Seminar in Value Investing (EMBA/MBA)	Paul Johnson	Value Investing (A Term)	Bruce Greenwald/Tano Santos/Jean-Marie Eveillard		
Value Investing (EMBA)	Tano Santos	Value Investing with Legends	Bruce Greenwald/Tano Santos/Jean-Marie		
Value Investing in Credit Markets	Justin Muzinich				