



Sanjay Bakshi

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Management Development Institute

Behavioral Finance & Business Valuation (BFBV) V. 8

Dear Students,

I will be teaching you BFBV over the next 1½ terms. BFBV is an excuse to teach worldly wisdom through multidisciplinary thinking. While the course is being offered by Finance Area of MDI, it draws heavily upon some of the best ideas from economics, psychology, mathematics and probability, engineering, accounting, history, neurology, and evolutionary biology.

My aim is to train you to think in a multi-disciplinary manner, not just about finance and investments, but also about life. I hope to accomplish this over our next 30 contact sessions.

Your Teachers for this Course

While formally I would be your professor for this course, I would like you to think of me as a funnel through which you will learn what I learnt from my own teachers. These include some of the most successful and original thinkers in their fields and include Warren Buffett, Charlie Munger, Benjamin Graham, Walter Schloss, Robert Rubin, Philip Fisher, Robert Cialdini, John Templeton, Martin Whitman, Nassim Taleb, the partners of Tweedy Brown, John Kenneth Galbraith, Seth Klarman, and Benjamin Franklin.

Apart from vicarious learnings from these teachers, I also hope to pass on you, important learnings from my own direct experience acquired over the last 17 years as a practitioner of deep value investing. Live cases with real-time learnings will be very much an integral part of BFBV.

Reference Material

There is no prescribed book for this course. I will be handing out almost all the reading material to you. These would include the letters written by the world's most successful investors to their clients and shareholders, the annual reports of numerous companies to be studied in this course, and important extracts from what I consider to be the best books in my library.

This course requires you to read a lot. There will be surprise quizzes so it is in your interest to read the assigned materials diligently.

Session Plan

TERM V

Sessions 1 to 6: Mental Models & Mental Tricks, Sense and Nonsense in Modern Corporate Finance, The Psychology of Human Misjudgment.

Session 7 to 20: Investment philosophies of Benjamin Graham, Warren Buffett, Charlie Munger, Philip Fisher, Martin Whitman, and the evolution of my own investment philosophy.

TERM VI

Session 1 to 10: Cases in a variety of corporate actions including M&A, share buybacks, leveraged buyouts, leveraged recapitalizations, spinoffs, valuation of a variety of businesses, bankruptcy investing, investing in uU (unknown and unknowable) situations, sidecar investments, activist investments, valuation of unique assets, special situations, statistical themes, and turnarounds.

Evaluation

Component	Weight Term V	Weight Term VI
Quizzes	20 marks	20 marks
Group Project	15 marks	—
Mid Term (2 hours, open book)	25 marks	—
End Term (3 hours, open book)	40 marks	—
End Term (2 hours, open book)	—	20 marks
Class Participation	—	10 marks
Total	100 marks	50 marks

I look forward to meeting you tomorrow and interacting with you over the next few months. I am also available for guidance outside classroom hours with prior appointment. If you need an appointment, please email me or call me at +919810068324.

Yours truly,

