



Sanjay Bakshi

Management Development Institute

Behavioral Finance & Business Valuation (BFBV) V. 7

Dear Students,

My name is Sanjay Bakshi and 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 differently not just about finance and investments, but also about life. I hope to accomplish this over the next 30 contact sessions.

Your Teachers for this Course

While, formally I would be your professor for this course, I would really be an agent of my own teachers whose life's works I would use to teach you this course. These teachers 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, Benjamin Franklin, Richard Dawkins, Herb Simon, Garrett Hardin, Charles Mackay, and last but not the least, one Mr. Anil Goel who has been instrumental in my evolution as an investor.

Reference Material

There is no prescribed book for this course. I will be handing out almost all the reading material to you. BFBV will require you to read a lot. You will be asked questions in the class based on these readings. I expect everyone to read assigned materials for each class.

Session Plan

TERM V

Sessions 1 to 10: Mental Models & Mental Tricks, Sense and Nonsense in Modern Corporate Finance, The Psychology of Human Misjudgment.

Session 11 to 20: Investment philosophies of Benjamin Graham, Warren Buffett, Charlie Munger, Walter Schloss, Tweedy Browne, John Templeton, Philip Fisher, Robert Rubin, Nassim Taleb, and Martin Whitman.

TERM VI

Session 1 to 10: Cases in corporate restructurings 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.

Yours truly,

Sanjay Bakshi