

Milind Rao

SPRING 2026

Email: MRao@ust.hk

Office hours: Tuesday 4:30-5:30pm

ECON 5353
VALUE INVESTING
SYLLABUS
Tuesday 1:30pm-4:20pm

This course covers the basic theory and philosophy of value investing as it has developed since Graham. We will introduce and discuss the styles of important value investors including Graham and Buffett. We will present the basic techniques of investing: search; valuation and the construction of a portfolio. We will use the framework developed in class to study specific companies. This course will only focus on equities.

Required Work:

(10%) Problem Set 1 (PILO addressed #1, 2, 4)

(15%) Problem Set 2 (PILO addressed #1, 2, 4)

(25%) Midterm Exam **March 24** (PILO addressed #1, 2,4)

(10%) Group Industry Presentation: **March 3** (PILO addressed #1, 2, 4)

(15%) Group Company Presentations: **May 9** (PILO addressed #1, 2,4)

(25%) Group Paper due **May 12** (PILO addressed #1, 2)

Bonus Points: For presenting in class an original 'buy'

Class Meetings:

Tuesday 1:30PM-4:20PM

Saturday May 9: 9:00 AM-4:50 PM

March 31 No Class

Tuesday May 5: No Class

Readings:

Required Text

- Benjamin Graham, The Intelligent Investor. HarperCollins, 2003.

Suggested Readings

Cunningham, Lawrence. The Essays of Warren Buffett: Lessons for Corporate America, 1st Revised Edition, 1997

There will be additional notes and readings handed out in class and posted on Canvas.

Learning Outcome – Program Intended Learning Outcomes (“PILOs”):

1. Explain the methodology and philosophy of value investing, including key assumptions used, how value investing differs from other styles of investing and the strengths and limitations of this analysis framework (PILOs # 1 and 4).
2. Describe the key concepts, tools and frameworks of value investing, such as search, and different types of valuation, how these types of valuation differ from each other and from those used elsewhere (PILOs # 1 , 2 and 4).
3. Apply economic tools and principles to identify and analyze actual real world companies (PILOs # 1 and 2).
4. Communicate these findings to the class and discuss with classmates (PILOs #1, 2, 4).

Course Format / Teaching Approach:

This course is delivered through lectures, homeworks, exam and student presentations

Teaching & Learning Activities	Roles in the Course	PILO Addressed
Lectures	Explain key concepts and their applications; Cases and examples to build student’s critical and analytical ability	1, 2, 3, 4
Problem set Exam	Enhance understand of course materials And their application through practice	1, 2, 4

Group project Develop communication skills
Develop leadership and organization skills
Understand applicability to the real world

1, 2, 4

Examinations and Grades

1. Problem sets
 - You will be assigned **problem sets** during the semester. You have to turn in your own problem sets before the deadline announced
 - Please note that **NO** late submissions will be accepted
2. Midterm Exam
 - There will be one in-class exam.
 - There will be **NO** makeup for the exam
3. Group Project

You will be assigned to a group and to a company. You will be making **2 presentations as a group**:

- a) an *industry presentation* during the term
- b) a *company presentation* at the end of the term

The group will have to write a *10 page group paper* summarizing the research and presentations. This paper is due at the end of the term.

The accompanying Project sheet contains more information.

Criteria for evaluating papers and presentations

- Quality of the research and analysis
- Organization, clarity and persuasiveness of the presentation and writing
- Insights and originality

Bonus points

You may do an additional in-class presentation on an original 'buy'. The presentation could be done individually or with the group. It must be approved by me. You will receive extra points for doing this presentation.

Regrades

All requests for regrades must be in writing with clear grounds and submitted within a week of the assignment being returned. Please note that the course instructor reserves the right to regrade the entire assignment or exam.

AI Policy

You are prohibited from using generative artificial intelligence (AI) to produce any materials or content related to the assessment task

Classes

Please treat each class as a business appointment—attendance is required and punctuality is expected. If, for some reason, it is not possible for you to attend a class, please let me know by email before class.

Academic Misconduct

Students are expected to uphold HKUST's Academic Honor Code and to maintain the highest standards of academic integrity. The University has zero tolerance of academic misconduct. Please refer to Academic Integrity | HKUST - Academic Registry for the University's definition of plagiarism and ways to avoid cheating and plagiarism

ATTENDANCE POLICY

In accordance with Business School and MSc policies, attendance is compulsory for MSc Economics courses. Non-compliance may result in consequences, so please ensure you are familiar with these policies.

Attendance is mandatory

Should you need to miss class, please email prof Rao before the class.

**Attendance will only be taken in the first 15 minutes after class begins.
Anyone arriving after that time will be considered absent.**

Missing 4 sessions will result in a penalty of 1/3 grade deduction

Missing 6 sessions will result in a penalty of 1 grade deduction

Final Grade Descriptors

Grades	Short Description	Elaboration on subject grading description
A	Excellent Performance	Demonstrates a comprehensive grasp of subject matter, expertise in problem-solving, and significant creativity in thinking. Exhibits a high capacity for scholarship and collaboration, going beyond core requirements to achieve learning goals.
B	Good Performance	Shows good knowledge and understanding of the main subject matter, competence in problem-solving, and the ability to analyse and evaluate issues. Displays high motivation to learn and the ability to work effectively with others.
C	Satisfactory Performance	Possesses adequate knowledge of core subject matter, competence in dealing with familiar problems, and some capacity for analysis and critical thinking. Shows persistence and effort to achieve broadly defined learning goals.
D	Marginal Pass	Has threshold knowledge of core subject matter, potential to achieve key professional skills, and the ability to make basic judgments. Benefits from the course and has the potential to develop in the discipline.
F	Fail	Demonstrates insufficient understanding of the subject matter and lacks the necessary problem-solving skills. Shows limited ability to think critically or analytically and exhibits minimal effort towards achieving learning goals.

I. INTRODUCTION AND OVERVIEW

Graham, Chapter 1

II. LAZY MAN PORTFOLIO

Graham, chapters 2-4, 14

III. VALUE INVESTING: INTRODUCTION

Graham, chapters 1, 6, 7, 20

IV. SEARCH

Graham chapter 8

V. INDUSTRY PRESENTATIONS MARCH 3

VI. FRANCHISE: ECONOMICS

Graham, chapter 13-15

VII. FRANCHISE: CHECK LIST

Graham, chapter 19

VIII. MIDTERM EXAM MARCH 24

IX. OPTIONS

X. VALUATION: ASSETS

Graham, chapters 10,11

XI. VALUATION: EARNINGS

Graham, chapters 12, 13

XII. PORTFOLIO

Graham. Chapter 15

XIII. **GROUP PRESENTATIONS MAY 9**