

NATIONAL UNIVERSITY OF SINGAPORE
NUS Business School
Department of Finance

FIN3132 Value Investing In Asia

Instructor: Adjunct Associate Professor Robert Lewis, CFA
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Session: Semester 1, 2014/2015

Course objectives

A select group of investors in the US (such as Warren Buffett and Seth Klarman) and in Asia (Cheah Cheng Hye – Value Partners, Teng Ngiek Lian – Target Asset Management) have generated market-beating returns by adopting philosophy of value investing first conceptualized by Graham and Dodd.

Investing using this framework is more than understanding the philosophy and theory behind value investing, students must acquire the tools, skills and experience necessary to put theory into practice. The course will utilize real-life data sets and examples and apply them to a practical framework in order to analyze and value a business, then measure this value against the market value in order to uncover “value opportunities”.

Students will also interact from guest lecturers, leading investors in the Singapore asset management community.

At the end of this course students will gain practical experience in valuing a business using fundamental research techniques; deciphering a company’s business model, interviewing company management, conducting company and sector due diligence, creating a historical investment narrative, modeling income statement and balance sheet inputs, forecasting forward looking scenarios, and applying valuation techniques in order to formulate a “value-based” investment thesis.

2. INSTRUCTOR

Robert Lewis, B.S. CFA

Robert Lewis is the founder and Managing Director of Singapore-based Novatera Capital Pte Ltd. Novatera is the investment manager of the Hidden Jewels Fund, a fund focusing on smaller companies. The Hidden Jewels Fund was awarded Best Small and Mid Cap Fund in the 2007 and 2010 AsiaHedge Awards and Best Asia ex-Japan Hedge Fund by AsianInvestor for 2007.

Mr. Lewis holds a Bachelors degree from the Wharton School of the University of Pennsylvania. He joined the investment industry as an Electronics Equity Research Analyst with HSBC James Capel & Company in Hong Kong in 1994 and has had various senior roles in Asian equities including Head of Asian Smaller Companies Research with SG Securities in Hong Kong, Managing Director Global Technology Research with SG Cowen in Boston and Head of Asia ex Japan Technology Research with JPMorgan in Hong Kong. Mr. Lewis earned the Chartered Financial Analyst designation in 1997. Mr. Lewis is a member of the advisory council to CAMRI.

Pre-requisites

Students need to have taken ACC1002 / BMA5003 or its equivalent.

Basic text

Security Analysis: Principles and Technique Sixth Edition, Benjamin Graham and David Dodd

Supplementary text

Readings posted on IVLE.

3. Lecture outline

1. *What does the business model tell you about the business itself?*

2. *What operating and financial characteristics are normative and what are outliers?*

3. *How do you take historic financial and qualitative information to construct a historical narrative with 3 main factors?*

4. *How do you build a robust company financial model that matches the historic narrative?*

5. *Due diligence? What can you learn about the industry and company?*

6. *How to model the future and construct a forward narrative to describe how the business will change over the next 3 – 5 years.*

7. *What is the valuation of the Assets?*

8. *Guest lecture*

9. *What is the valuation of the Earnings?*

10. *Guest lecture*

11. *What is a margin of safety?*

12. *Student presentations*

13. *Student presentations*

5. COURSE ASSESSMENT

Class Participation: 10%

Homework Assignments 20%

Mid Term Examination 30%

Student presentation: 40%

