One type of investment that we discussed was short selling, where an investor benefits from the decline in a stock price. This type of investment involves the sale of a security that an investor has borrowed. In class, we discussed how financial analysts, hedge fund managers and other high profile investors can use their position to affect stock prices to benefit themselves. For example, a stock analyst who has bet against a particular stock, can book an interview on a TV show to explain the negative aspects of the company. This can act as a self-fulfilling prophesy the benefits the analyst.

In 2018, two billionaire investors, Carl Icahn and Bill Ackman, exemplified the benefits and downsides of publicly short selling. Bill Ackman announced that he was betting against the company Herbalife which damaged the company’s stock price. Then, Carl Icahn publicly advocated for the firm. This led to a five year battle between the two billionaires who consistently fought over their opinions on Herbalife. In the end, Carl Icahn was victorious and significantly benefited from his public approval of the company. Ackman’s strategy to short the company failed because he was unable to convince investors that Herbalife’s stock price was overvalued.

[https://www.cnbc.com/amp/2018/03/01/carl-icahn-on-herbalife-win-over-ackman-i-enjoy-a-good-fight-especially-when-i-win-it.html (Links to an external site.)Links to an external site.](https://www.cnbc.com/amp/2018/03/01/carl-icahn-on-herbalife-win-over-ackman-i-enjoy-a-good-fight-especially-when-i-win-it.html)