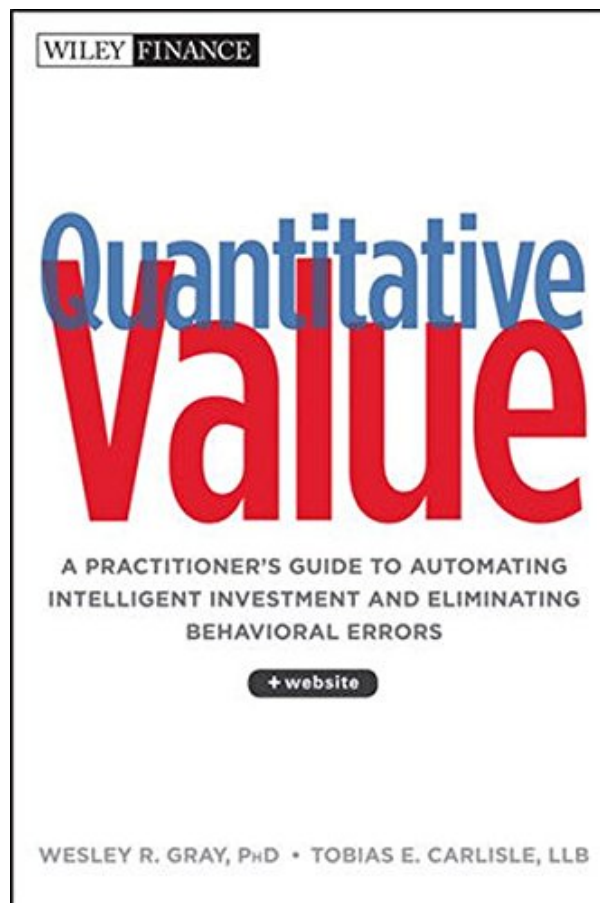


**QUANTITATIVE VALUE, + WEB SITE: A  
PRACTITIONER'S GUIDE TO AUTOMATING  
INTELLIGENT INVESTMENT AND  
ELIMINATING BEHAVIORAL ERRORS BY  
WESLEY G**



**DOWNLOAD EBOOK : QUANTITATIVE VALUE, + WEB SITE: A  
PRACTITIONER'S GUIDE TO AUTOMATING INTELLIGENT INVESTMENT  
AND ELIMINATING BEHAVIORAL ERRORS BY WESLEY G PDF**



WILEY FINANCE

# Quantitative Value

A PRACTITIONER'S GUIDE TO AUTOMATING  
INTELLIGENT INVESTMENT AND ELIMINATING  
BEHAVIORAL ERRORS

+ website

WESLEY R. GRAY, PhD • TOBIAS E. CARLISLE, LLB

Click link bellow and free register to download ebook:

**QUANTITATIVE VALUE, + WEB SITE: A PRACTITIONER'S GUIDE TO AUTOMATING  
INTELLIGENT INVESTMENT AND ELIMINATING BEHAVIORAL ERRORS BY WESLEY G**

[DOWNLOAD FROM OUR ONLINE LIBRARY](#)

# **QUANTITATIVE VALUE, + WEB SITE: A PRACTITIONER'S GUIDE TO AUTOMATING INTELLIGENT INVESTMENT AND ELIMINATING BEHAVIORAL ERRORS BY WESLEY G PDF**

By clicking the web link that our company offer, you can take the book **Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G** perfectly. Link to internet, download, and save to your device. What else to ask? Checking out can be so simple when you have the soft documents of this **Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G** in your gizmo. You can also replicate the file **Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G** to your workplace computer or at home or perhaps in your laptop computer. Just discuss this excellent news to others. Suggest them to see this resource as well as get their looked for publications **Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G**.

## Review

"Quantitative Value is a must read for those with a love of value investing and a desire to make the investment process less ad-hoc. A must read."--Tony Tang, Ph.D., Global Macro Researcher and Portfolio Manager, AQR Capital Management

"Gray and Carlisle take you behind the curtains to build a black box based on the best value minds in finance. They combine academia's best ideas with the ideas of Buffet, Graham, and Thorp, to develop a quant system that performs in markets both good and bad."--Mebane Faber, Author of The Ivy Portfolio and Portfolio Manager for Cambria Investment Management

"This book is an excellent primer to quantitative investing. It combines insights from both academic luminaries and successful professional investors, and presents them in a clear, engaging manner. The authors rigorously back-test simple strategies that can be used by the individual as well as institutional investor."--Alex Edmans Ph.D., Finance Professor at The Wharton School, University of Pennsylvania

"Quantitative Value is the new guide to Graham-and-Doddsville. Gray and Carlisle synthesize the lessons of the great value investors to systematically identify high quality value stocks while avoiding common behavioral pitfalls."--Tadas Viskanta, Founder and Editor, Abnormal Returns; Author of Abnormal Returns: Winning Strategies from the Frontlines of the Investment Blogosphere.

"We seek to marry Ed Thorp's quantitative approach to Warren Buffett's value investment philosophy." That's the approach we take in our Value Investing class at UC Davis and Quantitative Value will become required reading for our class. The book we wish we would have written!"--Lonnie J. Rush and Jacob L. Taylor, Managing Partners of Farnam Street Investments and Visiting Professors at UC Davis Graduate School of Management

## From the Inside Flap

Legendary investment gurus Warren Buffett and Ed Thorp represent different ends of the investing spectrum: one a value investor, the other a quant. While Buffett and Thorp have conflicting philosophical approaches, they agree that the market is beatable. In *Quantitative Value*, Wesley Gray and Tobias Carlisle take the best aspects from the disciplines of value investing and quantitative investing and apply them to a completely unique and winning approach to stock selection. As the authors explain, the quantitative value strategy offers a superior way to invest: capture the benefits of a value investing philosophy without the behavioral errors associated with "stock picking." To demystify their innovative approach, Gray and Carlisle outline the framework for quantitative value investing, including the four key elements the investment process:

- 1) How to avoid stocks that can cause a permanent loss of capital: Learn how to uncover financial statement manipulation, fraud, and financial distress.
- 2) How to find stocks with the highest quality: Learn how to find strong economic franchises, and robust financial strength. Gray and Carlisle look at long term returns on capital and assets, free cash flow, and a variety of metrics related to margins and general financial strength.
- 3) The secret to finding deeply undervalued stocks: Does the price-to-earnings ratio find undervalued stocks better than free cash flow? Gray and Carlisle examine the historical data on over 50 valuation ratios, including some unusual metrics, rare multi-year averages, and uncommon combinations.
- 4) The five signals sent by smart money: The book uncovers the signals sent by insiders, short sellers, shareholder activists and institutional investment managers.

After detailing the quantitative value investment process, Gray and Carlisle conduct a historical test of the resulting quantitative value model. Their conclusions are surprising and counter-intuitive.

The book includes a companion website that offers a monthly-updated screening tool to find stocks using the model outlined in the book, an updated back-testing tool, and a blog about recent developments in quantitative value investing. For any investor who wants to make the most of their time in today's complex marketplace, they should look no further than *Quantitative Value*.

## From the Back Cover

*Quantitative Value* offers investors a groundbreaking book and companion website that combines the best aspects of Warren Buffett's value investing philosophy with Ed Thorp's quantitative approach. By tapping into the strategies outlined in this book and delving into the companion website, savvy investors can harness the power of Gray and Carlisle's winning *Quantitative Value* approach to stock selection. Gray and Carlisle offer a blueprint for their unique investment strategy and show what it takes to capture the benefits of value investing and leave behavioral errors at the doorstep. The book is filled with solid advice for finding hidden investment gems that outperform over time. Gray and Carlisle also reveal their insiders' secrets for uncovering bargain prices in the marketplace and how to read the signals from smart money investors. *Quantitative Value* is your key to automating intelligent investment and eliminating behavioral errors.

## Endorsements

"Gray and Carlisle take you behind the curtains to build a black box based on the best value minds in finance. They combine academia's best ideas with the ideas of Buffet, Graham, and Thorp, to develop a quant system that performs in markets both good and bad."

--Mebane Faber, Author of The Ivy Portfolio and Portfolio Manager for Cambria Investment Management

"An elegant synthesis of Warren Buffett's value investment philosophy and Ed Thorp's quantitative approach. Quantitative Value belongs on every investor's bookshelf."

--Charles Mizrahi, Author of Getting Started in Value Investing & Editor of Hiddenvaluesalert.com

"Quantitative Value is the new guide to Graham-and-Doddsville. Gray and Carlisle synthesize the lessons of the great value investors to systematically identify high quality value stocks while avoiding common behavioral pitfalls."

--Tadas Viskanta, Founder and Editor, Abnormal Returns; Author of Abnormal Returns: Winning Strategies from the Frontlines of the Investment Blogosphere.

"Quantitative Value is a must read for those with a love of value investing and a desire to make the investment process less ad-hoc. A must read."

--Tony Tang, Ph.D., Global Macro Researcher and Portfolio Manager, AQR Capital Management

"We seek to marry Ed Thorp's quantitative approach to Warren Buffett's value investment philosophy." That's the approach we take in our Value Investing class at UC Davis and Quantitative Value will become required reading for our class. The book we wish we would have written!"

--Lonnie J. Rush and Jacob L. Taylor, Managing Partners of Farnam Street Investments and Visiting Professors at UC Davis Graduate School of Management

"A clear and concise vision of how the two dominant disciplines of modern investing (quant and value) can be combined in actionable ways that produce outsized returns over the market."

--Christopher Cole, CFA, Founder and Portfolio Manager, Artemis Capital Management LLC

"Gray and Carlisle successfully bridge the gap between fundamental and quantitative value investing--an extremely worthy endeavor and, likewise, an extremely rewarding read."

-- MacDuff Kuhnert, CFA, Quantitative Portfolio Manager, Causeway Capital Management LLC

"If you liked The Little Book that Beats the Market, you will love Quantitative Value. Gray and Carlisle take systematic value-based investing to the next level."

--Raife Giovinazzo, Ph.D., CFA, Research Analyst in Scientific Active Equity, Blackrock

"A must read for any investor. The book outlines a broad set of indicators, which can be used to form a quantitative strategy or supplement traditional fundamental analysis. These indicators have been tested by numerous academic studies and represent an invaluable toolset for any investor."

--Gil Sadka, Ph.D., Associate Professor of Accounting, Columbia Business School

This book is an excellent primer to quantitative investing. It combines insights from both academic luminaries and successful professional investors, and presents them in a clear, engaging manner. The authors rigorously back-test simple strategies that can be used by the individual as well as institutional investor.

--Alex Edmans Ph.D., Associate Professor of Finance, The Wharton School, University of Pennsylvania

# QUANTITATIVE VALUE, + WEB SITE: A PRACTITIONER'S GUIDE TO AUTOMATING INTELLIGENT INVESTMENT AND ELIMINATING BEHAVIORAL ERRORS BY WESLEY G PDF

[Download: QUANTITATIVE VALUE, + WEB SITE: A PRACTITIONER'S GUIDE TO AUTOMATING INTELLIGENT INVESTMENT AND ELIMINATING BEHAVIORAL ERRORS BY WESLEY G PDF](#)

Book **Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G** is among the precious well worth that will make you consistently rich. It will certainly not suggest as rich as the cash provide you. When some individuals have absence to face the life, people with numerous e-books occasionally will certainly be wiser in doing the life. Why ought to be publication *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* It is in fact not indicated that publication *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* will certainly offer you power to get to every little thing. The book is to read and exactly what we meant is the e-book that is checked out. You could likewise see just how the book entitles *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* as well as numbers of publication collections are offering here.

Do you ever before recognize the book *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* Yeah, this is a really intriguing publication to check out. As we told formerly, reading is not sort of responsibility activity to do when we need to obligate. Reviewing ought to be a practice, a good habit. By reading *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G*, you could open up the brand-new globe and also obtain the power from the globe. Every little thing can be gained through the publication *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* Well in brief, book is extremely powerful. As what we provide you right here, this *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* is as one of reading book for you.

By reviewing this e-book *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G*, you will get the very best thing to obtain. The brand-new thing that you do not require to invest over money to get to is by doing it alone. So, exactly what should you do now? Visit the web link web page and download and install the e-book *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* You could obtain this *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* by online. It's so very easy, right? Nowadays, modern technology actually assists you tasks, this online e-book [Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G](#), is also.





# **QUANTITATIVE VALUE, + WEB SITE: A PRACTITIONER'S GUIDE TO AUTOMATING INTELLIGENT INVESTMENT AND ELIMINATING BEHAVIORAL ERRORS BY WESLEY G PDF**

A must-read book on the quantitative value investment strategy. Legendary investment gurus Warren Buffett and Ed Thorp represent different ends of the investing spectrum: one a value investor, the other a quant. While Buffett and Thorp have conflicting philosophical approaches, they agree that the market is beatable. In *Quantitative Value*, Wesley Gray and Tobias Carlisle take the best aspects from the disciplines of value investing and quantitative investing and apply them to a completely unique and winning approach to stock selection. As the authors explain, the quantitative value strategy offers a superior way to invest: capture the benefits of a value investing philosophy without the behavioral errors associated with "stock picking." To demystify their innovative approach, Gray and Carlisle outline the framework for quantitative value investing, including the four key elements of the investment process:

- 1) How to avoid stocks that can cause a permanent loss of capital: Learn how to uncover financial statement manipulation, fraud, and financial distress.
- 2) How to find stocks with the highest quality: Learn how to find strong economic franchises, and robust financial strength. Gray and Carlisle look at long term returns on capital and assets, free cash flow, and a variety of metrics related to margins and general financial strength.
- 3) The secret to finding deeply undervalued stocks: Does the price-to-earnings ratio find undervalued stocks better than free cash flow? Gray and Carlisle examine the historical data on over 50 valuation ratios, including some unusual metrics, rare multi-year averages, and uncommon combinations.
- 4) The five signals sent by smart money: The book uncovers the signals sent by insiders, short sellers, shareholder activists and institutional investment managers.

After detailing the quantitative value investment process, Gray and Carlisle conduct a historical test of the resulting quantitative value model. Their conclusions are surprising and counter-intuitive.

The book includes a companion website that offers a monthly-updated screening tool to find stocks using the model outlined in the book, an updated back-testing tool, and a blog about recent developments in quantitative value investing. For any investor who wants to make the most of their time in today's complex marketplace, they should look no further than *Quantitative Value*.

- Sales Rank: #78128 in Books
- Published on: 2012-12-26
- Original language: English
- Number of items: 1
- Dimensions: 9.10" h x 1.10" w x 5.80" l, 1.20 pounds
- Binding: Hardcover

- 288 pages

#### Review

"Quantitative Value is a must read for those with a love of value investing and a desire to make the investment process less ad-hoc. A must read."--Tony Tang, Ph.D., Global Macro Researcher and Portfolio Manager, AQR Capital Management

"Gray and Carlisle take you behind the curtains to build a black box based on the best value minds in finance. They combine academia's best ideas with the ideas of Buffet, Graham, and Thorp, to develop a quant system that performs in markets both good and bad."--Mebane Faber, Author of The Ivy Portfolio and Portfolio Manager for Cambria Investment Management

"This book is an excellent primer to quantitative investing. It combines insights from both academic luminaries and successful professional investors, and presents them in a clear, engaging manner. The authors rigorously back-test simple strategies that can be used by the individual as well as institutional investor."--Alex Edmans Ph.D., Finance Professor at The Wharton School, University of Pennsylvania

"Quantitative Value is the new guide to Graham-and-Doddsville. Gray and Carlisle synthesize the lessons of the great value investors to systematically identify high quality value stocks while avoiding common behavioral pitfalls."--Tadas Viskanta, Founder and Editor, Abnormal Returns; Author of Abnormal Returns: Winning Strategies from the Frontlines of the Investment Blogosphere.

"We seek to marry Ed Thorp's quantitative approach to Warren Buffett's value investment philosophy." That's the approach we take in our Value Investing class at UC Davis and Quantitative Value will become required reading for our class. The book we wish we would have written!"--Lonnie J. Rush and Jacob L. Taylor, Managing Partners of Farnam Street Investments and Visiting Professors at UC Davis Graduate School of Management

#### From the Inside Flap

Legendary investment gurus Warren Buffett and Ed Thorp represent different ends of the investing spectrum: one a value investor, the other a quant. While Buffett and Thorp have conflicting philosophical approaches, they agree that the market is beatable. In *Quantitative Value*, Wesley Gray and Tobias Carlisle take the best aspects from the disciplines of value investing and quantitative investing and apply them to a completely unique and winning approach to stock selection. As the authors explain, the quantitative value strategy offers a superior way to invest: capture the benefits of a value investing philosophy without the behavioral errors associated with "stock picking." To demystify their innovative approach, Gray and Carlisle outline the framework for quantitative value investing, including the four key elements the investment process:

- 1) How to avoid stocks that can cause a permanent loss of capital: Learn how to uncover financial statement manipulation, fraud, and financial distress.
- 2) How to find stocks with the highest quality: Learn how to find strong economic franchises, and robust financial strength. Gray and Carlisle look at long term returns on capital and assets, free cash flow, and a variety of metrics related to margins and general financial strength.
- 3) The secret to finding deeply undervalued stocks: Does the price-to-earnings ratio find undervalued stocks better than free cash flow? Gray and Carlisle examine the historical data on over 50 valuation ratios, including some unusual metrics, rare multi-year averages, and uncommon combinations.

4) The five signals sent by smart money: The book uncovers the signals sent by insiders, short sellers, shareholder activists and institutional investment managers.

After detailing the quantitative value investment process, Gray and Carlisle conduct a historical test of the resulting quantitative value model. Their conclusions are surprising and counter-intuitive.

The book includes a companion website that offers a monthly-updated screening tool to find stocks using the model outlined in the book, an updated back-testing tool, and a blog about recent developments in quantitative value investing. For any investor who wants to make the most of their time in today's complex marketplace, they should look no further than Quantitative Value.

#### From the Back Cover

Quantitative Value offers investors a groundbreaking book and companion website that combines the best aspects of Warren Buffett's value investing philosophy with Ed Thorp's quantitative approach. By tapping into the strategies outlined in this book and delving into the companion website, savvy investors can harness the power of Gray and Carlisle's winning Quantitative Value approach to stock selection. Gray and Carlisle offer a blueprint for their unique investment strategy and show what it takes to capture the benefits of value investing and leave behavioral errors at the doorstep. The book is filled with solid advice for finding hidden investment gems that outperform over time. Gray and Carlisle also reveal their insiders' secrets for uncovering bargain prices in the marketplace and how to read the signals from smart money investors. Quantitative Value is your key to automating intelligent investment and eliminating behavioral errors.

#### Endorsements

"Gray and Carlisle take you behind the curtains to build a black box based on the best value minds in finance. They combine academia's best ideas with the ideas of Buffet, Graham, and Thorp, to develop a quant system that performs in markets both good and bad."

--Mebane Faber, Author of The Ivy Portfolio and Portfolio Manager for Cambria Investment Management

"An elegant synthesis of Warren Buffett's value investment philosophy and Ed Thorp's quantitative approach. Quantitative Value belongs on every investor's bookshelf."

--Charles Mizrahi, Author of Getting Started in Value Investing & Editor of Hiddenvaluesalert.com

"Quantitative Value is the new guide to Graham-and-Doddsville. Gray and Carlisle synthesize the lessons of the great value investors to systematically identify high quality value stocks while avoiding common behavioral pitfalls."

--Tadas Viskanta, Founder and Editor, Abnormal Returns; Author of Abnormal Returns: Winning Strategies from the Frontlines of the Investment Blogosphere.

"Quantitative Value is a must read for those with a love of value investing and a desire to make the investment process less ad-hoc. A must read."

--Tony Tang, Ph.D., Global Macro Researcher and Portfolio Manager, AQR Capital Management

"We seek to marry Ed Thorp's quantitative approach to Warren Buffett's value investment philosophy." That's the approach we take in our Value Investing class at UC Davis and Quantitative Value will become required reading for our class. The book we wish we would have written!"

--Lonnie J. Rush and Jacob L. Taylor, Managing Partners of Farnam Street Investments and Visiting Professors at UC Davis Graduate School of Management

"A clear and concise vision of how the two dominant disciplines of modern investing (quant and value) can be combined in actionable ways that produce outsized returns over the market."

-Christopher Cole, CFA, Founder and Portfolio Manager, Artemis Capital Management LLC

"Gray and Carlisle successfully bridge the gap between fundamental and quantitative value investing--an extremely worthy endeavor and, likewise, an extremely rewarding read."

-- MacDuff Kuhnert, CFA, Quantitative Portfolio Manager, Causeway Capital Management LLC

"If you liked The Little Book that Beats the Market, you will love Quantitative Value. Gray and Carlisle take systematic value-based investing to the next level."

--Raife Giovinazzo, Ph.D., CFA, Research Analyst in Scientific Active Equity, Blackrock

"A must read for any investor. The book outlines a broad set of indicators, which can be used to form a quantitative strategy or supplement traditional fundamental analysis. These indicators have been tested by numerous academic studies and represent an invaluable toolset for any investor."

--Gil Sadka, Ph.D., Associate Professor of Accounting, Columbia Business School

This book is an excellent primer to quantitative investing. It combines insights from both academic luminaries and successful professional investors, and presents them in a clear, engaging manner. The authors rigorously back-test simple strategies that can be used by the individual as well as institutional investor.

--Alex Edmans Ph.D., Associate Professor of Finance, The Wharton School, University of Pennsylvania

Most helpful customer reviews

143 of 145 people found the following review helpful.

Should be read in tandem with "What Works on Wall Street"

By Kindle Customer

As far as I know, the only investing books to mesh quantitative investing and value investing have been "What Works on Wall Street," "The Little Book That Still Beats the Market," and "Ben Graham Was A Quant." "Quantitative Value" shares a lot in common with "What Works on Wall Street," and improves on "The Little Book." In fact, this was probably one of the best investing books I've ever read, combining the tried-and-true approach of value investing, behavioral finance, and quantitative methods to produce one very interesting piece. I really, really, REALLY wanted to give this five stars, as it is exceptional, but there were several major issues with their methodology and logic. But first, the positives.

PROs:

- Explains basic cognitive biases typically affecting investing and how behavioral finance can help improve results by methodically sticking with the Quantitative Value program.
- Completely dissects Greenblatt's "Magic Formula" (From "The Little Book That Still Beats the Market"), demonstrating which of the two formulas has contributed more to the returns, how to possibly improve on the formula, and using it as a benchmark to which the authors compare their Quantitative Value approach.
- Tests a composite price metric of EBIT/EV, EBITDA/EV, E/P, B/P, Gross Profit/EV, and FCF/EV. Interestingly, the composite score doesn't outperform the best performing single metric (EBIT/EV), which is at odds with the composite score findings in "What Works on Wall Street," which consisted of P/S, P/E, P/B, EBITDA/EV, and P/FCF. Can draw your own conclusions, but I suspect the divergence is due to O'Shaughnessy included P/S and P/FCF, rather than FCF/EV (a flawed metric discussed below) and GP/EV.
- Uses Gross Profit to Assets [(Revenue - Cost of Goods Sold)/Total Assets] and Gross Profit to Enterprise

Value, which are both metrics I've never seen tested before in the literature. GPA as a performance metric makes more sense than the traditional Return on Assets (more of this in a bit), and their test results show both produce solid returns.

- Compares using 10 year average earnings multiples to the typical last twelve month multiples, which is something I wish had been included in "What Works on Wall Street."
- Goes into sufficient detail to detect earnings manipulation (using accruals) and financial strength and distress (Piotroski F-Score, Altman Z-Score, and Beneish M-Score are all discussed). This is particularly useful in deciding which stocks to exclude from a portfolio, as these are the ones most likely to hamper overall returns.
- Keeps the discussion regarding CAPM and Beta to three or so pages. Beta has been discredited enough that it would be nice for it to be never mentioned again in the literature, but the authors limit it to a perfectly acceptable blurb.

#### CONS:

- Some of the metrics the authors use to measure "value" and "quality" are not consistent. While Return on Assets (Net income/Total assets) is a popular performance metric, it actually makes very little sense. The numerator, net income, is what's available to common shareholders after interest payments have been made to bondholders. Yet the denominator, assets, is funded with both equity and debt, so comparing it with an income measure that is available only to one class of capital providers just doesn't fit. A better numerator would've been EBIT (earnings before interest and taxes). I would be willing to overlook this, except the authors make the same mistake with measuring Free Cash Flow (defined as Net Income + Depreciation + Amortization - Changes in Working Capital - Capital expenditures), which is cashflow that is available to equityholders, against both Total Assets and with the Enterprise Value multiple (Market value of debt + Market value of equity - Cash). If the authors wanted to include Free cash flow into the mix, they should've used free cash flow to the firm (cash available to both debt and equity holders, which is Cash From Operations + (Interest expense X (1 - Tax rate)) - CapEx) as measured against Total Assets or Enterprise Value. This is too hard to overlook, as when discussing the Magic Formula, the authors EXPLICITLY explain the logic behind using EBIT to Enterprise Value (as it allows to compare firms with different capital structures equally), but then ignore this when using their own metrics. A terrible gap in consistency.
- The authors spend a considerable amount of time talking about Warren Buffett, and even include his quote about how his favorite performance metric is Return on Equity (Net income/Book Value of Equity), which makes much more sense than using Return on Assets. Yet the authors don't even include ROE in ANY of their backtesting at all! How the omitted ROE as a performance metric, but thoroughly backtested ROA and ROC is beyond me.
- When discussing the Magic Formula results as according to Greenblatt, the authors mention that they were unable to replicate the results with their own backtesting. Yet Greenblatt stated in his book that the minimum market capitalization he used in his screen was \$50 million, while the authors make the minimum market cap \$1.4 BILLION. No wonder they weren't able to replicate his results!
- In a related matter, the authors also limit their market capitalization to a minimum of \$1.4 billion in their own Quantitative Value backtesting. They claim this is done due to the illiquid nature of smaller-sized caps (which is true), thus making their test more applicable to the "real world." While this makes sense for large institutions whose activity can materially affect the market price of a small cap and hamper their ability to buy and sell large blocks of shares, the cut off of \$1.4 billion seems rather extreme. Further, for the individual investor, who isn't managing millions and billions of dollars, the illiquid nature of smaller cap stocks shouldn't be much of an issue. This is particularly odd as they even include a quote from Eugene Fama stating that the "Value premium" is most prevalent in small cap securities, as these are ones where mispricing is most likely to be prevalent. On top of this, they include a quote by Buffett, detailing why investing larger sums of money actually hinders performance (and why this is an advantage to the individual investor), yet the authors limit their testing to large caps, assuming individual investors are faced with the

same liquidity constraints as institutions. I don't understand the logic behind this small cap exclusion at all, especially when they STATE that small cap value stocks are the ones that beat the market most often.

- They use gross profit margin  $[(\text{Revenue} - \text{Cost of Goods Sold})/\text{Revenue}]$  as a signal to whether a firm has "Franchise value" or not. They mention a study by an author who claims that gross profit margin is a better indicator of "true profitability," but provide no evidence beyond quoting that author. As there are other costs associated with running a firm before bond or equityholders receive any cash or earnings (such as sales, general and administrative expenses), I'm skeptical as to how good of an indicator gross profit margin is. Backtesting Gross profit margin with operating profit margin and net profit margin would've helped their case a lot more.

Over all this book is well worth the purchase price. It's a fantastic complement to "What Works on Wall Street," as both provide the individual investor with great insights on how to construct a winning portfolio. The negatives aren't enough to detract from the wealth of evidence they bring to the table on why value investing is the only way to properly invest.

60 of 62 people found the following review helpful.

Amazing....but flawed?

By bjorn

The book is fantastic. Well written, extensive research with a clear thought process. This is likely the best value investing process I have seen.....but there is one problem....you can't actually implement it.

- The screens are extremely complex and rigorous (which is why they work so well). But you would need a pretty intense and expensive database to actually be able to implement it.

- They provide a website to do it for you (yay!). However, the website only gives you stocks with a market cap in excess of 10 Billion (large cap only), whereas all of the book backtests are for stocks with a market cap of 1.4 billion or more.

I am sure this will work to outperform the market even for large cap only, maybe even by a lot...but it is really too bad we couldn't implement the same thing they are doing in the book.

5.17.13 Update: They have updated with a blog post addressing my concern. [...]

I am using the strategy (and happy with it thus far). I think they could have been more clear in the book how to actually implement this. I am quite confident I could not replicate this if their website goes away someday (whereas it would be easy to implement something along the lines of magic formula).

1 of 1 people found the following review helpful.

Valuable book for value investors

By Edward O. Darling, Jr.

Quantitative Value provides a detailed analysis of value-based metrics for evaluating stocks in relation to intrinsic value. The authors present back tested results for the Enterprise Multiple, the Magic Formula and Price-to-Book in relation to the S&P 500 to identify relative alpha. They also analyse and recommend a number of measures to detect financial fraud. They conclude that an approach that applies simple, proven valuation metrics to identify the cheapest stocks, combined with fraud prevention tools, provide the basis for a value based, high alpha strategy.

See all 92 customer reviews...

# **QUANTITATIVE VALUE, + WEB SITE: A PRACTITIONER'S GUIDE TO AUTOMATING INTELLIGENT INVESTMENT AND ELIMINATING BEHAVIORAL ERRORS BY WESLEY G PDF**

Be the initial to download this book *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* as well as let reviewed by coating. It is really easy to read this e-book *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* due to the fact that you do not have to bring this printed *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* all over. Your soft documents book can be in our gizmo or computer so you could delight in reviewing almost everywhere as well as every single time if required. This is why lots varieties of individuals likewise read the books *Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G* in soft fie by downloading the publication. So, be among them that take all benefits of checking out guide ***Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G*** by on-line or on your soft data system.

## Review

"Quantitative Value is a must read for those with a love of value investing and a desire to make the investment process less ad-hoc. A must read."--Tony Tang, Ph.D., Global Macro Researcher and Portfolio Manager, AQR Capital Management

"Gray and Carlisle take you behind the curtains to build a black box based on the best value minds in finance. They combine academia's best ideas with the ideas of Buffet, Graham, and Thorp, to develop a quant system that performs in markets both good and bad."--Mebane Faber, Author of *The Ivy Portfolio* and Portfolio Manager for Cambria Investment Management

"This book is an excellent primer to quantitative investing. It combines insights from both academic luminaries and successful professional investors, and presents them in a clear, engaging manner. The authors rigorously back-test simple strategies that can be used by the individual as well as institutional investor."--Alex Edmans Ph.D., Finance Professor at The Wharton School, University of Pennsylvania

"Quantitative Value is the new guide to Graham-and-Doddsville. Gray and Carlisle synthesize the lessons of the great value investors to systematically identify high quality value stocks while avoiding common behavioral pitfalls."--Tadas Viskanta, Founder and Editor, *Abnormal Returns*; Author of *Abnormal Returns: Winning Strategies from the Frontlines of the Investment Blogosphere*.

"We seek to marry Ed Thorp's quantitative approach to Warren Buffett's value investment philosophy." That's the approach we take in our Value Investing class at UC Davis and Quantitative Value will become required reading for our class. The book we wish we would have written!"--Lonnie J. Rush and Jacob L. Taylor, Managing Partners of Farnam Street Investments and Visiting Professors at UC Davis Graduate School of Management

## From the Inside Flap

Legendary investment gurus Warren Buffett and Ed Thorp represent different ends of the investing

spectrum: one a value investor, the other a quant. While Buffett and Thorp have conflicting philosophical approaches, they agree that the market is beatable. In *Quantitative Value*, Wesley Gray and Tobias Carlisle take the best aspects from the disciplines of value investing and quantitative investing and apply them to a completely unique and winning approach to stock selection. As the authors explain, the quantitative value strategy offers a superior way to invest: capture the benefits of a value investing philosophy without the behavioral errors associated with "stock picking." To demystify their innovative approach, Gray and Carlisle outline the framework for quantitative value investing, including the four key elements the investment process:

- 1) How to avoid stocks that can cause a permanent loss of capital: Learn how to uncover financial statement manipulation, fraud, and financial distress.
- 2) How to find stocks with the highest quality: Learn how to find strong economic franchises, and robust financial strength. Gray and Carlisle look at long term returns on capital and assets, free cash flow, and a variety of metrics related to margins and general financial strength.
- 3) The secret to finding deeply undervalued stocks: Does the price-to-earnings ratio find undervalued stocks better than free cash flow? Gray and Carlisle examine the historical data on over 50 valuation ratios, including some unusual metrics, rare multi-year averages, and uncommon combinations.
- 4) The five signals sent by smart money: The book uncovers the signals sent by insiders, short sellers, shareholder activists and institutional investment managers.

After detailing the quantitative value investment process, Gray and Carlisle conduct a historical test of the resulting quantitative value model. Their conclusions are surprising and counter-intuitive.

The book includes a companion website that offers a monthly-updated screening tool to find stocks using the model outlined in the book, an updated back-testing tool, and a blog about recent developments in quantitative value investing. For any investor who wants to make the most of their time in today's complex marketplace, they should look no further than *Quantitative Value*.

#### From the Back Cover

*Quantitative Value* offers investors a groundbreaking book and companion website that combines the best aspects of Warren Buffett's value investing philosophy with Ed Thorp's quantitative approach. By tapping into the strategies outlined in this book and delving into the companion website, savvy investors can harness the power of Gray and Carlisle's winning *Quantitative Value* approach to stock selection. Gray and Carlisle offer a blueprint for their unique investment strategy and show what it takes to capture the benefits of value investing and leave behavioral errors at the doorstep. The book is filled with solid advice for finding hidden investment gems that outperform over time. Gray and Carlisle also reveal their insiders' secrets for uncovering bargain prices in the marketplace and how to read the signals from smart money investors. *Quantitative Value* is your key to automating intelligent investment and eliminating behavioral errors.

#### Endorsements

"Gray and Carlisle take you behind the curtains to build a black box based on the best value minds in finance. They combine academia's best ideas with the ideas of Buffet, Graham, and Thorp, to develop a quant system that performs in markets both good and bad."

--Mebane Faber, Author of *The Ivy Portfolio* and *Portfolio Manager* for Cambria Investment Management



"An elegant synthesis of Warren Buffett's value investment philosophy and Ed Thorp's quantitative approach. Quantitative Value belongs on every investor's bookshelf."

--Charles Mizrahi, Author of Getting Started in Value Investing & Editor of Hiddenvaluesalert.com

"Quantitative Value is the new guide to Graham-and-Doddsville. Gray and Carlisle synthesize the lessons of the great value investors to systematically identify high quality value stocks while avoiding common behavioral pitfalls."

--Tadas Viskanta, Founder and Editor, Abnormal Returns; Author of Abnormal Returns: Winning Strategies from the Frontlines of the Investment Blogosphere.

"Quantitative Value is a must read for those with a love of value investing and a desire to make the investment process less ad-hoc. A must read."

--Tony Tang, Ph.D., Global Macro Researcher and Portfolio Manager, AQR Capital Management

"We seek to marry Ed Thorp's quantitative approach to Warren Buffett's value investment philosophy." That's the approach we take in our Value Investing class at UC Davis and Quantitative Value will become required reading for our class. The book we wish we would have written!"

--Lonnie J. Rush and Jacob L. Taylor, Managing Partners of Farnam Street Investments and Visiting Professors at UC Davis Graduate School of Management

"A clear and concise vision of how the two dominant disciplines of modern investing (quant and value) can be combined in actionable ways that produce outsized returns over the market."

--Christopher Cole, CFA, Founder and Portfolio Manager, Artemis Capital Management LLC

"Gray and Carlisle successfully bridge the gap between fundamental and quantitative value investing--an extremely worthy endeavor and, likewise, an extremely rewarding read."

-- MacDuff Kuhnert, CFA, Quantitative Portfolio Manager, Causeway Capital Management LLC

"If you liked The Little Book that Beats the Market, you will love Quantitative Value. Gray and Carlisle take systematic value-based investing to the next level."

--Raife Giovinazzo, Ph.D., CFA, Research Analyst in Scientific Active Equity, Blackrock

"A must read for any investor. The book outlines a broad set of indicators, which can be used to form a quantitative strategy or supplement traditional fundamental analysis. These indicators have been tested by numerous academic studies and represent an invaluable toolset for any investor."

--Gil Sadka, Ph.D., Associate Professor of Accounting, Columbia Business School

This book is an excellent primer to quantitative investing. It combines insights from both academic luminaries and successful professional investors, and presents them in a clear, engaging manner. The authors rigorously back-test simple strategies that can be used by the individual as well as institutional investor.

--Alex Edmans Ph.D., Associate Professor of Finance, The Wharton School, University of Pennsylvania

By clicking the web link that our company offer, you can take the book **Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G** perfectly. Link to internet, download, and save to your device. What else to ask? Checking out can be so simple when you have the soft documents of this Quantitative Value, + Web Site: A Practitioner's

Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G in your gizmo. You can also replicate the file Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G to your workplace computer or at home or perhaps in your laptop computer. Just discuss this excellent news to others. Suggest them to see this resource as well as get their looked for publications Quantitative Value, + Web Site: A Practitioner's Guide To Automating Intelligent Investment And Eliminating Behavioral Errors By Wesley G.