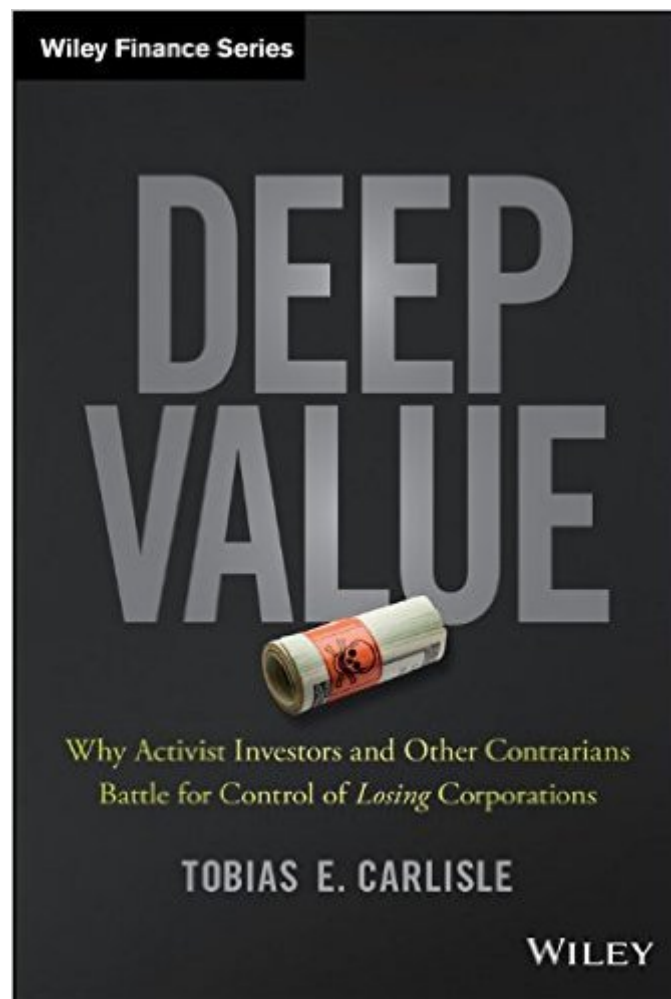


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# Deep Value: Why Activist Investors And Other Contrarians Battle For Control Of Losing Corporations (Wiley Finance)



## Synopsis

The economic climate is ripe for another golden age of shareholder activism. *Deep Value: Why Activist Investors and Other Contrarians Battle for Control of Losing Corporations* is a must-read exploration of deep value investment strategy, describing the evolution of the theories of valuation and shareholder activism from Graham to Icahn and beyond. The book combines engaging anecdotes with industry research to illustrate the principles and methods of this complex strategy, and explains the reasoning behind seemingly incomprehensible activist maneuvers. Written by an active value investor, *Deep Value* provides an insider's perspective on shareholder activist strategies in a format accessible to both professional investors and laypeople. The *Deep Value* investment philosophy as described by Graham initially identified targets by their discount to liquidation value. This approach was extremely effective, but those opportunities are few and far between in the modern market, forcing activists to adapt. Current activists assess value from a much broader palate, and exploit a much wider range of tools to achieve their goals. *Deep Value* enumerates and expands upon the resources and strategies available to value investors today, and describes how the economic climate is allowing value investing to re-emerge. Topics include: Target identification, and determining the most advantageous ends; Strategies and tactics of effective activism; Unseating management and fomenting change; Eyeing conditions for the next M&A boom. Activist hedge funds have been quiet since the early 2000s, but economic conditions, shareholder sentiment, and available opportunities are creating a fertile environment for another golden age of activism. *Deep Value: Why Activist Investors and Other Contrarians Battle for Control of Losing Corporations* provides the in-depth information investors need to get up to speed before getting left behind.

## Book Information

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## Customer Reviews

Most investing books are essentially marketing material about how the author buys companies that are not only cheap, but also high-quality and low-risk. Oh and the company has growth potential too! And the chairman of the board isn't a man, he's a unicorn! It drives me crazy because I'm dying to learn something, and all these books do is say, "This is important, and so is this, this and this." The problem is: when you stress the importance of everything, you stress the importance of nothing. But Carlisle's book doesn't do any of that. Neither does his blog. Unlike most people writing about the subject of value investing, Carlisle prioritizes. He says in no uncertain terms that, for example, value beats growth and value beats quality, and then he presents the evidence. I may not agree 100% with every conclusion he draws, but at least he actually SAYS something. Which is wonderful because it gets you thinking and at its very best, it gets you to refine your thinking. That, I think, for most of us is half the joy of investing. As a long-time reader of Carlisle's blog Greenbackd, I saw his new book on the site and decided to give it a try. I wound up finishing it in a day. His previous book was about value investing in a systematic, quantitative way, a subject I find endlessly fascinating. This one focuses far more on the other side of the value investing spectrum: special situations. (Greenbackd readers will find there's a decent amount of backtesting and historical analysis in the book.) As someone who did special sits before getting into more quantitative value investing, I thought the chapters on Icahn, Graham and Buffett were riveting. It reminded me how much fun it can be to get into the guts of a company.

This is a book that starts with a simple premise: buy stocks at a fraction of the per share intrinsic value of the company, conservatively calculated. Neat idea, huh, and it is called value investing. The author starts by giving a preview of where he will end -- with Carl Icahn when he was much younger, where he was buying closed-end funds at large discounts, and pressuring managers to liquidate the fund. Eventually he started doing the same with overcapitalized companies trading a discount to the net worth of the company. Then the author takes us on a trip through history, starting with Ben Graham buying the shares of companies at prices lower than the net liquid assets of the company, net of the debt. It was easy money while it lasted, but eventually many of those companies were

bought up and liquidated, and many of the rest had the stock price bid up until the value was no longer compelling. Then we get to travel along with Warren Buffett and Charlie Munger, who note that the easy pickings are gone, and begin investing in companies that are inexpensive relative to their growth prospects. This is more complicated, because these companies must have an advantage that will sustain their effort versus their competition. Then we visit Joel Greenblatt, where he analyzes buying good companies at cheap prices, analyzing them the way an acquirer might do, but also looking for high returns on invested capital. Lo, but it works, and furthers the efforts of those trying to obtain excess returns. Then the book gets gritty, and looks at mean reversion of companies that have done poorly over the last four years. Surprise! The worst tend to do quite well on average.

I am glad I picked up Deep Value by Tobias Carlisle. Not since David Dreman's, "Contrarian Investment Strategies - The Next Generation" that I read in the late '90's, have I read such an important and interesting book on value investing. Yes, Deep Value by Tobias E. Carlisle is that good! I'm a quantitative or empirical minded guy. I like tables. I absolutely LOVE "What Works on Wall Street" (any edition!). I can read performance tables all day. It is rare for a book like Deep Value, that is absolutely full of individual stories and their market adventures; to hold my attention. Deep Value did. The stories are a lot of fun and incredibly purposeful - making the point of the chapter. Tobias' writing is amazingly good. I guess that shouldn't be too surprising (he is an active blogger after all on his greenbackd.com site). Nonetheless, the writing talent struck me. It's also rare these days for me to finish a book (and I love reading)...at least without (a) skimming through at least some parts or (b) buying and starting another book part way through. With Deep Value, I read every word of every page from start to finish! I had that sense of joy you get when you are reading a book that you know is a new favourite, along with that sad feeling when you get to the end and just wished there was a bit more. Not that there was a need for more...the author is extremely thorough with his topic. Another rarity for a book like this...on the one hand you get a fun read and a lot of insights and lessons learned. But (and this is for the empirical minded like myself)...on the other hand, every single claim is backed up by research. The various conclusions in this book are NOT simply the opinions of the author. You get the evidence.

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