

Ben Graham Net Net Deep Value Stocks

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Net Net Deep Value Stocks

In 1932 at the bottom of the Great Crash, Ben Graham's fund had dropped 70%, but it was precisely this time when he wrote an article on Forbes about the cheapness of the market and how the market was selling the United States for free. I feel we are close to the same situation.

Deep Value Companies

[Stock Market Prognosticator](#) previously shared a list of [Net Current Asset Value](#) plays, and I previously wrote about how there were literally hundreds of companies that are being quoted for less than their cash in the piggy bank. One such company that I have analyzed lately is [ValueVision Media Inc.](#) These companies are being quoted in the market for much less than their liquidating value, as if they were all destined to be doomed. But does it make sense to be quoted for less than the cash in your hand?

A long time ago a president of the New York Stock Exchanges testified



Net Net Deep Value Stocks – Is it as deep as the ocean? | Photo: Wikipedia

| *“In times like these, frightened people give the United States of ours away.”*

Liquidating Value

Graham defined liquidating value very conservatively.

| *Working capital (current assets less current liabilities) then subtract any debt not included in current liabilities.*

But we can be just as conservative yet at the same time find logic in a slight variant of the above formula.

The Net Net Working Capital

| *Net Net Working Capital = Cash and short-term investments + (0.75 * accounts receivable) + (0.5 * inventory) – total liabilities*

The formula states that;

- cash and short term investments are worth 100% of its value
- accounts receivables should be taken at 75% of its stated value because some might not be collectible
- take 50% off inventories, due to discounting if close outs occur

Stock Valuation Calculator

To make things easier, you can value net nets and get asset valuation figures as well as run stocks through other value calculation models with the [stock valuation calculator](#). It is designed to perform [stock valuation](#) automatically by downloading 10 years of annual data and 5 quarterly statements.

The Table of Steals

Until recently, it was quite difficult to find a Net Net stock that had real prospects, but the market is washing them up ashore more and more frequently. The tide has finally gone out and here's a few that came up. Some a gems covered in mud while most a rocks covered in mud.

	Price % to NNWC
VTV	15.03%
ASFI	16.18%
NUHC	18.14%
SPF	24.57%
PLI	26.28%
TAIT	26.42%
CRV	29.96%
BZH	34.79%
TBAC	35.14%
TWMC	35.92%
MSN	36.64%
TUES	41.20%
NENG	42.12%
HDNG	44.40%

However, these types of asset plays are not suited to everybody. There is a lot of volatility involved and there is a risk the value may never being realized by the market.

As always, due diligence is required and ever more in these situations.

