Graham-Dodd Stock Screener

This stock screener was developed by iStockResearch.com on the basis of general approach to security valuation employed by Benjamin Graham and David Dodd. The stock screener compares intrinsic value of a stock with its current market price - the difference between them is called the margin of safety.

Intrinsic value of a stock ($V^*$) is calculated as the sum of the following three components (on a per share basis):

- **Tangible book value** ($TBV$), which serves as a proxy for assets' replacement costs or assets' fair value.
- **Value attributed to retained earnings**, which are defined as the difference between Net Income ($NI$) and Dividends ($Div$). The value of this component is calculated as the value of a perpetual bond with the coupon equal to the company's average yearly retained earnings, and the required rate of return for retained earnings ($RRRe$) of 20%.
- **Value attributed to dividends**. The value of this component is calculated as the value of a perpetual bond with the coupon equal to the company's average yearly dividend ($Div$) and the required rate of return for dividends ($RRRd$) of 10%.

The resulting formula looks as follows:

$$V^* = TBV + ((NI - Div) / RRRe) + (Div / RRRd)$$

A more detailed description of the valuation methodology can be found here: [Graham-Dodd Stock Screener](http://www.valuewalk.com)