

Bond Basics for Individuals: A Guide to Buying and Selling

This week's AAI **Weekly Digest** highlights these “must-read” AAI articles:



Bond Basics for Individuals: A Guide to Buying and Selling

While people speak of the bond market as if it were one market, in reality there is not one central place or exchange where bonds are bought and sold. This market is so vast that its size is difficult to imagine. Overwhelmingly, this is an institutional market. The individual investor faces many disadvantages when compared to institutions. In order to protect your interests, if you want to buy individual bonds, you need to become an informed investor, and you need to stick to bonds whose characteristics and risks you understand.

Dividend Safety Signs and Warning Flags

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rawford Scott

Many investors have sought shelter from the stock market storm in more mature dividend-paying companies since the income from these firms provides at least some positive return in an otherwise

bleak environment. What signs can you look for that indicate the safety of a company's dividend payment stream?



Factor Investing and Dividends

If you invest in dividend-paying stocks, you may not be aware that you are tilting your portfolio toward certain factors or premiums—something the professionals do. The lingo of “tilting,” “factors” and “premiums” is not a language most individual investors incorporate into their conversations. Here we explain what these terms are and how they apply to dividend investing.

Interaction of Dividend Yield and Growth on the Payback Period



The payback period is a measure of how long it will take the annual dividends per share to pay back the original investment. The faster the payback, the better, assuming risk levels among your alternatives are equal. A faster payback will allow you to recover your investment quicker and enable you to deploy the money in other assets. The longer the payback period, the greater the uncertainty of earning a positive rate of return on your investment.

Our [Member Question](#) for this week is:

Do you invest in cryptocurrencies such as Bitcoin?

Vote Now »

Vote to answer this week's Special Question: *It took only hours for Bitcoin to rise to \$11,000 after moving above \$10,000 for the first time in its nine-year history. Do you think Bitcoin and other cryptocurrencies are legitimate "store of value" or is this the next Dutch Tulip Bulb Market Bubble in the making?*

Last Week's Results:

Do you think the concerns over the possible rollback of net neutrality are valid?

I don't think enough concerns have been raised: 52%

I am not sure: 13%

I think the concerns are valid but overblown: 13%

I think the concerns are baseless: 12%

I think a sufficient amount of concern is being voiced: 10%

Poll results are as of 9 a.m. (Central) on Monday. 1,858 respondents.



[AAll Survey: Readers Voice Their Opinion on Net Neutrality](#)

Soon the FCC will vote to potentially roll back net neutrality. While a lot has been written on the subject in the last few weeks, many don't know exactly what net neutrality is and how it impacts

them. We asked our readers whether the current firestorm about net neutrality is warranted and what they think of when they hear the term “net neutrality.”



[AAII Investor Classroom: Understanding Bond Credit Ratings](#)

There is widespread misunderstanding about what credit ratings really mean, and how they affect the returns that you earn and the overall riskiness of your portfolio. This AAII Investor Classroom attempts to clear up some of this misunderstanding to help you make better investment decisions.

The AAII Weekly Digest is one of the many **benefits** of AAII membership. To learn more, consider a **30-day Trial AAII Membership** to start becoming an effective manager of your own assets.