

Picking a Rate of Return to Use for Long-Term Planning

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



Searching for Future Stock Market Winners

A study of past big winners identified common traits centered around value, earnings growth and price momentum. The process of creating a stock selection strategy based on characteristics that have worked well in the past must take into account that the factors cannot be guaranteed to remain relevant going forward. The question then becomes, what does it take for a stock to become a winner?

Model Shadow Stock Portfolio: Staying Invested All 12 Months

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Staying invested in all 12 months of the year is important since missing the best single month dramatically lowers returns. As investors, our convictions are frequently tested. We may understand intellectually that the stock market offers the greatest opportunity to maximize our long-term wealth, but we must have the emotional strength to live with the short-term volatility that helps

boost long-term stock returns.



Picking a Rate of Return to Use for Long-Term Planning

A review of the historical data shows why long-term investors should look to long-term averages when setting return expectations. There are levers individual investors can pull during their working years. The biggest is savings. Saving early in one's career and consistently increasing the amount set aside will have a significant and lasting impact on long-term wealth.

Measuring Risk: A Practical Approach



Beta and standard deviation are two common risk measures. But many investors do not understand how a complex formula for deriving individual betas and standard deviations can be used practically in a real investment program. This workshop is devoted to those problems. It discusses risk from a variety of viewpoints and suggests some simple estimates of risk that range from calculating your own beta by graphing to viewing risk as a maximum likely loss of value.

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

We are taking a break from the weekly reader question for the next few weeks. The next reader question will be posted on May 28.



[AAII e-book: Portfolio Building](#)

“Easier said than done” is a common saying that applies well to developing an overall strategy for your investment portfolio. The basic concepts are relatively easy, but they become more complex and less clear-cut when it comes to applying them to real-world situations. This e-book, available exclusively to AAI members, is designed to bridge the gap between theory and practice.

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