

The Basics of Real Estate Investment Trusts (REITs)

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



A Look Back at History: Lessons From the Financial Crisis

Three columns that provide a flashback to the last bear market and contain lessons that are still very valid today. Looking back over time, the stock market has been a very good investment, outperforming other asset classes over 20-, 30- and 40-year periods. Those are the types of long horizons that define our journey toward retirement security.

The Basics of Real Estate Investment Trusts (REITs)

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N. McClellan

There are two main ways to invest in real estate. One is private real estate investment. The second option is public real estate investment, which takes the form of real estate investment trusts (REITs), real estate operating companies (REOCs) and mortgage-backed securities. REITs provide direct exposure to real estate and are required to distribute at least 90% of their taxable income.

AAll InvestoGraphic: Micro-Cap Stocks Outperform, Often in Consecutive Years

Micro-cap stock returns tend to be streaky, often showing outperformance for two or more years at a time. One of the long-standing anomalies in investing theory is the small-company premium. This is the long-term outperformance of small-company stocks over large-company stocks. Though the small-company stocks do not always beat their larger counterparts every calendar year, over time their return premium is significant.

Shaping Up Your Bond Portfolio With Barbells and Ladders



Risks involved in bond investing can be measured using the duration concept: Duration provides a measure for reinvestment rate risk and price risk, and investors can minimize both of these risks for a bond or bond portfolio if they set the duration equal to their investment horizon. There are two popular passive approaches to bond maturity and yield diversification: the ladder approach, and the barbell strategy.

AAll Member Question:

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: Stock Investing Strategies](#)



Many investors find the prospects of investing in individual stocks too time consuming or complicated. This e-book, which is available exclusively to AAI members, was written to help our members get started down the path to investing in individual stocks. This book provides a general outline for analyzing stocks and walks you through the process as it is practically applied to specific types of investment approaches.

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.