

What Is Your Investing Edge?

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



What Is Your Investing Edge?

This is a commonly held view among value investors: You need to seek out stocks that are underfollowed, in hopes of gaining bits of information that the market is not currently pricing into the stock. This is a well-intended strategy, but perhaps the informational advantage to be had in small-cap stocks is vastly overstated. Attempting to gain an informational advantage may not be the most effective way of finding value. This article discusses the main advantages investors have.

The Advantages of Quantitative Approaches to Stock Selection

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Quantitative strategies allow thousands of stocks to be ranked by specific characteristics, such as value or momentum. This is an interview with Sudhir Nanda, the head of T. Rowe Price's Quantitative Equity Group as well as a portfolio manager for the company's QM U.S. Small-Cap

Growth Equity Fund (PRDSX) and QM Global Equity Fund (TQGEX) mutual funds, discussing his approach and what investor investors can learn from it.



Finding Value Among the “Lows”: The Walter J. Schloss Approach

To the average investor, the name Walter J. Schloss does not ring any investment bells. But as a Benjamin Graham disciple, he learned his lessons well. During the 1956 to 2000 period, Schloss’ investment fund earned a compounded annual rate of return of 15.7%, compared to the market’s return of 11.2% annually over the same period. This article discusses the elements that drove Schloss’ investment philosophy.

Tweedy, Browne: “What Has Worked in Investing”



Among investment management firms, perhaps none is as devoted a follower of the principles of value investing as Tweedy, Browne Company. In his book “Smarter Stock Picking” David Stevenson wrote: “Graham may be the patron saint of most value-based investors, but it’s Tweedy, Browne who are the Jesuits—the brains behind the scene who bother to work it all out and put it into practice.” Tweedy, Browne published “What Has Worked in Investing: Studies of Investment Approaches and Characteristics Associated with Exceptional Returns,” a paper outlining many of the key characteristics of their own long-term investment portfolios. This blog post discusses the characteristics Tweedy, Browne looks for in its investments.

Our Member Question for this week is:

How serious do you believe threats of fake news impacting your ability to make investment decisions is?

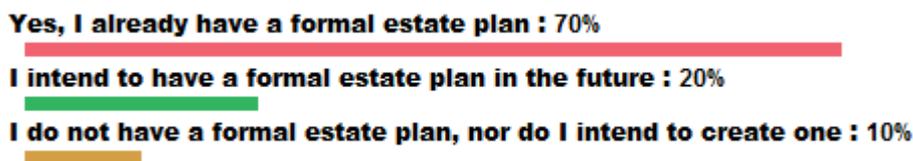
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Vote to answer this week's Special Question:

What steps, if any, do you take to ensure the credibility of the financial news you consume?

Last Week's Results:

Do you already have, or do you intend to have, a formal estate plan?



Poll results are as of 9 a.m. (Central) on Monday. 1,883 respondents.



Overwhelming Percentage of Readers Have Estate Plan

Estate planning encompasses much more than simply protecting one's assets; it provides peace of mind that your assets will pass according to your wishes at the least cost and administrative burden. However, not everyone sees an estate plan as necessary, while others recognize the need but have no idea of how to begin. We asked our readers whether they have or intend to have an estate plan

and the primary motivations for creating such a plan.



[AAII E-Book: Stock Investing Strategies](#)

One of the biggest difficulties for individuals interested in investing in stocks is getting started. This AAI e-book provides a general outline for analyzing stocks and walks through the process as it is practically applied to specific types of investment approaches. It first describes, in very broad terms, the basic process that is followed in fundamental analysis. It then goes into the various steps in more detail and shows how they can be adapted and practically applied to an individual's specific approach using commonly found information sources.

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