

Getting the Same Return With Less Risk – The Power of Factors

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

Model Shadow Stock Portfolio: Why Quarterly Reviews Still Make Sense

✘ The Model Shadow Stock Portfolio has been reviewed quarterly to determine stock sales and additions since its inception dating back to 1993. In a world of 24/7 communications and interaction, the notion of waiting quarterly to determine major portfolio changes feels somewhat old-fashioned. Yet the primary reason for the careful and periodic review remains sound.

Getting the Same Return With Less Risk: The Power of Factors

Larry
Swedroe



The term “factor” simply refers to a common trait or characteristic of a stock. It's usually associated with academic research into these factors. Since not all factors do poorly or well at the same time, combining different ones into a portfolio can smooth out returns.

✘ Simplified Expectations for Normal Investors

The goal of forming expectations is to make good-enough investment decisions to increase the

chances of meeting life goals. Beyond considering return, volatility and correlations, investors should set expectations for how much control they are willing to forsake to allow their assets to grow unimpeded.

Knowledge and Investing Styles Vary



A majority of surveyed investors with \$10,000 or more invested in stocks, bonds or mutual funds described themselves as being “listeners” in a Wells Fargo/Gallup poll. Listeners seek out good investment advice and tend to follow it. Nearly a quarter of surveyed investors rarely look at their investments (“snoozers”), whereas just a tenth use a hands-on approach and express confidence in their abilities (“pros”).

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

To what extent does your confidence (or lack thereof) in a company’s CEO impact your decision to invest in it?

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Vote to answer this week’s Special Question: When gauging the strength of a CEO, what qualities do you look for?

Last Week's Results:

Do you feel the stock market is rigged against the average individual investor?

No : 44% - Votes: 874



Yes : 41% - Votes: 810



Not sure : 16% - Votes: 311



Poll results are as of 9 a.m. (Central) on Monday. 2,056 respondents.

[AAll Survey: Individual Investors Split as to Whether Market Is “Rigged” Against Them](#)

Many investors feel the stock market deck is stacked against them. However, outside of “black swan” events such as the tech bubble and Great Recession, the stock market is still the best long-term way to accumulate wealth. Our latest survey asked whether our readers think the stock market is rigged against them. In addition, the latest special question asked what advantages they think they have compared to institutional investors.

[AAll 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 AAll 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.