

Members Weigh in on Their Stock-Buying Criteria

This week's **Sentiment Survey** special question asked AAI members about the most important qualities/characteristics they look for in a stock they wish to buy, and why. Roughly 22% of respondents said that they look for an attractive dividend yield or an increasing dividend payment. Approximately 12% of respondents said that they look for strong earnings growth, while 9% look for a low P/E ratio compared to historical averages. Most members mentioned several items at a time. Other factors considered included positive momentum, a strong balance sheet, solid revenue growth, strong cash flow, and analyst ratings and recommendations.

Here is a sampling of the responses:

- “Consistently increasing dividend over 12 years, earnings positive past 3 years and forecasted growth in the future, P/E ratio of 13.0 or less, continuous innovation and a payout ratio of 60% or less.”
- “Industry or sector, quality of the company and its financials (moat effect), P/E ratio, dividend yield, and other factors like debt, free cash flow, balance sheet strength, growth rates and price-to-sales (P/S) ratio.”
- “Low P/E ratio and a dividend yield of at least 3%.”
- “Large value stocks with a long historical of raising dividends. In market downturns, stocks with good dividends improve overall return.”
- “Revenue and earnings growth.”
- “Low P/E ratio, price momentum and earnings growth.”

Want to weigh in? Take the survey yourself and see results online at

<http://www.aai.com/sentimentsurvey>.

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