

Revisiting the Lakonishok Approach to Patient Value Investing

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



EPS Revision Screen

Building a screen to isolate S&P 1500 members with price-earnings ratios below their five-year average high and rising earnings estimates.

Revisiting the Lakonishok Approach to Patient Value Investing



Josef Lakonishok believes value outperforms growth because investors don't expect much from value stocks. His approach uses a unique filter to seek stocks trading at just one price multiple—price-earnings, price-to-book, price-to-sales or price-to-cash-flow ratio—below the norm for their respective industry.

Model Shadow Stock Portfolio: Insights and a New Stock

To realize the higher long-term returns of small-cap value stocks, some periods of short-term underperformance have to be endured. The Model Shadow Stock Portfolio has underperformed the broad market, along with other small-cap and value-oriented strategies. However, we still believe in the long-term strength of the strategy. The latest quarterly portfolio review is covered, including changes to the portfolio.

Options: The Concept of Equivalent Strategies



Naked put selling is equivalent to covered call writing in terms of where and how profits and losses are incurred. But it can be advantageous in terms of cost savings and potential reward.

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

Do you think the amount of federal income tax you have to pay is too high?

[Vote Now »](#)

Vote to answer this week's Special Question: Under what circumstances, if any, would you be willing to pay more in federal income taxes?

Last Week's Results:

How concerned are you about the viability of the Social Security system?



Poll results are as of 9 a.m. (Central) on Monday. 2,588 respondents.



[AAII Survey: Only a Fraction of Retail Investors Are Worried About Social Security System's Viability](#)

By some estimates, the Social Security Trust Fund could be insolvent as soon as 2025. While that doesn't mean that benefits won't be paid out, it could lead to changes in how benefits are paid, and to whom. Our latest reader survey asked how worried people are about the viability of the Social Security system. With the follow-up special question, we appointed readers Social Security commissioner and asked for their suggestions to boost the long-term solvency of Social Security.



[Stock Investing Strategies](#)

One of the biggest difficulties for individuals interested in investing in stocks is getting started. This

AII 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.

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