

# The Advantages of Quantitative Stock Selection

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



## [Hagstrom's Essential Buffett Stocks](#)

Given Warren Buffett's success as an investor, it is no wonder that many try to mimic his investment philosophy. This has given rise to an entire cottage industry of books that try to distill Buffett's approach. One such book is Robert Hagstrom's "The Essential Buffett" (John Wiley & Sons, 2001). Using this book, AAI developed a quantitative screening strategy to identify "Buffett stocks."

## [Tricking Investors With Merger-Related Accounting Shenanigans](#)

*H  
o  
w  
a  
r  
d Schilit*



Acquisitions give managers opportunities to artificially boost performance or hide past mistakes. Learn how to spot these shenanigans, including seven categories of earnings manipulation.

## [The Advantages of Quantitative Approaches to Stock Selection](#)



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 individual investors can learn from it.

### [Shareholder Letter Revelations: Can You Trust the Leadership?](#)



The quality of management, particularly the CEO, is an important indicator when evaluating a company. Astute investors will look for evidence of the CEO's qualities in the shareholder letter.

---

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

***Do you think that future generations of retirees will be worse off than those currently in retirement?***

[Vote Now »](#)

**Vote to answer this week's Special Question: *If you could offer your 21-year-old self one piece of advice when it comes to retirement planning, what would it be?***

## Last Week's Results:

**Which of the following do you think is the best long-term investment?**

Individual stocks or equity mutual funds : 87% - Votes: 2447



Real estate : 11% - Votes: 296



Gold : 1% - Votes: 34



Bonds : 1% - Votes: 28



Savings accounts or certificates of deposit (CDs) : 0% - Votes: 14

*Poll results are as of 9 a.m. (Central) on Monday. 2,838 respondents.*



## [AAII Survey: Retail Investors Weigh in on Best Long-Term Investment](#)

While academic and empirical evidence show that stocks, in the long run, post the best risk-adjusted returns, there are times when stocks will underperform other asset classes. Our weekly survey question asked our readers what asset class they believe is the best long-term investment. As a follow up, we then asked what is the biggest threat to their “best” asset’s future returns.

## 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 through 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 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.