Member Guide

WELCOME TO AAII

Education, Insight and Tools That Make You a Better Investor

Dear Member:

We believe that individual investors have unique abilities and opportunities to achieve long-term financial success. Our mission is to arm you with the tools and ideas needed to build and manage your wealth through education, information and research.

John Bajkowski
President, AAII

This guide serves as a brief overview of the AAII resources and benefits you will be receiving as a member of AAII. Please keep this guide in a convenient place for future reference—it contains useful listings of the major AAII benefits you have access to as a member.

Thank you for joining our community. We look forward to serving your investment information and education needs.

Sincerely,

John Bajkowski
President, AAII

P.S. New AAII members who have not established digital access to AAII.com must first visit www.AAII.com/activate to set up their login.

3 Ways to Take Advantage of AAII Membership

- **Get Started Video**
  This brief video is just a few minutes long and is the best way to understand how we can help you become a better investor. You can find the video along with help setting up your account at www.aaii.com/accountsetup.

- **AAII Emails**
  Your AAII membership comes with access to a host of timely investment emails—all designed to help you achieve your financial goals. To enroll in any of our emails, simply go to www.aaii.com/email.

- **Online Community**
  Go to the Community section under About AAII on AAII.com and get immediate access to our community platform, chapter network and upcoming webinars. Our robust community platform allows you to easily connect with other individual investors with similar interests across the nation. Also, join live video sessions with AAII analysts and industry-renowned speakers. When you register, you'll receive a replay of the digital event!

Most Popular Member Benefits

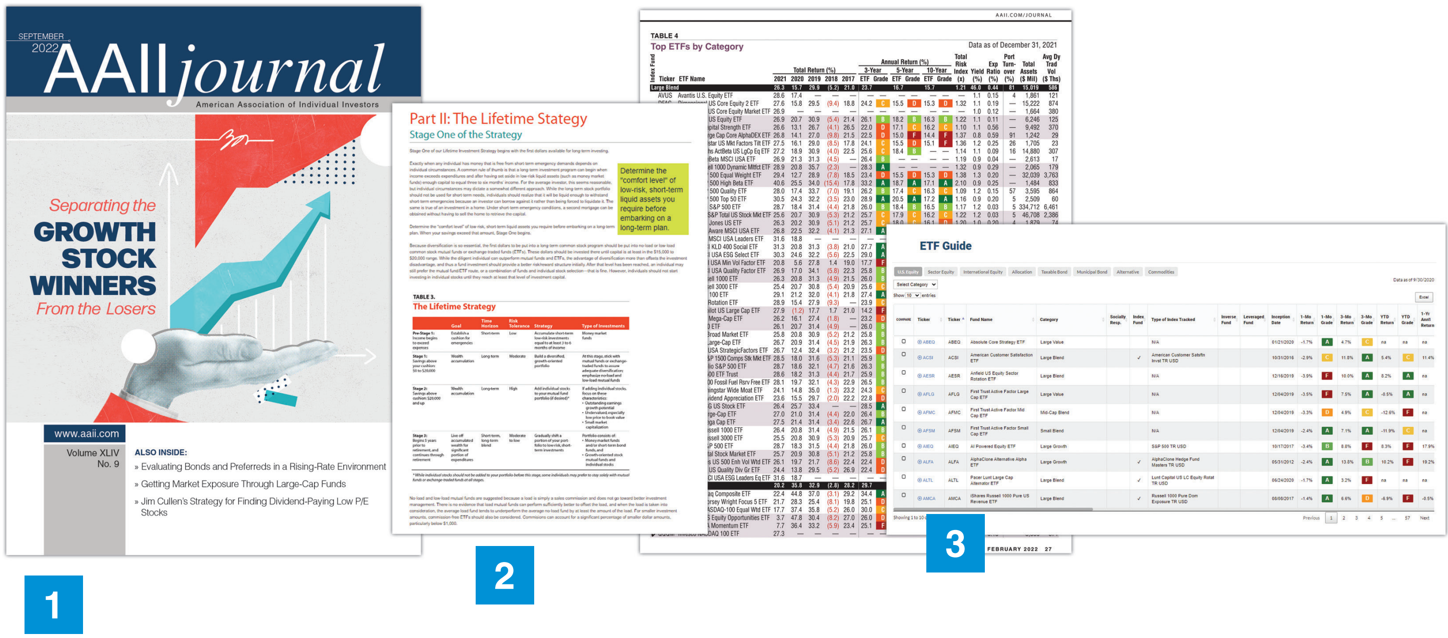
AAII Journal

The *AAII Journal* is published 12 times a year. The latest issues are made available online at the start of every month at www.aaii.com/journal. Members can also go to this web page to access a comprehensive archive of past issues and articles. Among the popular features of the *AAII Journal* are the Top Mutual Funds Guide in February and the Tax Planning focus in December.

PRISM Wealth-Building Process

Carve out your financial planning path with a system that helps you establish your investment policy statement and guides you through the process of selecting and managing your assets. Find this benefit in the Learn section of AAII.com, or follow this direct link: www.aaii.com/learnandplan.

AAII Membership Package



AAII Membership includes all the tools and services you need to become a better investor.

1 AAII Journal

This publication provides practical information and how-to articles on investing for individuals. It features articles on stock selection strategies, mutual funds, ETFs, bonds, portfolio strategies, financial planning, behavioral finance and retirement investing. The *AAII Journal* is published monthly.

The *AAII Journal* also features special guides updated throughout the year, such as the Guide to Top Mutual Funds, the Guide to Exchange-Traded Funds and the Guide to Personal Tax Planning.

2 A Lifetime Strategy for Investing

This report establishes the AAII philosophy of investing. It advances the argument for a well-diversified, long-term portfolio that is principally invested in stocks or mutual funds. It's a must-read for beginning investors and a valuable refresher that can help establish priorities for practiced investors. This special report is available exclusively for AAII members to read online or download at www.aaii.com/guides.

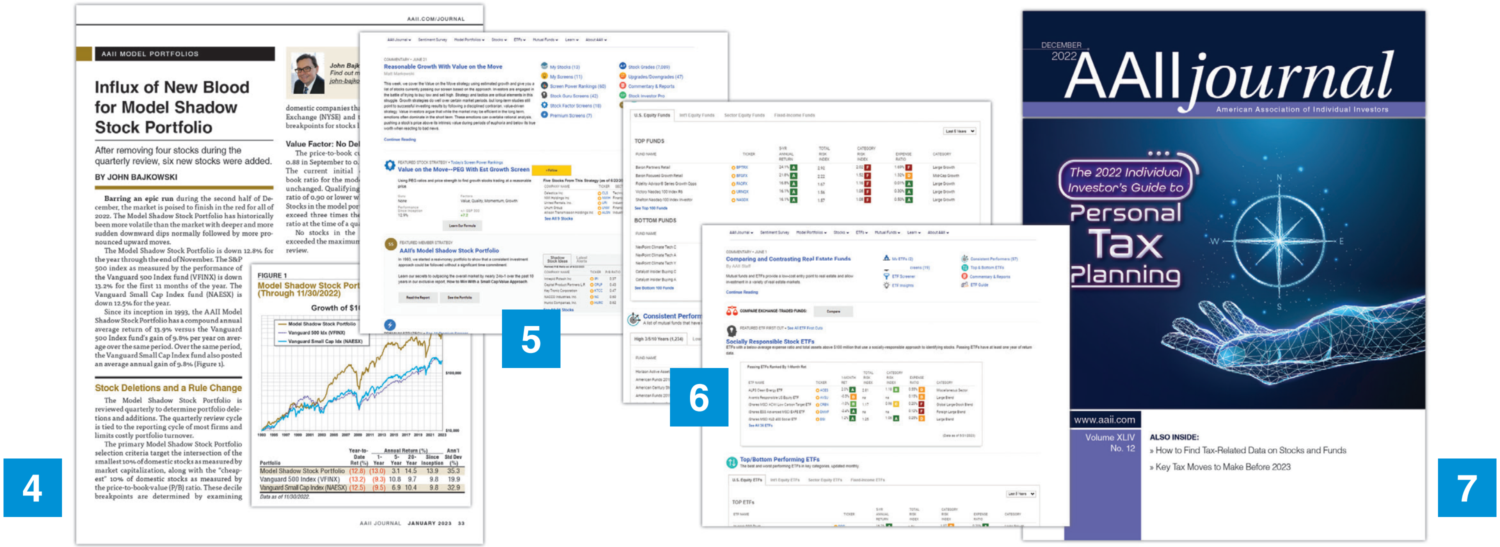
3 ETF and Mutual Fund Guides

AAII's Guide to Exchange-Traded Funds covers the ETF universe and offers valuable performance data plus practical investing guidance. This guide allows you to quickly evaluate the ETFs to consider for investors of various skill levels. The online version of the guide is a great companion to the *AAII Journal* and covers an enhanced universe of funds with data that is updated monthly.

The widely acclaimed Individual Investor's Guide to the Top Mutual Funds gives you the information you need to analyze and compare mutual funds. This guide covers the "must-know" funds, giving return and risk grades for easy comparison. Plus, we break down fund returns over three-, five- and 10-year periods—so you're sure to get the complete picture on funds you may own or are considering. The online version of the guide covers an enhanced universe of funds and data is updated monthly.

The annual guides are featured in the February issue of the *AAII Journal*.

New AAII members who have not established digital access to AAII.com



4 Model Shadow Stock Portfolio

AAII has turned the most persuasive academic theories into practical selection and trading rules that individual investors can follow with minimal effort. The Model Shadow Stock Portfolio column featured in the *AAII Journal* teaches you to invest the "AAII Way"; it emphasizes consistency, risk control and selections that are ideal for individual investors. A monthly email and quarterly column in the *AAII Journal* provide running insight and updates on AAII's Shadow Stock Portfolio. Portfolio information and current holdings can also be found at www.aaii.com/modelportfolios.

5 Stock Ideas

As a member you have special access on AAII.com to the carefully crafted and tested results of stock screens based upon the works of stock market gurus and established factors. You can learn about the screening approaches, examine the performance of the screens and view the stocks that pass each screen, with the passing lists updated monthly.

More stock ideas can be gleaned from commentary using our A–F grade system on five key factors for stocks. Visit www.aaii.com/stockideas today.

6 Mutual Fund & ETF Ideas

If your interest is in mutual funds or exchange-traded funds, AAII.com offers a dedicated section to each. You'll find lists of top funds and consistent performers, along with our comprehensive guides and regular commentary. Our Compare tool allows you to see pertinent data on a few funds of interest side by side. Visit www.aaii.com/funds and www.aaii.com/etfs.

7 The Individual Investor's Guide to Personal Tax Planning

Each year in December, members receive this extensive guide to the tax planning aspects of investing that is based on the latest laws and rulings. Topics include: tax changes, year-end tax planning, estate and gift taxes and suggestions for reducing your tax bill. With tax rate schedules and a tax forecasting worksheet, this member benefit serves as an important source of year-end assistance and is a valuable guide to the coming year's tax planning.

PLUS Local Chapter Meetings

Jump-start your investment knowledge with our local chapter meetings. Local chapters offer expert speakers who provide timely and valuable presentations to help you improve your investment strategies and inform you about new tools and ideas. Sign up for a local chapter at www.aaii.com/ChapterEmail. Then go to the AAII Community at https://community.aaii.com to view all chapter upcoming events and join in conversations.

And Much More …

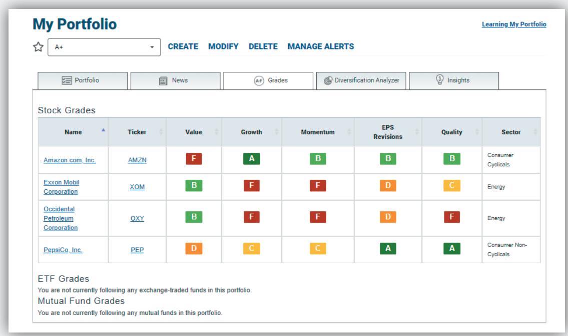
Belonging to AAII ensures access to a trusted source for unbiased investment information and advice. As a nonprofit organization, your member dues help us underwrite research grants, offer educational programs and develop superior investment products and services that are available to members at significant discounts. See the remainder of this brochure for examples, and make sure you spend time reviewing the many free online services found at www.aaii.com.

must first visit www.AAII.com/activate to set up their login.

AAII Online

Get more out of your membership with the powerful tools and services at AAII.com. Our informative website presents tips on everything from investing basics to financial planning, asset allocation, mutual funds, stock selection, bonds and more. Plus, as an AAII member, you have access to our in-depth archive of *AAII Journal* articles.

You'll also find quotes and research; a free education area with basic terms and concepts; a portfolio tracker; a map of AAII local chapters; and an extensive library of webinars.



My Portfolio

The best way to monitor your growth as an investor is to put our education to work by tracking your investments through AAII.com's My Portfolio. To get started, go to AAII.com and click on "My Portfolio" from the My Tools menu at the top right of the website, or go directly to www.aaii.com/myportfolio.

Learn

Carve out your financial planning path with our 5-step process for building your wealth. The PRISM Wealth-Building Process can be found on www.aaii.com/learnandplan and is full of fun challenges, instructional videos, interactive community activities and educational articles about personal finance and retirement that will help you grow as an investor.

You also get access to a suite of free online classrooms, asset allocation models and worksheets via the PRISM Academy, which can be found at the Learn page on AAII.com.

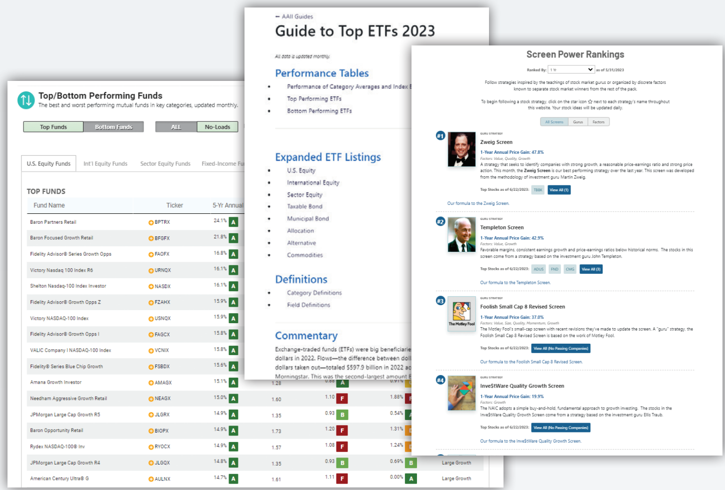
Investing Ideas

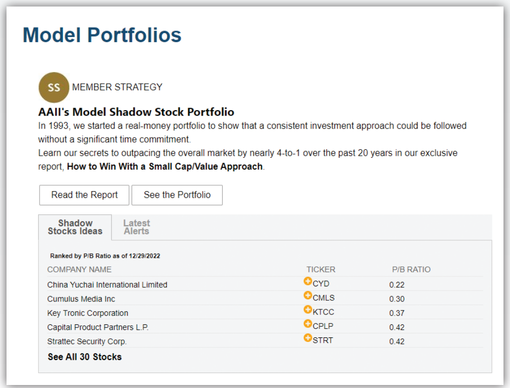
Stock, mutual fund and ETF ideas can be gleaned from commentary and idea lists using our proprietary A–F grade system.

We track over 50 stock screening approaches online and show you the stocks that pass each screen to help you find those with the characteristics you desire.

For funds, our website offers lists of top funds and consistent performers and a compare tool, along with our comprehensive guides.

Access these continuously updated ideas by choosing Stocks, ETFs or Mutual Funds from the AAII.com home page navigation bar.





Follow the AAII Model Shadow Stock Portfolio

AAII's popular members-only Model Shadow Stock Portfolio provides you with the best of both worlds—investment ideas and investment education suited for the individual investor. To view this portfolio, go to www.aaii.com/modelportfolios.

Important: New AAII members who have not established digital access to AAII.com must first visit www.AAII.com/activate to set up their login.

The PRISM Wealth-Building Process

Hi, I'm Charles Rotblut, vice president at the American Association of Individual Investors (AAII) and editor of the *AAII Journal*. In my more than 25 years in the finance industry, I have dedicated my career to mastering the discipline of investing. I write about it frequently in my weekly Investor Update email to AAII members and I've interacted with countless individual investors.

The common thread in my conversations over many years and various markets is this: You need to systematize your decision-making or you risk letting your emotions derail your plan.

Here at AAII, we have developed an experience that our members use to build and operate their own plan to reach their financial destiny … I call it an "experience" instead of a "service" or a "tool" because this process is more than that. It's a culture. It's a way of thinking.

We call it the PRISM Wealth-Building Process.

A 5-Step Process for Building Your Wealth

At the heart of the process are the five key steps shown in the chart to the right.

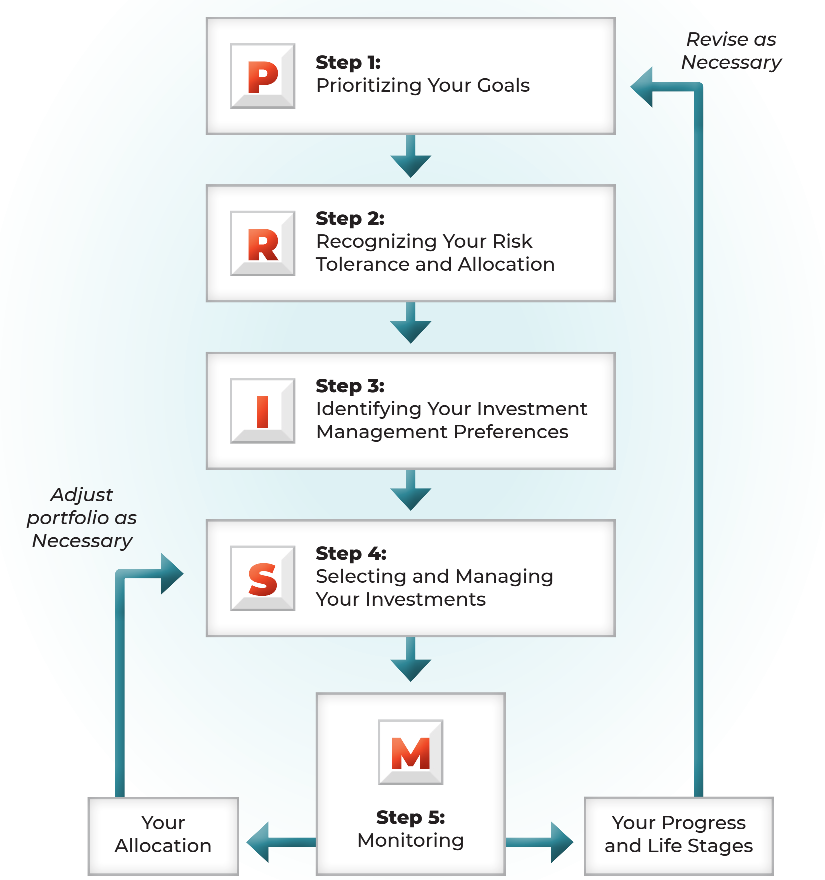
They are dependent, meaning one step must be done before moving onto the next, and a change at the top or bottom can lead to a comprehensive review. Picking an allocation strategy without knowing what you're investing for can leave you holding a portfolio unsuited to achieve your goals. Similarly, it doesn't make sense to select specific investments without first identifying what your investing preferences are.

Complete each step and you will have an investing plan to guide you through varying market conditions and significant changes over the course of your life.

Wishing you prosperity,

Charles Rotblut, CFA, *AAII Journal* Editor

PRISM Process Flowchart



Ready, Set, Plan!

Simply go to **www.aaii.com/learnandplan** to get started in the process.

Learning From the AAII Model Shadow Stock Portfolio

AAII's purpose is to provide investment education and information. Our ongoing goal is to prepare individual investors to effectively manage their investments and to provide the necessary education, data and support to help them in that effort.

Over the years, however, we became increasingly aware that many of our members wanted more specific help. In talks with members, we found that there is a need for an intermediate level of support—not a complete advisory letter, but some specific guidance for individuals in developing an effective investment program—a real-world example of how to use an investment approach to construct and monitor an actual portfolio.

What is the AAII Model Shadow Stock Portfolio?

The Model Shadow Stock Portfolio provides guidance for investing in the promising micro-cap value sector of the market. The portfolio was initially conceived to show the membership of AAII how to capitalize on the most promising academic research to manage a stock portfolio without having to commit a great deal of time and effort to day-to-day monitoring. In fact, AAII manages this stock portfolio by simply reviewing holdings on a quarterly basis.

The Model Shadow Stock Portfolio reflects the following beliefs:

- The best stocks for individual investors are not the same stocks that are best for institutions.
- Over the long run, research indicates that value stocks outpace the market, as do small (and micro-cap) stocks.
- Excessive trading of small-cap stocks hurts your bottom line; you can achieve solid returns by simply adjusting your portfolio quarterly.
- Ultimately, the best returns come from giving major consideration to risk. Success here comes more from concern for the overall portfolio than for individual stocks.

A True Do-It-Yourself Model

To pick the right stocks for AAII's Model Shadow Stock Portfolio, the focus is primarily on portfolio formation and risk reduction. The stocks in the Model Shadow Stock Portfolio are largely risky stocks when evaluated separately. But when taken together as a portfolio, most of that individual stock risk has been diversified away. The central point of our Model Shadow Stock Portfolio is that the risk of any individual stock is not important if your portfolio is well diversified. What is important is how the addition of that stock affects the risk of your overall portfolio.

If you are not following the full model portfolio but instead use the list of Shadow Stock Ideas as a tool to generate investment ideas, it is suggested that you adhere to the overall strategy by selecting and monitoring a portfolio that consists of at least 10 stocks. Choosing stocks in different sectors will provide added diversification and protect your portfolio from some sector volatility. Furthermore, be sure to consider fees when making your investments.

While there is no recommended minimum, investments should be large enough so that fees are insignificant. While the Model Shadow Stock Portfolio minimizes risk, it is still prudent to take into account your personal risk tolerance. Investors are rightly worried about the amount they invest in a micro-cap strategy—even a properly diversified micro-cap portfolio will be more volatile than the total market because these stocks are inherently more risky. The worst time to sell a stock is at the bottom, so be sure not to put so much weight into your micro-cap portfolio that you cannot stomach the losses. Keep in mind that due to the nature of the Model Shadow Stock Portfolio, it will offer very little income in the form of dividends.

AAII Model Shadow Stock Portfolio

Company (Ticker)	Ticker	Current Price ($)	52-Week High ($)	52-Week Low ($)	Market-Cap Size ($ Mil)	Price-Earnings Ratio (X)	Price-to-Book Ratio (X)	Dividend Yield (%)	Industry
Alpha Pro Tech, Ltd.	APT	5.25	6.92	4.64	57.7	14.2	0.94	0.0	Building Products
American Vanguard Corp.	AVD	5.26	14.28	4.95	151.4	nmf	0.40	2.3	Chemicals
Amplify Energy Corp.	AMPY	6.27	8.15	3.56	249.4	4.1	0.64	0.0	Oil, Gas & Consumable Fuels
Castor Maritime Inc.	CTRM	3.05	6.50	2.83	29.5	1.3	0.06	0.0	Marine Transportation
Clarus Corporation	CLAR	5.03	7.55	3.89	193.0	nmf	0.66	2.0	Recreational Products
Core Molding Technologies	CMT	16.31	21.00	14.64	141.1	9.3	1.02	0.0	Non-Paper Containers & Pkg
Covenant Logistics Group	CVLG	57.90	61.54	43.00	763.1	19.5	1.89	0.8	Freight & Logistics - Ground
DMC Global Inc.	BOOM	7.40	19.73	7.16	148.2	nmf	0.24	0.0	Energy Equipment & Services
Ennis, Inc.	EBF	21.39	25.75	18.88	556.2	13.6	1.59	4.7	Commercial Printing Services
Escalade, Incorporated	ESCA	15.29	22.01	12.34	212.2	16.3	1.29	3.9	Recreational Products
FONAR Corporation	FONR	15.53	24.05	14.05	99.4	10.9	0.64	0.0	Advanced Medical Equip & Tech
Friedman Industries	FRD	15.77	19.52	13.01	109.9	13.9	0.86	1.0	Metals & Mining - Iron & Steel
Gilat Satellite Networks Ltd.	GILT	5.95	6.66	4.04	339.3	20.5	1.23	0.0	Communications Equipment
Hooker Furnishings Corp.	HOFT	16.93	27.15	13.09	178.5	nmf	0.79	5.4	Home Furnishings
Kimball Electronics, Inc.	KE	18.93	27.73	16.64	467.2	37.9	0.88	0.0	Semiconductors

Go online for the most current list of companies, or see the January, April, July or October issues of the AAII Journal.

Two Ways to Build Your Own Shadow Stock Portfolio

1. Follow the printed guidance provided here and at https://www.aaii.com/model-portfolios/stock-rules—remember, this portfolio was designed to require only simple modifications on a quarterly basis when company fundamentals change.

   OR:

2. Utilize the online resources at www.aaii.com/model-portfolios/ideas where you can see a list of potential Shadow Stocks that is updated daily. The Shadow Stock Ideas list shows all companies that currently meet the criteria for the Shadow Stock screen. However, the stocks that appear on the Shadow Stock Ideas list may not be added to the model portfolio. Alternatively, you can start with the stocks in the Model Shadow Stock Portfolio that are marked as "currently qualifies" in the Notes column. This shows you which stocks that are held in the model portfolio still meet the purchase rules using current data.

Ongoing Management of Your Stock Portfolio

AAII's Model Shadow Stock Portfolio is not intended to be an advisory service in the usual sense of that term—it is not intended to be a list of individual stock recommendations. Instead, the model portfolio serves to show you how to use a value-oriented approach to select micro-cap stocks in an effort to build your own Shadow Stock portfolio. Profitable micro-cap investing requires extra care. The portfolio construction and monitoring rules were developed over the years to minimize real-world costs and maximize profits.

In monthly emails and in the *AAII Journal*, we provide regular commentary on the Model Shadow Stock Portfolio (ours has been running for over 30 years) and provide suggestions on how you can vary the approach to build a portfolio suitable for your own specific needs. At AAII.com, we present the detailed rules for building and managing a Shadow Stock Portfolio as well as a list of stocks that currently meet the criteria for inclusion.

Ongoing performance of the Model Shadow Stock Portfolio is tracked online, but keep in mind that a portfolio can be built by simply following the investment moves outlined in the Model Shadow Stock Portfolio monthly emails and quarterly columns found in the *AAII Journal*.

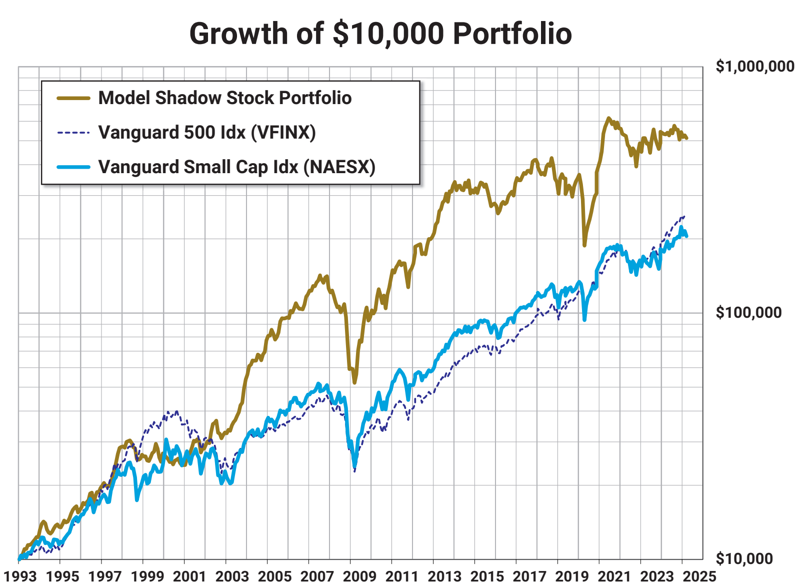
Getting Started: AAII Model Shadow Stock Portfolio

AAII communicates information about the Model Shadow Stock Portfolio to our membership online and via a monthly email. Ongoing coverage is also provided through the quarterly Model Shadow Stock Portfolio column in the *AAII Journal*. Performance information and commentary are always posted and kept up-to-date on the AAII website at www.aaii.com/model-portfolios.

Once a month, a Model Shadow Stock Portfolio update email is sent to interested members with commentary, changes to holdings, updated performance figures and news on the stocks in the portfolio.

IMPORTANT NOTE: If you do not have established digital access to AAII.com, please visit www.AAII.com/activate to set up your login.

Model Shadow Stock Portfolio Versus Benchmarks (Through 2/28/2025)



Learn More About the Shadow Stock Portfolio

To learn more about the AAII Model Shadow Stock Portfolio, access our full guide at www.aaii.com/model-portfolios.

You also have online access to current holdings, performance results, commentaries and updates, portfolio rules and much more.

To sign up for the Model Portfolio Update emails and receive an alert when changes are made, log in to AAII.com and select Email Preferences from the drop-down menu at your name in the upper-right corner.

AAII Local Chapter Events:
Unbiased Investment Education at Its Best!

AAII Local Chapters

Chapter events are organized by AAII members who volunteer their time to bring you quality investment education programs with speakers, panels, discussion groups and special interest groups (SIGs). To find a chapter that fits your needs, go to www.aaii.com/ChapterEmail.

At a chapter event, you have the opportunity to hear from some of the most renowned experts in the field of investing. Recent speakers have included Bruce Johnstone of Fidelity, Sam Stovall of CFRA Research, Christine Benz of Morningstar and many, many others.

The attendance fees for these programs are nominal and are intended only to cover costs associated with the event.

Where Can I Find a List of Local Chapter Events?

View upcoming chapter events, which include in-person meetings as well as webinars, at https://community.aaii.com/events/calendar.

Each chapter's event posting and email detail all the information you need to be able to attend, including: date, time, cost, speaker and presentation topic.

Use one of the sign-up options below:

- Enroll electronically at www.aaii.com/ChapterEmail
- Call AAII Member Services at 312-676-4307

You will be added to your chosen chapter(s) within 24 hours after you sign up.

Log in to the Community at https://community.aaii.com with your AAII credentials by clicking the blue "Login" button on the top right. Then choose Local Chapters under the Quick Links on the right.

BONUS GIFT: A Lifetime Investment Strategy

Master the guidelines for long-term successful portfolio management in this special report authored by AAII's founder James B. Cloonan.

You'll learn how to effectively diversify your portfolio so you don't have to worry about your investments, as well as valuable tactical approaches to selecting investments and minimizing taxes.

Access it now at www.aaii.com/lifetimeinvestmentstrategy.

Receive Ongoing Investment Education With AAII Emails

IMPORTANT! Ensure delivery of these emails by establishing digital access to AAII.com at www.aaii.com/activate.

AAII Investor Update

This weekly email gives perspective on what's going on in the markets and economy. The email directs you to related articles, tools and discussions on AAII.com.

AAII Journal Update

The most recent issue of the AAII Journal is released to members at the beginning of each month, with handy links to feature articles and regular columns.

Educated Investor

This concise weekly email provides a curated listing of investment education articles. Plus, get ideas on promising stocks from proven strategies and grade-focused commentary on stocks of current interest.

Model Shadow Stock Portfolio Update

Monthly insights and portfolio alerts for AAII's Model Shadow Stock Portfolio of micro-cap value stocks.

AAII AMERICAN ASSOCIATION OF INDIVIDUAL INVESTORS®

625 N. Michigan Ave.
Suite 1720
Chicago, IL 60611-3175
www.AAII.com

AAII Member Services
312-676-4307
members@aaii.com

MG0525