Becoming an A+ Investor

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A+ Investor

The mission of A+ Investor is to help investors with financial planning, stock and mutual fund selection and analysis, portfolio tracking and asset allocation analysis

What Problems Do You Face as an Investor?

- Identifying which stocks, mutual funds & ETFs to buy or sell using a sound & repeatable approach
- Building, managing & tracking a diversified portfolio
- Identifying & tracking strategies/sectors/industries of interest
- Having an independent source for information

AAII's A+ Investor Service

- My Portfolio
  - Portfolio analysis
  - Insights Email
- Stock, Mutual Fund & ETF Evaluators
- A+ Stock Grades
  - Upgrades/ Downgrades
  - Quant Screener
- Mutual Fund & ETF screeners
  - Predefined & custom screens
- Stock Screens
  - Daily stock ideas
  - Screen Power Ranking
  - Stocks passing multiple screens

A+ Investor User Resources

- User Guide: https://www.aaii.com/plus/userguide
- Getting Started Series: https://www.aaii.com/plus/gettingstartedarchive
- Weekly “Making the Grade” subscriber-only email: https://www.aaii.com/plus/makingthegrade
- Weekly “Did You Know” Segment: https://www.aaii.com/plus/didyouknow

Recent Upgrades

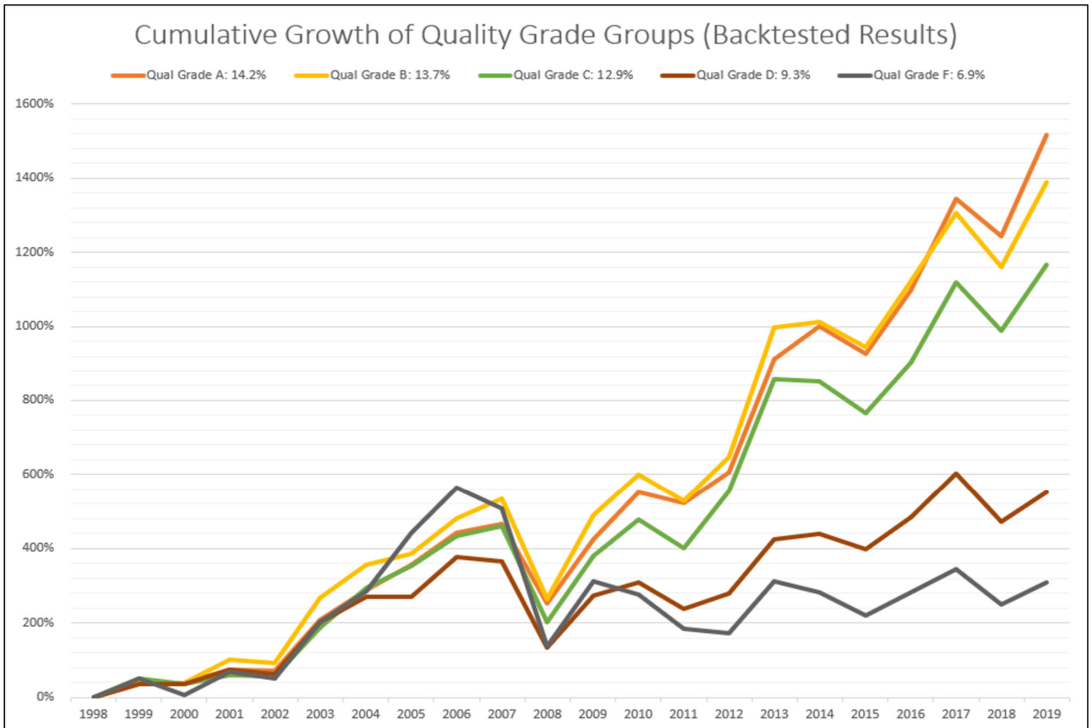
- Able to apply A+ Stock Grades filters to user portfolios and passing companies of AAII Stock Screens
  - As well as a specific sector/industry
- Revised A+ Quality Grade calculation methodology

Revised A+ Quality Grade

- To align with academic research and to create a more meaningful Quality Grade, we recently launched a revised Quality Grade
- Research shows that higher-quality firms have greater upside potential and reduced downside risk
- The old Quality Grade used a combination of five components to assess the "quality" of a particular stock
  - The components of the prior Quality Grade calculation considered management's financial decisions (accruals and change in asset turnover), whether the interests of shareholders are being recognized (share buybacks and dividends) and whether analysts are more optimistic than they were previously about the stock (earnings estimate revisions).

Revised A+ Quality Grade

- The new A+ Quality Grade is the percentile rank of the average of the percentile ranks of:
  - Return on assets (ROA)
  - Return on invested capital (ROIC)
  - Gross profit to assets
  - Buyback yield
  - Change in total liabilities to assets
  - Accruals
  - Z double prime (Z) bankruptcy risk
  - F-Score
- The score is variable, meaning it can consider all eight measures or, should any of the eight measures not be valid, the remaining measures that are valid
- To be assigned a Quality Score, though, stocks must have a valid (non-null) measure and corresponding ranking for at least four of the eight quality measures.



Stock Evaluator Grades

Tractor Supply Company (TSCO)

aaii.com/stock/ticker/TSCO

Quality Grade:

A	B	C	D	F
81-100 Very Strong	61-80 Strong	41-60 Average	21-40 Weak	0-20 Very Weak

Metric	Score	TSCO	Sector Median
Return on Assets (ROA)	93	12.2%	(1.2%)
Return on Invested Capital (ROIC)	59	18.2%	13.0%
Gross Income to Assets	87	51.1%	27.3%
Buyback Yield	87	1.0%	(0.2%)
Change in Total Liabilities to Assets	22	15.3%	3.3%
Accruals to Assets	63	(9.4%)	(8.0%)
Z Double Prime Bankruptcy Risk (Z) Score	82	7.57	4.83
F-Score	76	6	4

The Quality Grade is the percentile rank of the average of the percentile ranks of the return on assets (ROA), return on invested capital (ROIC), gross profit relative to assets, buyback yield, change in total liabilities to assets, accruals, Z Double Prime bankruptcy risk (Z) score and F-Score. The score is variable, meaning it can consider all eight measures or, should any of the eight measures not be valid, the remaining measures that are valid. To be assigned a Quality Score, stocks must have a valid (non-null) measure and corresponding ranking for at least four of the eight quality measures.

The Quality Score is used to assess the "quality" of a particular stock. A higher quality stock possesses traits associated with upside potential and reduced downside risk.

Stocks receive better grades (higher scores) for having higher scores for the quality sub-components and worse grades (lower scores) for lower scores for the sub-components.

TSCO has a quality score of 94, which is Very Strong.

Quality Grade Metrics

- *Return on Assets (ROA)*
  - ROA is an indicator of how profitable a company is relative to its total assets. ROA offers an indication of how efficient a company's management is at using its assets to generate earnings.
- *Return on Invested Capital (ROIC)*
  - ROIC is a profitability measure that calculates the profit that a company generates from long-term sources of company funding who have provided capital. Invested capital can be provided by both bondholders and shareholders. Subpar ROIC can suggest poor capital allocation or an inability by management to deploy capital effectively.

Quality Grade Metrics

- *Gross Profit to Total Assets*
  - By comparing gross profit to assets, investors are getting a snapshot as to whether the firm's assets are profitable. Since the profitability test is measured so near the top line, it is considered a very clean measure of economic profitability. Generally, the higher the gross-profit-to-assets ratio, the better.
- *Buyback Yield*
  - Buyback yield is determined by comparing the average shares outstanding for the latest fiscal quarter to that of the same fiscal quarter a year ago. Shareholder yield plays into this concept. Shareholder yield is the sum of the dividend yield (dividends divided by share price) and the buyback yield (the percentage change in the number of shares outstanding). Companies with positive levels of shareholder yield outperform companies with negative levels of shareholder yield.

Quality Grade Metrics

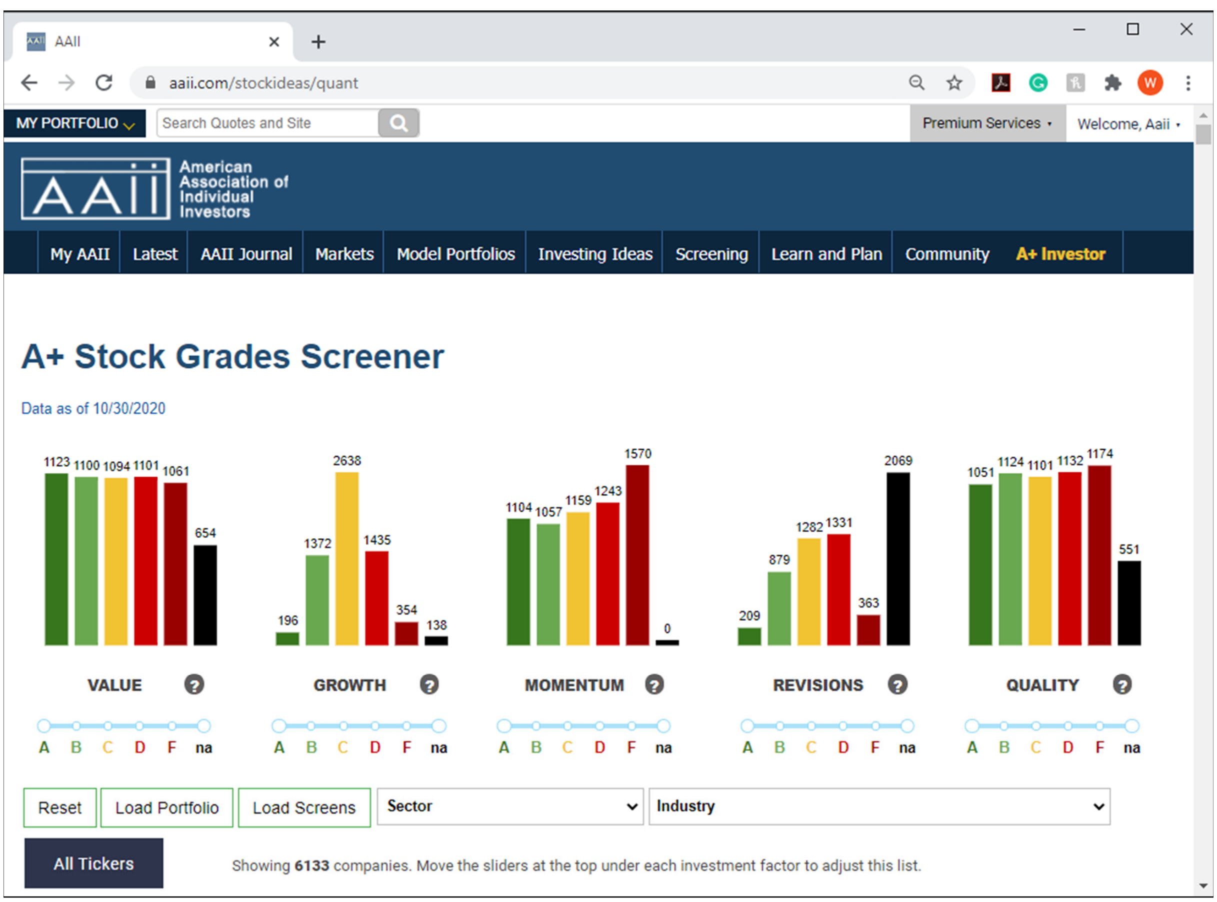
- *Change in Total Liabilities to Total Assets*
  - The ratio compares the level of total liabilities of a company for the latest quarter to that of the same quarter a year ago. The difference is then divided by total assets for the last fiscal quarter and is presented as a percentage. Dividing the net change in total liabilities by total assets “scales” it by company size, making it comparable across companies. Companies whose liabilities are growing more slowly than assets (or falling more quickly) received a higher rank.
- *Accruals to Total Assets*
  - The ratio tracks the difference between net income and income from operations over the last 12 months (net income minus cash from operations) and then divides that difference by the total assets for the last quarter. It is preferable for a company to have cash flow from operations that is greater than net income before extraordinary items (making this ratio negative). The measure tries to avoid firms making accounting adjustments to earnings in the short run that may weaken long-term profitability. Dividing accruals by total assets “scales” it by company size, making it comparable across companies.

Quality Grade Metrics

- *Z Double Prime (Z) Bankruptcy Risk*
  - This measure was developed by Edward Altman, a professor emeritus at New York University’s Stern School of Business. He created the Z-score model to assess the financial riskiness of a company. A new model, Z double prime was developed for not only private companies, but companies in other industrial sectors like retail, wholesale, service, energy and public utilities. The higher the value, the higher a company’s financial distress and the more likely it will face bankruptcy.
- *F-Score*
  - The F-Score is a discrete score from 0 to 9 that reflects nine criteria used to determine the strength of a firm’s financial position. The F-Score was created by University of Chicago Professor Joseph Piotroski, who devised the scale according to specific aspects of a company’s financial statements. The F-Score was originally developed to determine the best value stocks, with a score of nine being the best and zero being the worst.

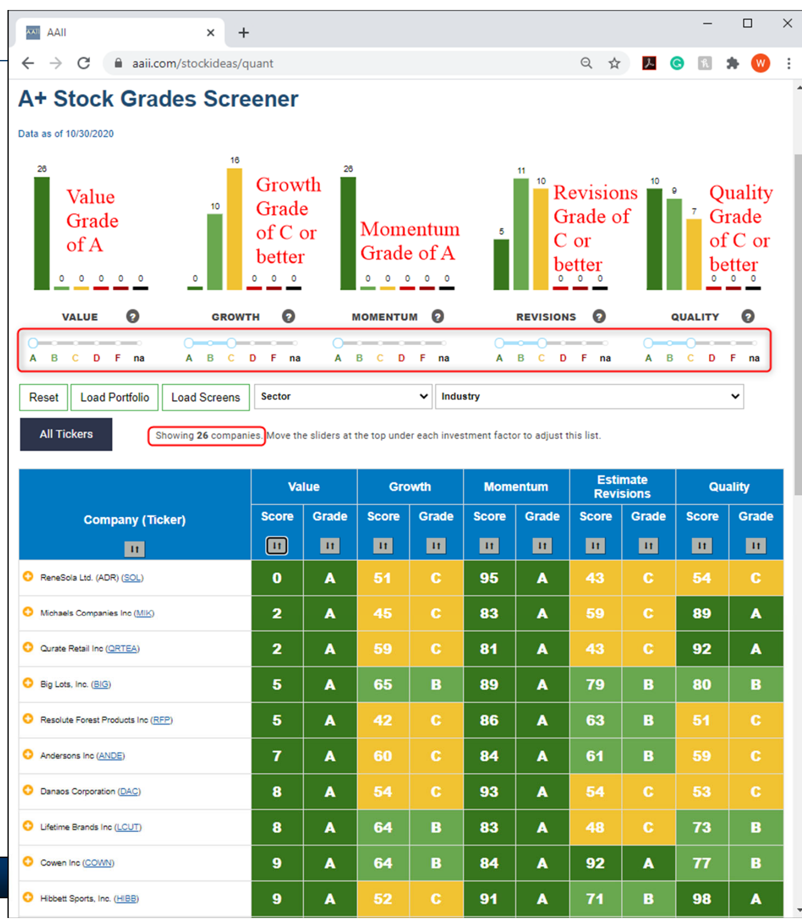
A+ Stock Grades Screener

- Filter stock universe or subset to identify stocks that match specific A+ factor grades and/or grade ranges
- Screen against:
  - Entire stock universe (~6,100 companies)
  - Individual My Portfolio portfolios
  - Current passing companies of AAII Stock Screens
  - Specific sector or industry



A+ Stock Grades Screener

- Move sliders from left and right to adjust the grade or grade range for each of the five A+ factor grades
  - Value
  - Growth
  - Momentum
  - (EPS Estimate) Revisions
  - Quality



Company (Ticker)	Value Score	Value Grade	Growth Score	Growth Grade	Momentum Score	Momentum Grade	Estimate Revisions Score	Estimate Revisions Grade	Quality Score	Quality Grade
ReneSola Ltd. (ADR) (SOL)	0	A	51	C	95	A	43	C	54	C
Michaels Companies Inc (MIK)	2	A	45	C	83	A	59	C	89	A
Qurate Retail Inc (QRTEA)	2	A	59	C	81	A	43	C	92	A
Big Lots, Inc. (BIG)	5	A	65	B	89	A	79	B	80	B
Resolute Forest Products Inc (RFP)	5	A	42	C	86	A	63	B	51	C
Andersons Inc (ANDE)	7	A	60	C	84	A	61	B	59	C
Danaos Corporation (DAC)	8	A	54	C	93	A	54	C	53	C
Lifetime Brands Inc (LCUT)	8	A	64	B	83	A	48	C	73	B
Cowen Inc (COWN)	9	A	64	B	84	A	92	A	77	B
Hibbett Sports, Inc. (HIBB)	9	A	52	C	91	A	71	B	98	A

Click to Load Screen

ADR Screen	Select
Buffett: Hagstrom Screen	Select
Buffettology: EPS Growth	Select
Buffettology: Sustainable Growth Screen	Select
Cash Rich Firms Screen	Select
Dividend (High Relative Yield) Screen	Select
Dogs of the Dow Screen	Select
Dogs of the Dow: Low Priced 5 Screen	Select
Dreman Screen	Select
Dreman With Est Revisions Screen	Select
Driehaus Revised Screen	Select
Driehaus Screen	Select
Dual Cash Flow Screen	Select
Est Rev: Down 5% Screen	Select
Est Rev: Lowest 30 Down	Select
Est Rev: Top 30 Up	Select
Est Rev: Up 5% Screen	Select
Fisher (Philip) Screen	Select
Foolish Small Cap 8 Revised Screen	Select
Foolish Small Cap 8 Screen	Select
Fundamental Rule of Thumb Screen	Select
Graham--Defensive Investor (Non-Utility) Screen	Select

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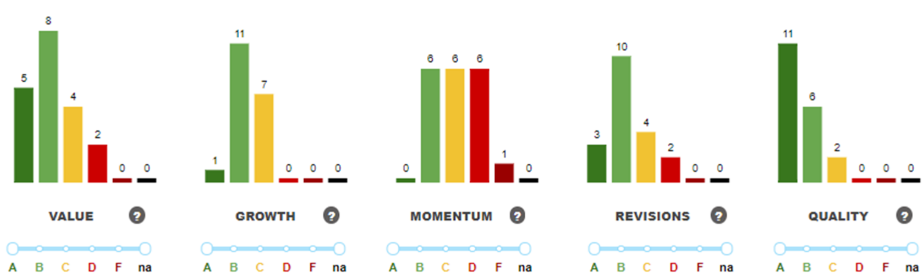
A+ Stock Grades Screener

Data as of 10/30/2020



Reset | Load Portfolio | Load Screens | Sector | Industry

Screen Name :Neff Screen

Showing **19** companies. Move the sliders at the top under each investment factor to adjust this list.

Company (Ticker)	Value		Growth		Momentum		Estimate Revisions		Quality	
	Score	Grade	Score	Grade	Score	Grade	Score	Grade	Score	Grade
Apogee Enterprises Inc (APOG)	11	A	56	C	32	D	58	C	95	A
Kemper Corp (KMPR)	13	A	69	B	29	D	37	D	81	A
PulteGroup, Inc. (PHM)	20	A	75	B	63	B	87	A	90	A
Sprouts Farmers Market Inc (SFM)	18	A	64	B	39	D	82	A	97	A
Triton International Ltd (TRTN)	17	A	55	C	63	B	67	B	80	B

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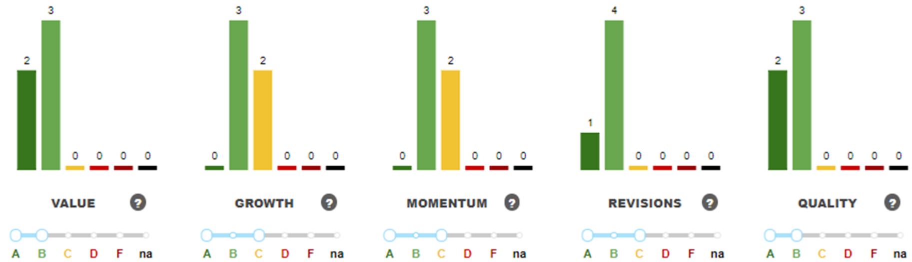
A+ Stock Grades Screener

Data as of 10/30/2020



Reset | Load Portfolio | Load Screens | Sector | Industry

Screen Name :Neff Screen

Showing **5** companies. Move the sliders at the top under each investment factor to adjust this list.

Company (Ticker)	Value		Growth		Momentum		Estimate Revisions		Quality	
	Score	Grade	Score	Grade	Score	Grade	Score	Grade	Score	Grade
Triton International Ltd (TRTN)	17	A	55	C	63	B	67	B	80	B
PulteGroup, Inc. (PHM)	20	A	75	B	63	B	87	A	90	A
Select Medical Holdings Corporation (SEM)	30	B	61	B	68	B	61	B	68	B
AmerisourceBergen Corp. (ABC)	34	B	54	C	57	C	70	B	80	B
Alimentation Couche-Tard Inc (USA) (ANCUF)	39	B	62	B	46	C	79	B	98	A

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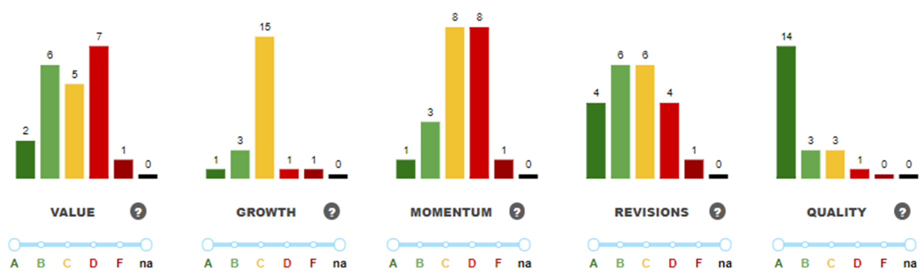
A+ Stock Grades Screener

Data as of 10/30/2020

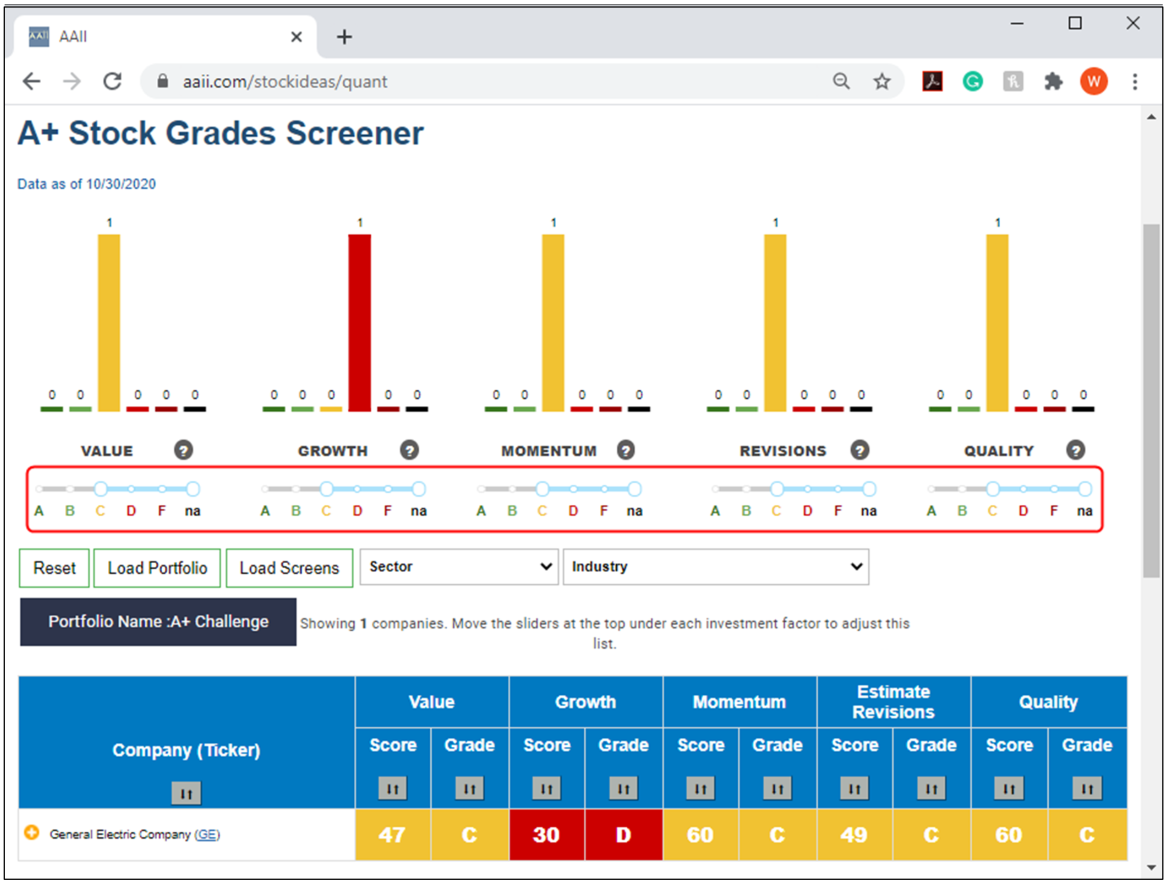


Reset | Load Portfolio | Load Screens | Sector | Industry

Portfolio Name :A+ Challenge

Showing **21** companies. Move the sliders at the top under each investment factor to adjust this list.

Company (Ticker)	Value		Growth		Momentum		Estimate Revisions		Quality	
	Score	Grade	Score	Grade	Score	Grade	Score	Grade	Score	Grade
AbbVie Inc (ABBV)	73	D	66	B	49	C	56	C	50	C
Amazon.com, Inc. (AMZN)	91	F	88	A	77	B	87	A	80	B
Amgen, Inc. (AMGN)	60	C	53	C	43	C	74	B	91	A
Apple Inc. (AAPL)	75	D	48	C	81	A	68	B	98	A
AT&T Inc. (T)	24	B	45	C	23	D	32	D	84	A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Data as of 10/30/2020
VALUE
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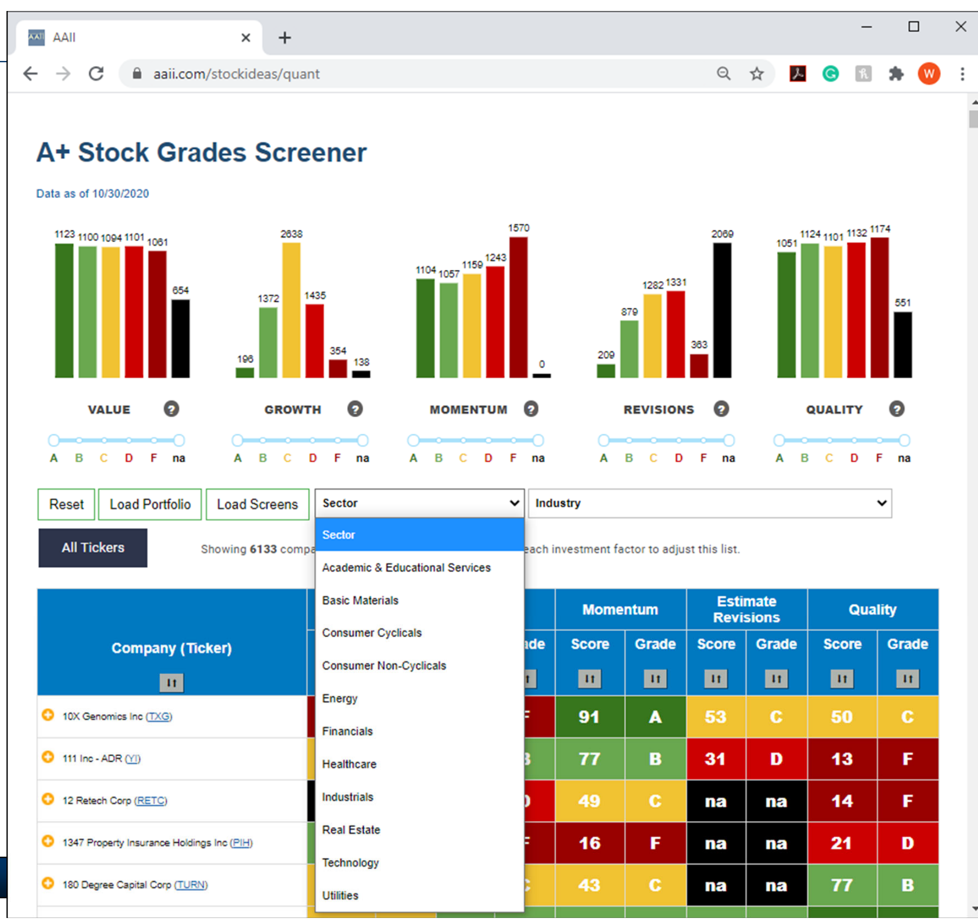
Portfolio Name :A+ Challenge
Showing 1 companies. Move the sliders at the top under each investment factor to adjust this list.
Company (Ticker)
Value
Growth
Momentum
Estimate Revisions
Quality
Score
Grade
General Electric Company (GE)
47 C 30 D 60 C 49 C 60 C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A+ Stock Grades Screener
Data as of 10/30/2020
VALUE
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Reset
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Sector
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All Tickers
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each investment factor to adjust this list.
Sector
Academic & Educational Services
Basic Materials
Consumer Cyclicals
Consumer Non-Cyclicals
Energy
Financials
Healthcare
Industrials
Real Estate
Technology
Utilities
Company (Ticker)
Momentum
Estimate Revisions
Quality
Score
Grade
10X Genomics Inc (TXG)
111 Inc - ADR (YI)
12 Retech Corp (RETC)
1347 Property Insurance Holdings Inc (PIH)
180 Degree Capital Corp (TURN)

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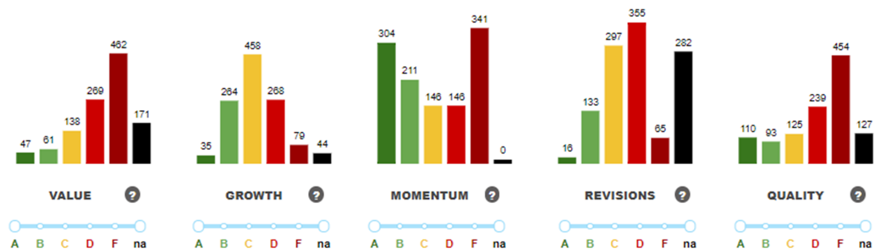
A+ Stock Grades Screener

Data as of 10/30/2020



Reset | Load Portfolio | Load Screens | Healthcare | Industry

All Tickers

Showing **1148** companies. Move the sliders at the top under each investment factor to adjust this list.

Company (Ticker)	Value		Growth		Momentum		Estimate Revisions		Quality	
	Score	Grade	Score	Grade	Score	Grade	Score	Grade	Score	Grade
Eargo Inc (EAR)	na	na	97	A	0	F	na	na	na	na
Adapthealth Corp (AHCO)	83	F	96	A	92	A	10	F	5	F
Aerpio Pharmaceuticals Inc (ARPO)	52	C	94	A	89	A	31	D	41	C
Pro-Dex Inc (PDEX)	57	C	93	A	94	A	41	C	95	A
Apollo Medical Holdings Inc (AMEH)	60	C	90	A	63	B	31	D	50	C

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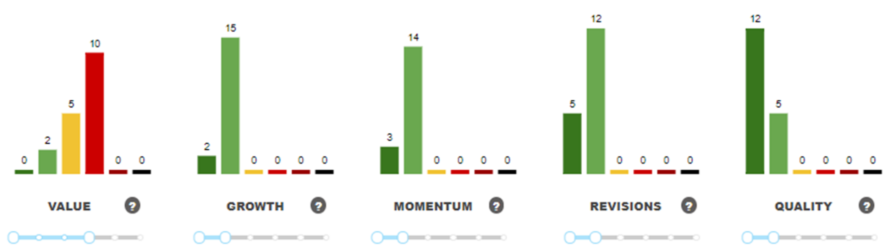
A+ Stock Grades Screener

Data as of 10/30/2020

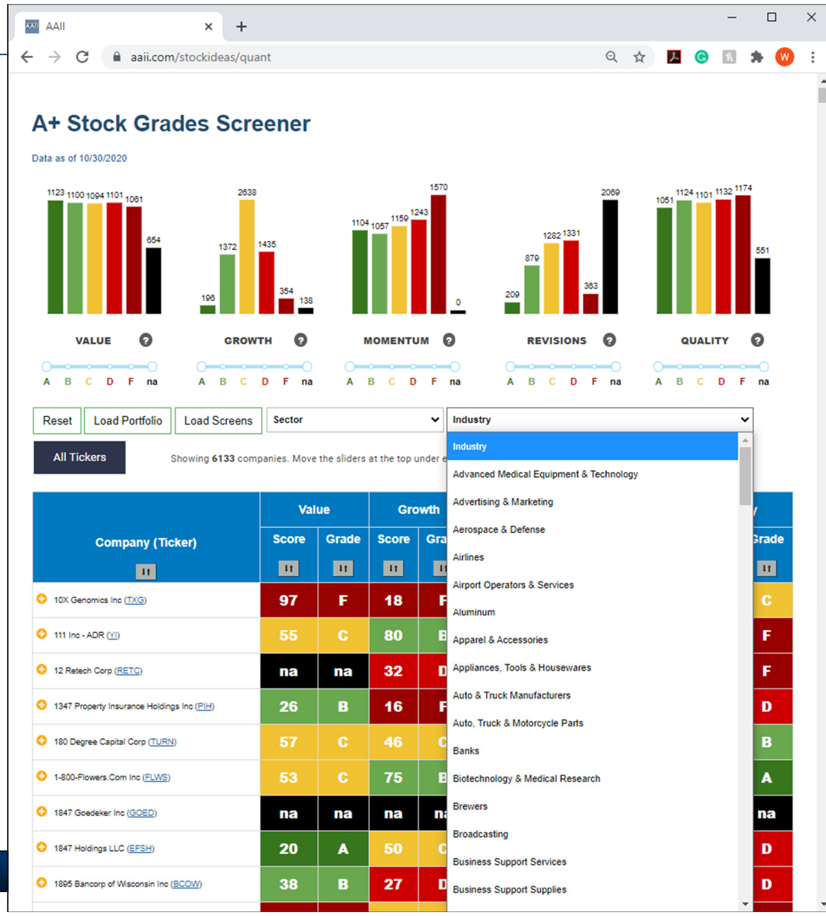


Reset | Load Portfolio | Load Screens | Healthcare | Industry

All Tickers

Showing **17** companies. Move the sliders at the top under each investment factor to adjust this list.

Company (Ticker)	Value		Growth		Momentum		Estimate Revisions		Quality	
	Score	Grade	Score	Grade	Score	Grade	Score	Grade	Score	Grade
Regeneron Pharmaceuticals Inc (REGN)	75	D	89	A	79	B	67	B	85	A
Covetrus Inc (CVET)	58	C	85	A	90	A	72	B	69	B
Avantor Inc (AVTR)	78	D	78	B	80	B	78	B	78	B
AMN Healthcare Services, Inc. (AMN)	61	D	77	B	72	B	62	B	72	B
Humana Inc (HUM)	36	B	77	B	70	B	73	B	93	A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Data as of 10/30/2020
VALUE
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Reset
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Industry
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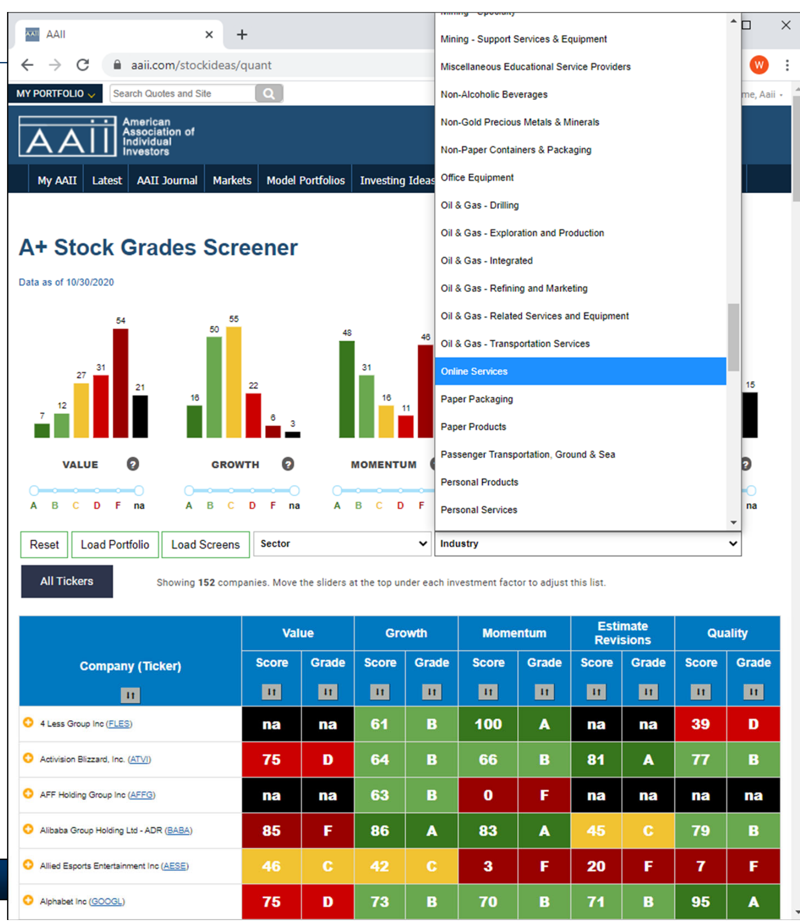
Company (Ticker)
Value
Growth
Score
Grade
10X Genomics Inc (TXG)
111 Inc - ADR (YI)
12 Retech Corp (RETC)
1347 Property Insurance Holdings Inc (PIH)
180 Degree Capital Corp (TURN)
1-800-Flowers.Com Inc (FLWS)
1847 Goedeker Inc (GOED)
1847 Holdings LLC (EFSH)
1895 Bancorp of Wisconsin Inc (BCOW)
Industry
Advanced Medical Equipment & Technology
Advertising & Marketing
Aerospace & Defense
Airlines
Airport Operators & Services
Aluminum
Apparel & Accessories
Appliances, Tools & Housewares
Auto & Truck Manufacturers
Auto, Truck & Motorcycle Parts
Banks
Biotechnology & Medical Research
Brewers
Broadcasting
Business Support Services
Business Support Supplies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Markets
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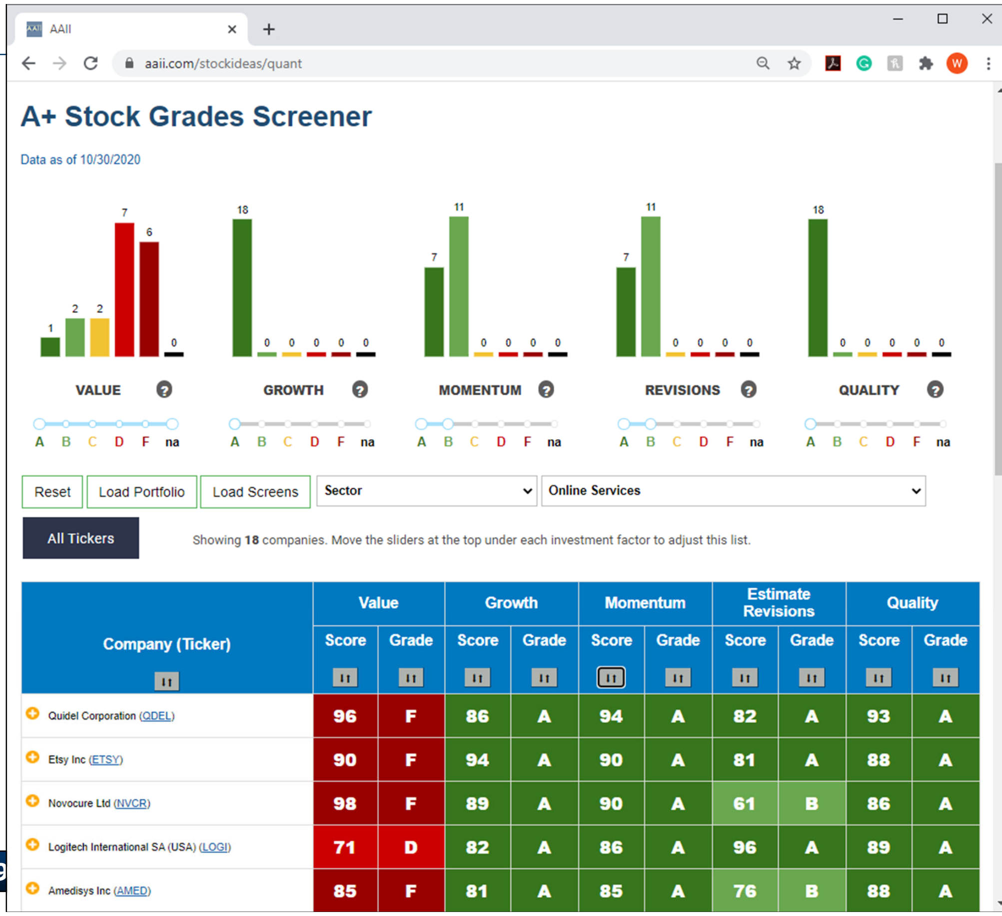
Investing Ideas
A+ Stock Grades Screener
Data as of 10/30/2020
VALUE
GROWTH
MOMENTUM
A B C D F na
Mining - Support Services & Equipment
Miscellaneous Educational Service Providers
Non-Alcoholic Beverages
Non-Gold Precious Metals & Minerals
Non-Paper Containers & Packaging
Office Equipment
Oil & Gas - Drilling
Oil & Gas - Exploration and Production
Oil & Gas - Integrated
Oil & Gas - Refining and Marketing
Oil & Gas - Related Services and Equipment
Oil & Gas - Transportation Services
Online Services
Paper Packaging
Paper Products
Passenger Transportation, Ground & Sea
Personal Products
Personal Services
Reset
Load Portfolio
Load Screens
Sector
Industry
All Tickers
Showing 152 companies. Move the sliders at the top under each investment factor to adjust this list.
Company (Ticker)
Value
Growth
Momentum
Estimate Revisions
Quality
Score
Grade
4 Less Group Inc (FLES)
Activision Blizzard, Inc. (ATVI)
AFF Holding Group Inc (AFFG)
Alibaba Group Holding Ltd - ADR (BABA)
Allied Esports Entertainment Inc (AESE)
Alphabet Inc (GOOGL)



Your Feedback Matters

- Periodically we ask A+ Investor subscribers to tell us what we are doing right and where we can get better
- Filling out these quick surveys is an invaluable tool for us to add new features as well as improve upon the current tools
- So, if you receive a survey from AAII, PLEASE take the few minutes it takes to offer your feedback
- We DO listen!

Future A+ Investor Initiatives

- Improve My Portfolio portfolio creation & editing process
- Researching possibility of importing broker transactions and holdings data directly into My Portfolio
- User-defined portfolio analysis
- Test and deploy revised A+ Growth Grade
- Fundamental stock screening module
- Price alert and Stock Grade upgrade/downgrade email

Thank You!

Contact me at wayne@aaii.com
with questions or comments about
A+ Investor

Upcoming Webinars

Register at www.aaii.com/webinars

- Derek Hageman on Secrets Behind AAII's New Dividend Grader
  - Wednesday, November 11, 2020, 7:30 p.m. CST
- Wayne A. Thorp on A+ Investor: Idea Discovery Made Simple
  - Wednesday, November 18, 2020, 7:30 p.m. CST
- More Webinars to Come in December! Stay Tuned!