AAII + BetterInvesting: Building Wealth With Small-Cap Stocks

John M. Bajkowski
President, AAII
johnb@aaii.com

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Primary Objectives

AAII + BetterInvesting: Building Wealth With Small-Cap Stocks

- Define & Explain Small Cap Universe
  - Patterns of Small Cap Returns
  - Defining Small Caps
- Highlight AAII ETF/Fund Resources For Small Cap Investing
- Highlight AAII Model Shadow Stock Portfolio
- Highlight AAII Stock Screens With a Small-Cap Focus

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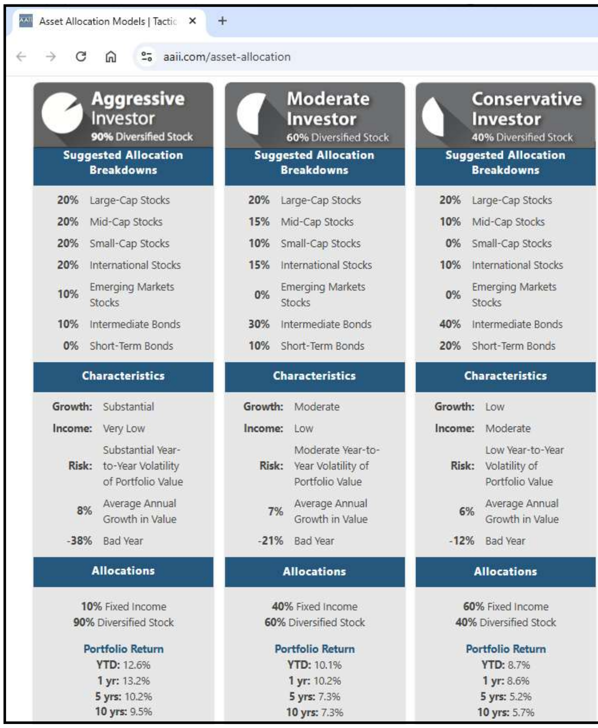
Asset Allocation Models | Tactic
aaii.com/asset-allocation

Aggressive Investor 90% Diversified Stock	Moderate Investor 60% Diversified Stock	Conservative Investor 40% Diversified Stock
Suggested Allocation Breakdowns	**Suggested Allocation Breakdowns**	**Suggested Allocation Breakdowns**
20% Large-Cap Stocks	20% Large-Cap Stocks	20% Large-Cap Stocks
20% Mid-Cap Stocks	15% Mid-Cap Stocks	10% Mid-Cap Stocks
20% Small-Cap Stocks	10% Small-Cap Stocks	0% Small-Cap Stocks
20% International Stocks	15% International Stocks	10% International Stocks
10% Emerging Markets Stocks	0% Emerging Markets Stocks	0% Emerging Markets Stocks
10% Intermediate Bonds	30% Intermediate Bonds	40% Intermediate Bonds
0% Short-Term Bonds	10% Short-Term Bonds	20% Short-Term Bonds
Characteristics	**Characteristics**	**Characteristics**
Growth: Substantial	Growth: Moderate	Growth: Low
Income: Very Low	Income: Low	Income: Moderate
Risk: Substantial Year-to-Year Volatility of Portfolio Value	Risk: Moderate Year-to-Year Volatility of Portfolio Value	Risk: Low Year-to-Year Volatility of Portfolio Value
8% Average Annual Growth in Value	7% Average Annual Growth in Value	6% Average Annual Growth in Value
-38% Bad Year	-21% Bad Year	-12% Bad Year
Allocations	**Allocations**	**Allocations**
10% Fixed Income 90% Diversified Stock	40% Fixed Income 60% Diversified Stock	60% Fixed Income 40% Diversified Stock
Portfolio Return YTD: 12.6% 1 yr: 13.2% 5 yrs: 10.2% 10 yrs: 9.5%	**Portfolio Return** YTD: 10.1% 1 yr: 10.2% 5 yrs: 7.3% 10 yrs: 7.3%	**Portfolio Return** YTD: 8.7% 1 yr: 8.6% 5 yrs: 5.2% 10 yrs: 5.7%

Best to first determine your desired allocation, then establish how to invest:

- Level of interest and time
- Fund/ETF vs Direct Stock
- Active vs Passive
- Style Preference

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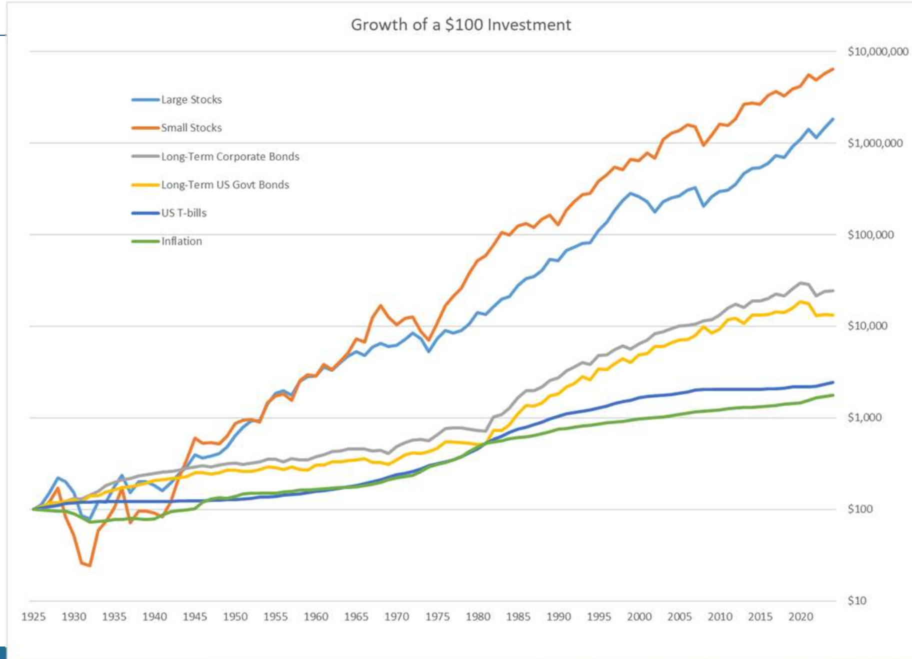
www.aaii.com/learnandplan

Determining Size: Market Capitalization

- Market Capitalization (Market Cap): Price per share times the number of shares outstanding
- Common measure of company size
- Represents public consensus of a company's net worth

Apple Shares Outstanding: 14,902.9 million
Apple Stock Price: $256.10
Market Cap: $3,816.6 billion market cap



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Long-Term Returns (1926-2024)

	S&P 500	Small Stocks	Long-Term Corporate Bonds	Long-Term U.S. Gov't Bonds	Treasury Bills	Inflation (CPI)
Average Annual Compound Rate of Return						
Last 10 Years	13.1%	8.9%	2.5%	0.0%	1.7%	3.0%
Last 20 Years	10.4%	8.3%	4.9%	3.6%	1.6%	2.6%
Last 30 Years	10.9%	11.0%	6.4%	5.6%	2.3%	2.5%
Last 40 Years	11.8%	11.0%	7.7%	7.1%	3.2%	2.8%
Last 50 Years	12.4%	14.6%	7.8%	7.1%	4.3%	3.7%
1926 - 2024	10.4%	11.8%	5.7%	5.1%	3.3%	2.9%
Growth: What $1 Invested Would Have Grown To						
Last 10 Years	$3.43	$2.35	$1.28	$1.00	$1.12	$1.18
Last 20 Years	$7.17	$4.97	$2.58	$2.02	$1.67	$1.36
Last 30 Years	$22.42	$22.66	$6.41	$5.14	$3.34	$2.00
Last 40 Years	$85.96	$64.70	$19.16	$15.75	$8.21	$3.50
Last 50 Years	$342.18	$918.47	$43.16	$31.07	$19.62	$8.17
1926 - 2024	$18,210.45	$64,426.29	$243.68	$132.78	$103.10	$24.38

Annual returns and growth figures include dividends and/or interest, but exclude taxes and transaction costs.

Source: Roger G. Ibbotson and Rex A. Sinquefield, "Stocks, Bonds, Bills and Inflation," 1982 ed.; updated by Kroll, "Stocks, Bonds, Bills and Inflation," Chicago.

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Performance and Overview of Market-Cap Size Groupings

Decile	Annual Return (%) 1926 to 2023	Return Above Decile 1926 to 2023	Average Return (%) 1926 to 2023	Standard Deviation (%) 1926 to 2023	# of Firms	Largest Stock	% of Total Market Cap	% of Total Cos
1-Largest	9.7	--	11.4	18.9	205	$4,247.8 bil	75.8	6.5
2	10.6	0.9	12.7	21.1	203	$55.45 bil	10.7	6.4
3	10.9	1.2	13.4	23.0	218	$23.09 bil	5.1	6.9
4	10.7	1.0	13.6	25.0	207	$11.56 bil	2.8	6.5
5	11.2	1.5	14.2	25.6	234	$7.06 bil	2.0	7.4
6	11.2	1.5	14.5	26.6	272	$4.58 bil	1.5	8.6
7	11.5	1.8	15.2	28.4	308	$2.90 bil	1.0	9.7
8	11.0	1.3	15.3	32.2	327	$1.70 bil	0.6	10.3
9	11.2	1.5	16.4	36.2	450	$869.6 mil	0.4	14.2
10-Smallest	**12.9**	**3.2**	**19.5**	**41.3**	**741**	**$363.3 mil**	**0.1**	23.4
Large Cap, S&P 500	10.3		12.2	19.6	500	$4,247.8 bil	86.6	15.8
Mid Cap, Deciles 3-5	10.9		13.6	23.9	659	$23.09 bil	9.9	20.8
Small Cap, Deciles 6-8	11.3		14.9	28.1	907	$4.58 bil	3.0	28.7
Micro Cap, Deciles 9-10	11.8		17.4	37.7	1,191	$869.6 mil	0.5	37.6
Treasury Bills	3.3		3.3	3.1				
Inflation	2.9		3.0	4.0				

Past performance is no guarantee of future results.
Source: Kroll, Morningstar and CRSP.

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FIGURE 1

The Current Cycle of Large-Cap Outperformance Is Longer Than Average

Small-Cap vs. Large-Cap Leadership Cycles (1931-2024)

As of 12/31/24. **Past performance does not guarantee future results.** Indices are unmanaged and not available for direct investment. Relative strength line indexed at 100 at the start of 1931. Small caps (Russell 2000 Index)[4] vs. large caps (Russell 1000 Index)[5] for 1979 to 2024, and Small minus Big factor returns from Fama-French database for 1931-1978. For illustrative purposes only. Data Source: Wellington Management.

Size Leadership Runs in Streaks

- The average cycle of outperformance for large caps relative to small caps is 11 years, and we're currently in the fourteenth year of large-cap outperformance.

- Small- and mid-caps are currently trading near record-low valuations relative to the S&P 500 Index.

-After several years of underperformance, small caps are finally expected to see their earnings growth exceed large caps.

Wellington Management

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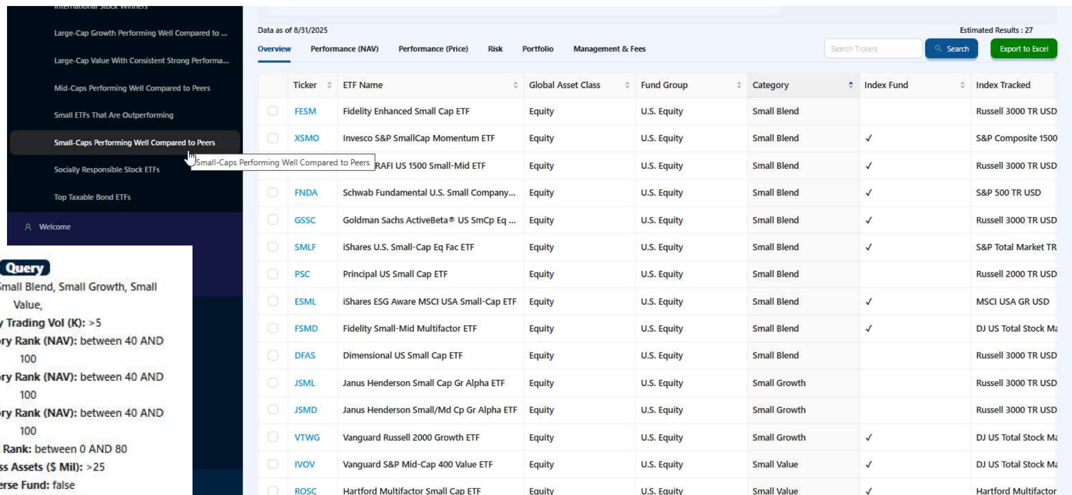
Source: Data Trek Research

Gaining Small-Cap Exposure Via Mutual Funds and ETFs

- Characterizing Small-Cap Stocks
  - Small-Cap Stock Indexes
- Comparing the Small-Cap Funds
  - Active and Passive Small-Cap Funds
  - Active Small-Cap Mutual Funds Perform Well, but Have High Expense Ratios
  - Small-Cap Index Funds Charge Less, but Have Realized Lower Returns
- Mixed Performance and Expense Ratios for Small-Cap ETFs
- Small-Cap Stock Fund Investing Checklist

www.aaii.com/journal/article/194059-gaining-small-cap-exposure-via-mutual-funds-and-etfs

Screens: AAII ETF First Cut Small-Cap Screen



Ticker	ETF Name	Global Asset Class	Fund Group	Category	Index Fund	Index Tracked
FESM	Fidelity Enhanced Small Cap ETF	Equity	U.S. Equity	Small Blend		Russell 3000 TR USD
XSMO	Invesco S&P SmallCap Momentum ETF	Equity	U.S. Equity	Small Blend	✓	S&P Composite 1500
	RAFI US 1500 Small-Mid ETF	Equity	U.S. Equity	Small Blend	✓	Russell 3000 TR USD
FNDA	Schwab Fundamental U.S. Small Company...	Equity	U.S. Equity	Small Blend	✓	S&P 500 TR USD
GSSC	Goldman Sachs ActiveBeta® US SmCp Eq ...	Equity	U.S. Equity	Small Blend	✓	Russell 3000 TR USD
SMLF	iShares U.S. Small-Cap Eq Fac ETF	Equity	U.S. Equity	Small Blend	✓	S&P Total Market TR
PSC	Principal US Small Cap ETF	Equity	U.S. Equity	Small Blend		Russell 2000 TR USD
ESML	iShares ESG Aware MSCI USA Small-Cap ETF	Equity	U.S. Equity	Small Blend	✓	MSCI USA GR USD
FSMD	Fidelity Small-Mid Multifactor ETF	Equity	U.S. Equity	Small Blend	✓	DJ US Total Stock Ma
DFAS	Dimensional US Small Cap ETF	Equity	U.S. Equity	Small Blend		Russell 3000 TR USD
JSML	Janus Henderson Small Cap Gr Alpha ETF	Equity	U.S. Equity	Small Growth		Russell 3000 TR USD
JSMD	Janus Henderson Small/Md Cp Gr Alpha ETF	Equity	U.S. Equity	Small Growth		Russell 3000 TR USD
VTWG	Vanguard Russell 2000 Growth ETF	Equity	U.S. Equity	Small Growth	✓	DJ US Total Stock Ma
IVOV	Vanguard S&P Mid-Cap 400 Value ETF	Equity	U.S. Equity	Small Value	✓	DJ US Total Stock Ma
ROSC	Hartford Multifactor Small Cap ETF	Equity	U.S. Equity	Small Value	✓	Hartford Multifactor

Query

Global Asset Type: Small Blend, Small Growth, Small Value,
Avg Daily Trading Vol (K): >5
1-Year Return Category Rank (NAV): between 40 AND 100
3-Year Return Category Rank (NAV): between 40 AND 100
5-Year Return Category Rank (NAV): between 40 AND 100
Category Risk Rank: between 0 AND 80
Share Class Assets ($ Mil): >25
Inverse Fund: false
Leveraged Fund: false
Expense Ratio Category Rank: between 0 AND 60

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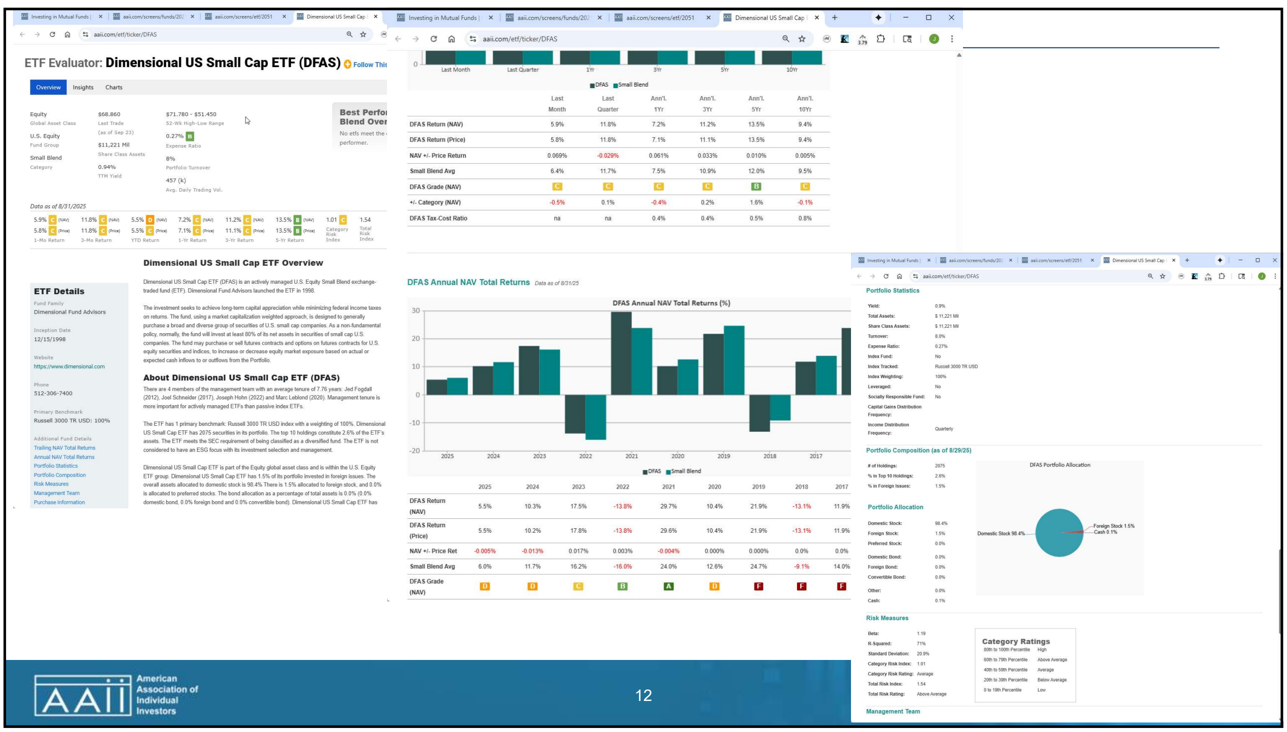

	Last Month	Last Quarter	Ann'l. 1Yr	Ann'l. 3Yr	Ann'l. 5Yr	Ann'l. 10Yr
DFAS Return (NAV)	5.9%	11.8%	7.2%	11.2%	13.5%	9.4%
DFAS Return (Price)	5.8%	11.8%	7.1%	11.1%	13.5%	9.4%
NAV +/- Price Return	0.069%	-0.029%	0.061%	0.033%	0.010%	0.005%
Small Blend Avg	6.4%	11.7%	7.5%	10.9%	12.0%	9.5%
DFAS Grade (NAV)	C	C	C	C	B	C
+/- Category (NAV)	-0.5%	0.1%	-0.4%	0.2%	1.6%	-0.1%
DFAS Tax-Cost Ratio	na	na	0.4%	0.4%	0.5%	0.8%

	2025	2024	2023	2022	2021	2020	2019	2018	2017
DFAS Return (NAV)	5.5%	10.3%	17.5%	-13.8%	29.7%	10.4%	21.9%	-13.1%	11.9%
DFAS Return (Price)	5.5%	10.2%	17.8%	-13.8%	29.6%	10.4%	21.9%	-13.1%	11.9%
NAV +/- Price Ret	-0.005%	-0.013%	0.017%	0.003%	-0.004%	0.000%	0.000%	0.0%	0.0%
Small Blend Avg	6.0%	11.7%	16.2%	-16.0%	24.0%	12.6%	24.7%	-9.1%	14.0%
DFAS Grade (NAV)	D	D	C	B	A	D	F	F	F

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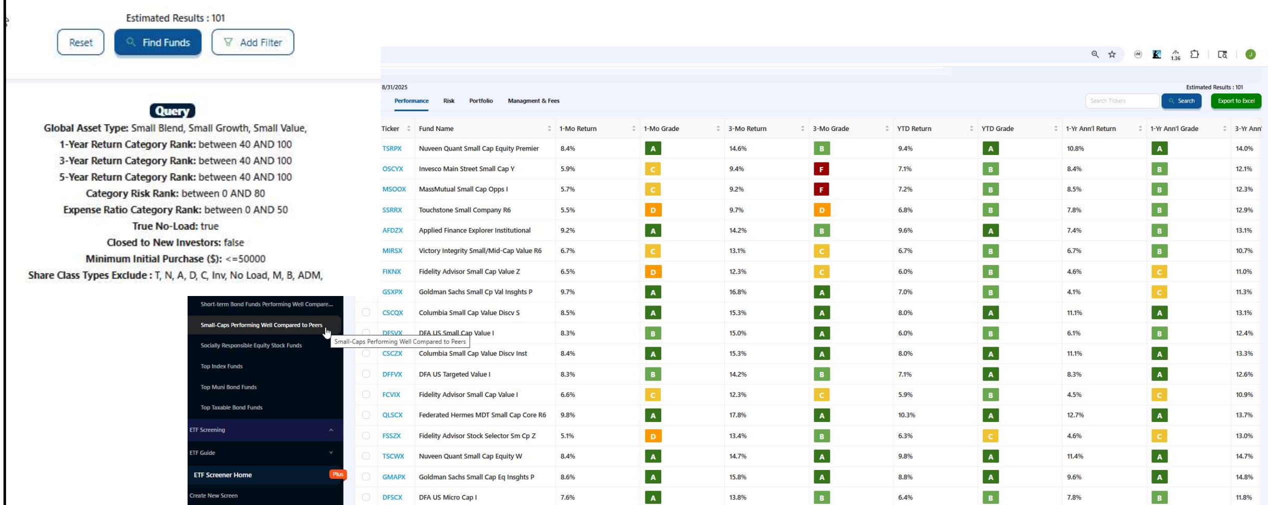
Screens: Fund Small-Cap Screen



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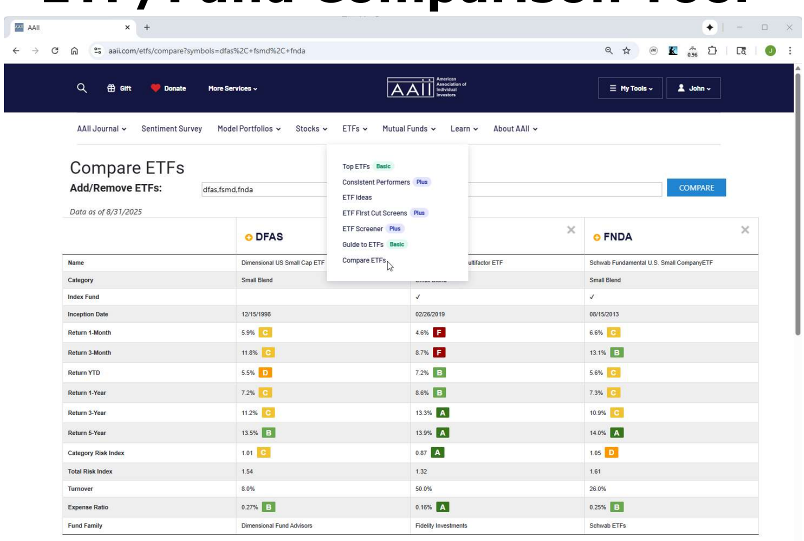
ETF/Fund Comparison Tool



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AAII Shadow Stock Origin Story

- January 1993 AAII Journal: Thinly Traded Stocks: Putting a Practical Approach to the Test by James Cloonan
- The Model Shadow Stock Portfolio developed from an attempt to codify the lessons of academic studies into a set of practical portfolio selection and trading rules that an individual investor could follow with minimal effort
- The portfolio has allowed us to share the problems and procedures of managing a portfolio of small stocks using a quantitative approach

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	Average Monthly Returns (July 1963 to December 1990) (%)										
		High			Price-to-Book-Value Ratio						Low
	All	1	2	3	4	5	6	7	8	9	10
All Stocks	**1.23**	**0.64**	**0.98**	**1.06**	**1.17**	**1.24**	**1.26**	**1.39**	**1.40**	**1.50**	**1.63**
Size Deciles											
1-Largest	**0.89**	0.93	0.88	0.84	0.71	0.79	0.83	0.81	0.96	0.97	**1.18**
2	**0.95**	0.44	0.89	0.92	1.00	1.05	0.93	0.82	1.11	1.04	**1.22**
3	**1.08**	0.66	1.13	0.91	0.95	0.99	1.01	1.15	1.05	1.29	**1.55**
4	**1.07**	0.95	1.00	0.99	0.83	0.99	1.13	0.99	1.16	1.10	**1.47**
5	**1.15**	0.70	0.98	1.14	1.23	0.94	1.27	1.19	1.19	1.24	**1.50**
6	**1.24**	0.88	0.65	1.08	1.47	1.13	1.43	1.44	1.26	1.52	**1.49**
7	**1.19**	0.39	0.72	1.06	1.36	1.13	1.21	1.34	1.59	1.51	**1.47**
8	**1.22**	0.56	0.88	1.23	0.95	1.36	1.30	1.30	1.40	1.54	**1.60**
9	**1.22**	0.43	1.05	0.96	1.19	1.33	1.19	1.58	1.28	1.43	**1.79**
10-Smallest	**1.47**	**0.70**	**1.14**	**1.20**	**1.43**	**1.56**	**1.51**	**1.70**	**1.71**	**1.82**	**1.92**

Source: The Cross-Section of Expected Stock Returns, Eugene Fama & Kenneth French, The Journal of Finance, June 1992

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AAII Model Shadow Stock

Investable universe:

- Domestic stocks in the lowest 10% of market cap
- Stocks with price-to-book-value ratio in the bottom 10%
- Positive earnings from continuing operations over the last quarter and trailing 12 months (last 4 quarters)
  - When available, consensus estimates must also be positive for current quarter and year
- Avoid stocks not listed on U.S. exchanges (also avoid Chinese & Russian firms)
  - Potential for different accounting procedures
  - Share price > $4
- Avoid financial stocks, leasing & rental companies, REITs, partnerships, etc.
  - High levels of acceptable liabilities make it difficult to make meaningful comparisons of popular ratios
- Avoid companies that have not filed a quarterly SEC report (10-Q) in last six months

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Size Matters, If You Control Your Junk

Size Matters, If You Control Your Junk

Fama-Miller Working Paper

59 Pages • Posted: 23 Jan 2015 • Last revised: 27 Jan 2015

Clifford S. Asness
AQR Capital Management, LLC

Andrea Frazzini
AQR Capital Management, LLC

Ronen Israel
Yale School of Management; AQR Capital Management, LLC

Tobias J. Moskowitz
Yale University, Yale SOM; AQR Capital; National Bureau of Economic Research (NBER)

Lasse Heje Pedersen
AQR Capital Management, LLC; Copenhagen Business School - Department of Finance; Centre for Economic Policy Research (CEPR)

There are 2 versions of this paper

Date Written: January 22, 2015

Abstract

The size premium has been challenged along many fronts: it has a weak historical record, varies significantly over time, in particular weakening after its discovery in the early 1980s, is concentrated among microcap stocks, predominantly resides in January, is not present for measures of size that do not rely on market prices, is weak internationally, and is subsumed by proxies for illiquidity. We find, however, that these challenges are dismantled when controlling for the quality, or the inverse "junk", of a firm. A significant size premium emerges, which is stable through time, robust to the specification, more consistent across seasons and markets, not concentrated in microcaps, robust to non-price based measures of size, and not captured by an illiquidity premium. Controlling for quality/junk also explains interactions between size and other return characteristics such as value and momentum.

Keywords: Size, Size effect, Size Anomaly, Small Cap, Microcap, Quality, Junk, Profitability, Market efficiency, January Effect, Illiquidity, Value, Momentum, Low volatility

papers.ssrn.com/sol3/papers.cfm?abstract_id=2553889

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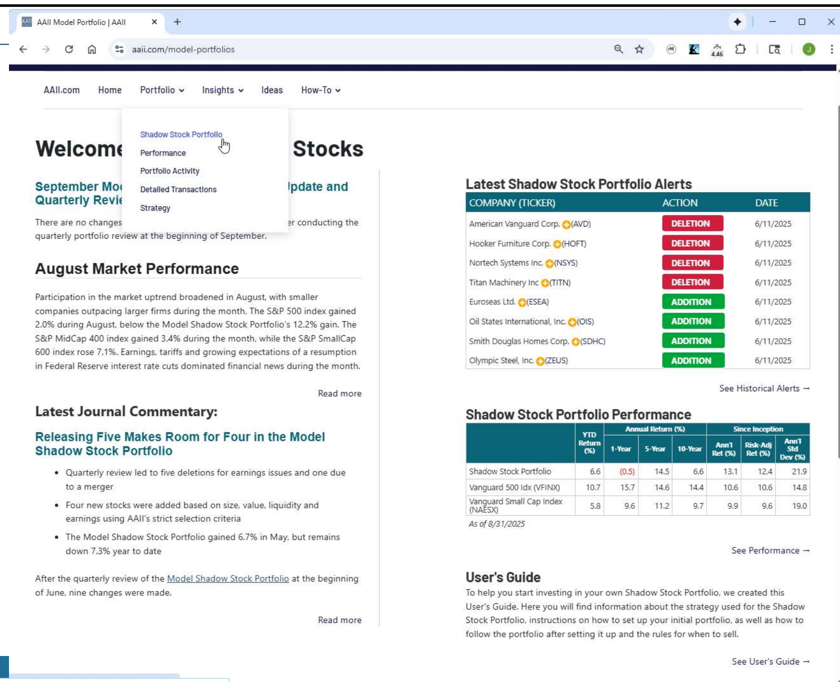
- Home page for AAII Model Shadow Stock Portfolio



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www.aaii.com/model-portfolios

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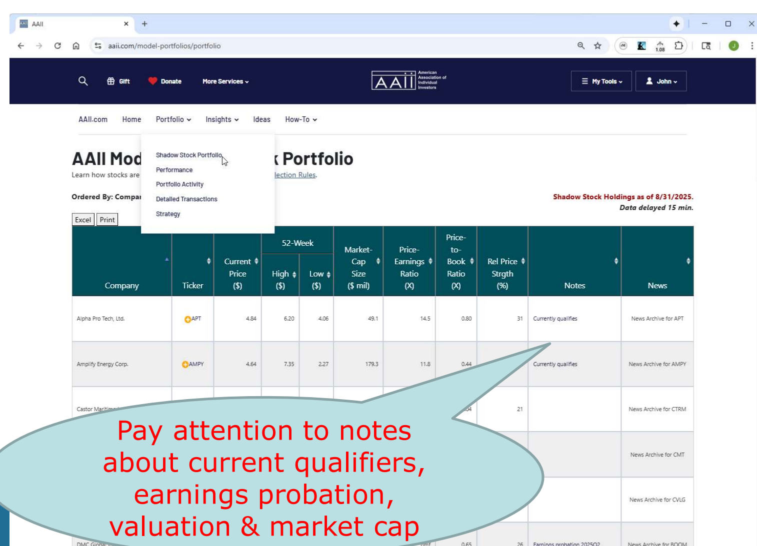
Actual AAII Model Shadow Stock Portfolio

- "Actual Portfolio" section updated monthly & lists current portfolio holdings
- Current price to book & market cap
- Special notes (e.g., currently qualifies, earnings probation)



Pay attention to notes about current qualifiers, earnings probation, valuation & market cap

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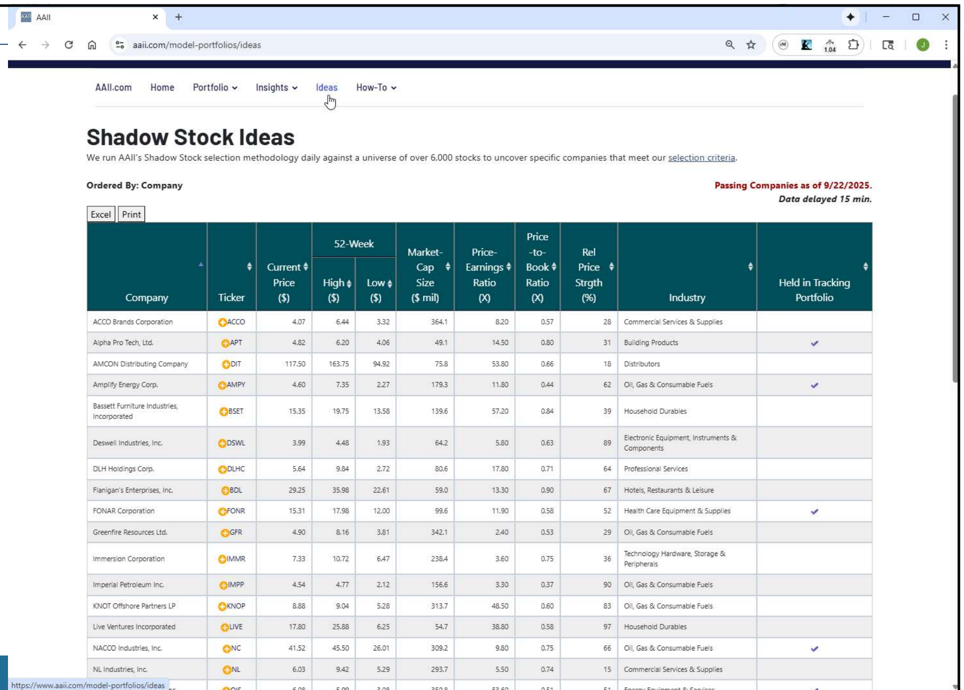
- “Shadow Stock Ideas” list is updated **daily** and lists all stocks currently passing initial buy rules
- You will need to monitor any stocks purchased from this list since they may not be part of our model portfolio



AAII.com Home Portfolio Insights Ideas How-To

Shadow Stock Ideas

We run AAII's Shadow Stock selection methodology daily against a universe of over 6,000 stocks to uncover specific companies that meet our selection criteria.

Ordered By: Company

Passing Companies as of 9/22/2025.
Data delayed 15 min.

Excel Print

Company	Ticker	Current Price ($)	52-Week		Market-Cap Size ($ mil)	Price-Earnings Ratio (X)	Price-to-Book Ratio (X)	Rel Price Strgth (%)	Industry	Held in Tracking Portfolio
			High ($)	Low ($)						
ACCO Brands Corporation	ACCO	4.07	6.44	3.32	364.1	8.20	0.57	28	Commercial Services & Supplies	
Alpha Pro Tech, Ltd.	APT	4.82	6.20	4.06	49.1	14.50	0.80	31	Building Products	✔
AMCON Distributing Company	DIT	117.50	163.75	94.92	75.8	53.80	0.66	18	Distributors	
Amplify Energy Corp.	AMPY	4.60	7.35	2.27	179.3	11.80	0.44	62	Oil, Gas & Consumable Fuels	✔
Bassett Furniture Industries, Incorporated	BSET	15.35	19.75	13.58	139.6	57.20	0.84	39	Household Durables	
Deswell Industries, Inc.	DSWL	3.99	4.48	1.93	64.2	5.80	0.63	89	Electronic Equipment, Instruments & Components	
DLH Holdings Corp.	DLHC	5.64	9.84	2.72	80.6	17.80	0.71	64	Professional Services	
Flanigan's Enterprises, Inc.	BDL	29.25	35.98	22.61	59.0	13.30	0.90	67	Hotels, Restaurants & Leisure	
FONAR Corporation	FONR	15.31	17.98	12.00	99.6	11.90	0.58	52	Health Care Equipment & Supplies	✔
Greenfire Resources Ltd.	GFR	4.90	8.16	3.81	342.1	2.40	0.53	29	Oil, Gas & Consumable Fuels	
Immersion Corporation	IMMR	7.33	10.72	6.47	238.4	3.60	0.75	36	Technology Hardware, Storage & Peripherals	
Imperial Petroleum Inc.	IMPP	4.54	4.77	2.12	156.6	3.30	0.37	90	Oil, Gas & Consumable Fuels	
KNOT Offshore Partners LP	KNOP	8.88	9.04	5.28	313.7	48.50	0.60	83	Oil, Gas & Consumable Fuels	
Live Ventures Incorporated	LIVE	17.80	25.88	6.25	54.7	38.80	0.58	97	Household Durables	
NACCO Industries, Inc.	NC	41.52	45.50	26.01	309.2	9.80	0.75	66	Oil, Gas & Consumable Fuels	✔
NL Industries, Inc.	NL	6.03	9.42	5.29	293.7	5.50	0.74	15	Commercial Services & Supplies	
[illegible]	OIS	6.08	5.99	3.08	350.8	53.60	0.51	51	Energy Equipment & Services	✔

https://www.aaii.com/model-portfolios/ideas

Knowing When to Sell

- Sell process just as important as buy process
- Investors tend to sell winning positions too quickly & hold onto losing positions for too long
  - Investors hate to give up some of the gain from a winner and would rather lock in a small profit than hold on for larger gain, but risk giving up some of the profit
  - Investors like to hold onto losing positions to try and break even

Shadow Stock Portfolio Sell Rules

- **Price-to-book-value ratio > 3x** current buy factor
  - 3 × 0.9 = 2.7
  - Sell if there are suitable replacements
- **Market cap > 3x** current buy factor
  - 3 × $400 mil = $1,200 million
  - Sell if there are suitable replacements
- **Adjusted EPS 12m Negative**
  - Not GAAP earnings
  - Stock placed on probation when quarterly results push trailing 12- month EPS negative
  - If subsequent quarter company has negative EPS while trailing 12-month EPS still negative, stock is sold
    - If subsequent quarterly EPS is positive but trailing 12-month EPS is negative, stock remains on probation
  - Sell even if no suitable replacements
- **Sell holdings older than four years**, unless up since purchase and not currently passing
  - Sell if there are suitable replacements

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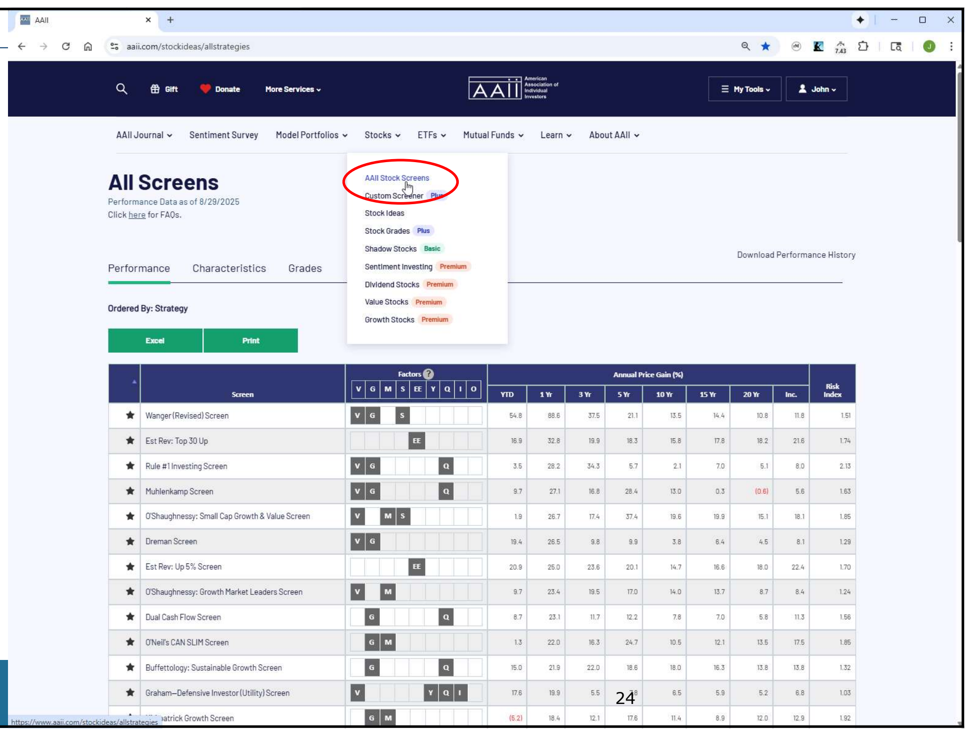
AAII Stock Screens section from Stocks menu provides access to AAII stock screens



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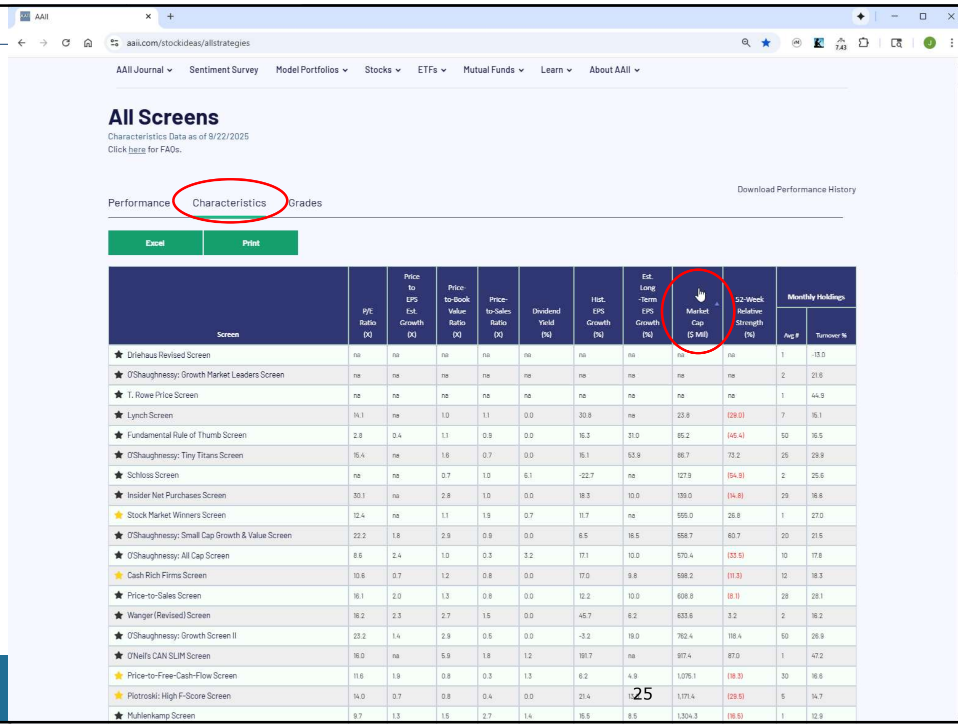
Characteristics tab of table provides summary of companies passing each screen. Table can be sorted by specific columns such as Market Cap.



All Screens

Characteristics Data as of 9/22/2025

Click here for FAQs.

Performance | Characteristics | Grades

Download Performance History

Excel | Print

Screen	P/E Ratio (X)	Price to EPS Est. Growth (X)	Price-to-Book Value Ratio (X)	Price-to-Sales Ratio (X)	Dividend Yield (%)	Hist. EPS Growth (%)	Est. Long-Term EPS Growth (%)	Market Cap ($ Mil)	52-Week Relative Strength (%)	Monthly Holdings Avg #	Monthly Holdings Turnover %
Driehaus Revised Screen	na	na	na	na	na	na	na	na	na	1	-13.0
O'Shaughnessy: Growth Market Leaders Screen	na	na	na	na	na	na	na	na	na	2	21.6
T. Rowe Price Screen	na	na	na	na	na	na	na	na	na	1	44.9
Lynch Screen	14.1	na	1.0	1.1	0.0	30.8	na	23.8	(29.0)	7	15.1
Fundamental Rule of Thumb Screen	2.8	0.4	1.1	0.9	0.0	16.3	31.0	85.2	(45.4)	50	16.5
O'Shaughnessy: Tiny Titans Screen	15.4	na	1.6	0.7	0.0	15.1	53.9	86.7	73.2	25	29.9
Schloss Screen	na	na	0.7	1.0	6.1	-22.7	na	127.9	(54.9)	2	25.6
Insider Net Purchases Screen	30.1	na	2.8	1.0	0.0	18.3	10.0	139.0	(14.8)	29	16.6
Stock Market Winners Screen	12.4	na	1.1	1.9	0.7	11.7	na	555.0	26.8	1	27.0
O'Shaughnessy: Small Cap Growth & Value Screen	22.2	1.8	2.9	0.9	0.0	6.5	16.5	558.7	60.7	20	21.5
O'Shaughnessy: All Cap Screen	8.6	2.4	1.0	0.3	3.2	17.1	10.0	570.4	(33.5)	10	17.8
Cash Rich Firms Screen	10.6	0.7	1.2	0.8	0.0	17.0	9.8	598.2	(11.3)	12	18.3
Price-to-Sales Screen	16.1	2.0	1.3	0.8	0.0	12.2	10.0	608.8	(8.1)	28	28.1
Wanger (Revised) Screen	16.2	2.3	2.7	1.5	0.0	45.7	6.2	633.6	3.2	2	16.2
O'Shaughnessy: Growth Screen II	23.2	1.4	2.9	0.5	0.0	-3.2	19.0	762.4	118.4	50	26.9
O'Neil's CAN SLIM Screen	16.0	na	5.9	1.8	1.2	191.7	na	917.4	87.0	1	47.2
Price-to-Free-Cash-Flow Screen	11.6	1.9	0.8	0.3	1.3	6.2	4.9	1,075.1	(18.3)	30	16.6
Piotroski: High F-Score Screen	14.0	0.7	0.8	0.4	0.0	21.4	[illegible]	1,171.4	(29.5)	5	14.7
Muhlenkamp Screen	9.7	1.3	1.5	2.7	1.4	15.5	8.5	1,304.3	(16.5)	1	12.9

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AAII Stock Screen Performance History (1998 - 2025m8)

Strategy	Market Cap ($ Mil)	Avg Holdings #	Average A+ Grades: Value	Growth	Momentum	Est Rev	Quality	Since Incep	Risk Adj Return (%)	% of Pos Yrs	% Yrs Above S&P 500	3 Yr	5 Yr	10 Yr	20 Yr	r2 S&P 500	r2 S&P Mid	r2 S&P Small	Price Gain (%) YTD	2024	2023	2022	2021	2020
Lynch	$24	7	B	D	D	na	A	8.3	7.7	75	46	17.6%	16.9%	5.4%	4.7%	43	50	48	7.8	12.8	23.7	10.5	16.9	-21.8
Fundamental Rule of Thumb	$85	50	B	D	C	D	B	8.3	6.4	68	46	(0.9%)	1.1%	1.6%	2.7%	47	58	58	5.1	-15.0	25.7	-34.8	19.8	15.8
O'Shaughnessy: Tiny Titans	$87	25	B	D	A	C	C	24.0	17.7	79	79	21.2%	36.6%	23.2%	15.1%	39	48	54	-6.8	47.3	31.9	13.0	61.9	42.4
Schloss	$128	2	A	C	F	na	C	4.0	(3.3)	54	29	6.7%	(5.7%)	(5.6%)	(1.3%)	22	23	24	-8.8	7.7	22.9	-22.8	-8.9	-4.6
Insider Net Purchases	$139	29	C	D	C	C	D	(3.6)	(19.5)	46	29	(18.7%)	(18.9%)	(7.3%)	(6.8%)	37	46	48	-0.5	-15.5	-26.6	-38.1	-35.3	83.2
Stock Market Winners	$555	1	B	C	B	C	C	14.7	13.7	75	61	10.2%	3.6%	5.3%	8.9%	13	18	20	2.4	34.3	3.3	-23.5	-9.0	-14.5
O'Shaughnessy: SmCp Grth & Val	$559	20	C	C	A	C	B	18.2	14.9	79	68	17.4%	37.4%	19.6%	15.1%	31	44	50	1.9	38.9	11.5	-11.4	180.6	5.5
O'Shaughnessy: All Cap	$570	10	A	C	D	D	B	9.1	8.0	68	43	2.9%	9.7%	5.9%	5.0%	51	64	65	4.8	-8.2	19.1	-22.9	36.7	-3.3
Cash Rich Firms	$598	12	A	C	C	D	B	6.8	5.3	64	46	1.9%	0.2%	0.8%	2.2%	58	68	69	-0.7	-0.3	16.5	-28.6	6.5	2.5
Price-to-Sales	$609	28	B	C	C	C	B	11.6	11.4	79	54	8.4%	10.6%	9.1%	8.1%	58	72	79	14.9	3.4	11.6	-16.1	21.3	23.0
Wanger (Revised)	$634	2	C	B	C	C	B	8.9	7.8	64	64	37.5%	21.1%	13.5%	10.8%	49	58	57	54.8	48.3	11.5	-3.0	2.8	-1.6
O'Shaughnessy: Growth II	$762	50	B	C	A	C	C	16.6	14.5	82	61	20.0%	34.9%	18.2%	12.8%	47	63	68	-2.6	54.1	14.3	8.5	80.4	15.5
O'Neil's CAN SLIM	$917	1	B	A	A	A	A	19.0	15.3	71	68	16.3%	24.7%	10.5%	13.5%	9	13	15	1.3	39.3	18.2	-15.8	52.0	49.2
Price-to-Free-Cash-Flow	$1,075	30	A	B	C	D	B	15.3	13.3	79	57	10.7%	23.8%	9.2%	12.5%	49	60	64	20.0	-6.9	23.3	-11.0	63.4	13.3
Piotroski: High F-Score	$1,171	5	A	C	D	C	B	13.1	12.0	71	46	(0.9%)	9.7%	(5.7%)	4.9%	26	33	34	3.9	6.6	4.6	-27.2	20.3	0.3
Muhlenkamp	$1,304	1	B	C	D	C	B	4.4	0.3	68	54	16.8%	28.4%	13.0%	(0.6%)	35	44	48	9.7	51.6	1.4	-9.3	49.9	40.7
Driehaus	$1,403	2	F	D	A	B	C	11.6	11.2	64	54	15.3%	10.4%	9.1%	14.0%	29	36	43	2.0	17.6	68.8	-35.5	-9.8	16.5
Magic Formula	$1,653	30	B	C	D	D	B	6.6	4.0	64	36	9.8%	8.3%	3.8%	4.0%	50	62	63	9.1	17.2	13.5	-21.3	10.4	6.1
Graham—Enterprising Inv Rev	$1,927	23	A	C	D	D	B	17.8	14.9	75	64	6.2%	12.2%	7.2%	11.1%	29	37	39	0.4	-11.5	50.5	10.2	59.2	20.3
Est Rev: Lowest 30 Down	$2,448	30	C	C	D	D	C	0.3	(12.6)	54	36	1.3%	(2.1%)	3.0%	0.2%	62	69	68	6.4	-10.3	22.0	-38.2	-9.5	33.4
Est Rev: Down 5%	$2,519	47	B	C	D	D	C	0.6	(8.9)	57	32	1.2%	(1.3%)	2.7%	0.7%	65	73	74	4.8	-9.7	16.2	-32.1	-11.0	43.7
Dual Cash Flow	$2,796	42	D	B	C	C	B	10.2	9.8	71	50	11.7%	12.2%	7.8%	5.8%	56	62	66	8.7	17.9	16.8	-27.1	27.0	36.5
Lakonishok	$2,803	19	C	C	B	B	C	12.8	12.5	71	61	15.9%	15.1%	12.3%	12.6%	55	74	71	17.9	33.9	-0.9	-16.0	19.4	25.0
Rule #1 Investing	$3,026	1	B	C	C	C	A	7.5	3.5	68	39	34.3%	5.7%	2.1%	5.1%	44	46	42	3.5	63.2	16.7	-39.1	10.0	-25.7
Kirkpatrick Bargain	$3,040	13	C	C	A	B	C	5.8	3.6	68	46	10.9%	10.2%	3.8%	6.6%	40	49	49	8.1	4.6	33.6	-21.4	9.1	21.7
Kirkpatrick Value	$3,234	2	C	C	A	D	C	10.5	9.9	61	54	(14.8%)	6.8%	4.2%	5.8%	12	17	18	-60.4	23.2	29.6	-2.8	60.7	63.3
Weiss Blue Chip Div Yield	$3,822	1	C	B	D	B	A	8.6	7.9	75	57	0.8%	5.1%	5.4%	7.0%	51	57	52	-5.6	-4.0	13.3	-1.8	9.5	3.1

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AAII Stock Screen Performance History (1998 - 2025m8)

Strategy	Market Cap ($ Mil)	Avg Hold-ings #	Value	Growth	Momentum	Est Rev	Quality	Since Incep	Risk Adj Return (%)	% of Pos Yrs	% Yrs Above S&P 500	3 Yr	5 Yr	10 Yr	20 Yr	r2 S&P 500	r2 S&P Mid	r2 S&P Small	YTD	2024	2023	2022	2021	2020
			Average A+ Grades																Price Gain (%)					
ADR	$4,082	9	A	C	B	C	B	5.1	2.5	61	54	5.0%	2.1%	1.5%	4.1%	44	50	50	21.5	-3.2	3.8	-24.1	-7.4	-1.9
Graham—Defensive Inv (Non-Util)	$4,222	10	B	B	D	C	B	11.5	11.3	79	61	6.3%	8.9%	5.5%	9.2%	51	66	68	4.8	-6.3	19.0	-12.1	29.4	1.0
Graham—Defensive Inv (Util)	$4,675	7	B	B	C	C	C	6.1	6.0	75	50	5.5%	7.8%	6.5%	5.2%	23	26	21	17.6	12.3	-8.4	2.1	8.8	-14.3
Return on Equity	$6,202	13	D	B	C	C	A	12.0	11.7	75	64	19.8%	13.2%	13.5%	10.0%	67	77	76	6.9	29.2	25.1	-8.8	8.5	49.7
Dividend (High Relative Yield)	$7,171	27	C	B	D	C	B	8.5	8.2	75	50	11.7%	15.8%	9.5%	7.6%	60	71	71	9.7	15.4	4.5	1.4	29.6	-6.1
Value on the Move—PEG w/Hist Grt	$7,628	28	D	B	B	B	B	12.4	12.3	89	64	21.4%	15.3%	10.9%	9.7%	59	75	78	9.6	31.3	23.0	-18.0	27.3	1.6
Est Rev: Top 30 Up	$7,779	30	D	C	B	B	C	20.8	16.6	79	75	19.9%	18.3%	15.8%	18.2%	51	64	65	16.9	40.3	5.3	-8.5	19.9	32.8
Kirkpatrick Growth	$7,908	7	F	C	A	C	C	13.7	12.4	57	57	12.1%	17.6%	11.4%	12.0%	23	32	34	-5.2	45.3	14.2	-7.6	17.0	56.9
O'Neil's CAN SLIM Rev 3rd Ed	$8,940	1	F	C	A	C	C	13.6	12.4	64	54	6.2%	1.1%	8.1%	10.7%	17	22	23	46.5	-6.0	-5.8	-42.7	25.8	28.3
Templeton	$9,374	1	D	A	D	C	A	9.1	8.3	79	57	24.8%	13.2%	9.1%	9.2%	51	59	52	13.8	13.3	59.7	-11.6	4.5	-3.5
Neff	$10,262	6	B	B	D	C	B	13.4	12.5	75	61	20.0%	14.7%	7.1%	8.1%	58	69	68	16.3	7.8	29.6	-17.6	29.5	-12.3
Buffett: Hagstrom	$10,523	30	C	B	C	C	B	13.1	12.8	86	75	17.8%	14.7%	12.2%	11.7%	77	80	71	12.4	15.5	28.1	-17.5	28.6	28.9
Dreman With Est Revisions	$11,521	3	B	B	B	B	D	14.2	13.2	89	71	27.4%	18.6%	13.2%	14.1%	46	55	50	21.6	16.8	19.1	4.4	12.2	21.5
Buffettology: EPS Growth	$12,269	28	D	B	C	C	A	11.3	11.2	86	71	21.6%	15.1%	14.1%	12.0%	73	82	77	15.4	21.6	31.1	-19.9	17.6	38.0
Est Rev: Up 5%	$12,864	22	F	D	B	A	C	21.1	16.9	82	79	23.6%	20.1%	14.7%	18.0%	50	61	62	20.9	34.3	21.9	-14.5	25.9	32.0
Buffettology: Sustainable Growth	$13,462	16	C	B	C	C	B	12.8	12.4	86	68	22.0%	18.6%	18.0%	13.8%	71	78	73	15.0	20.4	31.9	-13.6	19.2	56.6
Fisher (Philip)	$17,628	1	C	C	C	F	A	5.7	(0.5)	50	32	(7.6%)	(7.9%)	4.9%	1.9%	37	39	36	-23.6	16.9	16.7	-21.9	-18.5	64.6
O'Neil's CAN SLIM No Float	$18,735	3	D	B	A	B	B	13.3	12.7	86	57	18.1%	12.1%	10.9%	8.5%	40	46	46	13.8	34.7	20.5	-28.4	11.0	28.3
Zweig	$21,270	1	C	C	A	B	B	11.0	11.0	71	57	14.4%	15.3%	2.8%	1.2%	31	36	31	64.7	-23.0	26.0	-0.3	20.2	1.9
Dreman	$24,646	5	B	B	C	C	C	7.1	6.0	64	54	9.8%	9.9%	3.8%	4.5%	51	64	58	19.4	17.7	-2.1	-26.9	27.1	-19.1
P/E Relative	$28,923	36	D	B	C	B	B	13.3	13.0	79	61	14.4%	14.9%	11.5%	11.5%	64	76	70	7.6	12.0	25.7	-14.7	29.5	9.1
Value on the Move—PEG w/Est Grtl	$29,971	4	na	na	na	na	na	13.7	12.9	82	64	31.0%	14.6%	6.9%	9.4%	57	71	69	22.7	25.1	35.6	-21.9	29.4	-17.4
O'Shaughnessy: Value	$256,547	30	C	C	B	C	C	5.3	3.7	71	39	11.5%	12.6%	6.9%	3.5%	69	67	59	9.2	13.0	7.9	1.6	21.1	2.2
Dogs of the Dow: Low Priced 5	$267,829	5	C	B	D	C	A	1.4	(2.4)	61	46	(2.0%)	0.4%	1.5%	0.8%	47	37	35	16.3	-16.6	-0.7	-12.0	13.9	-16.0
Dogs of the Dow	$276,387	10	C	A	D	C	A	3.0	1.8	61	36	6.4%	4.9%	5.4%	4.0%	59	50	45	13.7	-3.6	3.1	-4.7	10.6	-8.4
O'Shaughnessy: Grth Mkt Leaders	na	2	na	na	na	na	na	8.9	8.4	79	46	19.5%	17.0%	14.0%	8.7%	58	61	55	9.7	34.8	8.4	11.6	18.1	3.1
T. Rowe Price	na	1	na	na	na	na	na	4.6	(1.1)	61	43	(23.3%)	(9.4%)	(3.7%)	1.5%	23	26	24	0.0	-30.1	4.4	-65.0	114.2	-23.5
Driehaus Revised	na	1	na	na	na	na	na	16.9	13.6	68	61	5.7%	15.6%	9.4%	14.6%	20	30	36	-14.0	10.4	35.8	-12.6	50.9	-21.2

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Stocks That Currently Pass The O'Shaughnessy: Tiny Titans Screening Model

Passing companies as of 9/22/2025. Companies are ranked by Relative Strength 52wk (d)

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Company Name	Ticker	Exchange	Market Cap Q1	PE	Price/Sales	Yield	% Rank-Rel Strength 52 week
Synergy CHC Corp.	SNYR	M	28.7	6.6	0.6	0.0	100
Cineverse Corp.	CNVS	M	64.5	25.2	0.7	0.0	98
DallasNews Corporation	DALN	M	84.5	0.0	0.7	0.0	98
Surf Air Mobility Inc.	SRFM	N	195.3	0.0	0.7	0.0	98
Optical Cable Corporation	OCC	M	76.9	0.0	1.0	0.0	97
Quantum Corporation	QMCO	M	152.6	0.0	0.3	0.0	97
Fossil Group, Inc.	FOSL	M	159.7	0.0	0.2	0.0	96
MIND Technology, Inc.	MIND	M	70.7	3.5	0.9	0.0	94
CISO Global Inc.	CISO	M	38.1	0.0	0.9	0.0	93
NCS Multistage Holdings, Inc.	NCSM	M	119.4	10.0	0.7	0.0	[illegible]
Zevia PBC	ZVIA	N	158.2	0.0	0.9	0.0	[illegible]
Atlantic American Corporation	AAME	M	67.9	31.7	0.3	0.6	[illegible]
Hour Loop, Inc.	HOUR	M	102.3	132.3	0.7	0.0	[illegible]
Red Robin Gourmet Burgers, Inc.	RRGB	M	123.4	0.0	0.1	0.0	[illegible]
NetSol Technologies, Inc.	NTWK	M	55.6	237.5	0.9	0.0	[illegible]
Puma Biotechnology, Inc.	PBYI	M	224.7	4.6	0.9	0.0	[illegible]
DHI Group, Inc.	DHX	N	132.6	0.0	1.0	0.0	[illegible]
Katapult Holdings, Inc.	KPLT	M	86.7	0.0	0.3	0.0	86
Vince Holding Corp.	VNCE	N	44.6	0.0	0.2	0.0	86
Friedman Industries, Incorporated	FRD	M	155.7	18.2	0.3	0.7	84
Atara Biotherapeutics, Inc.	ATRA	M	86.4	21.8	0.6	0.0	83
Coffee Holding Co., Inc.	JVA	M	28.7	15.4	0.3	0.0	83
Stran & Company, Inc.	SWAG	M	33.2	0.0	0.3	0.0	83
Coherus Oncology, Inc.	CHRS	M	184.8	3.1	0.7	0.0	82
Kingstone Companies, Inc.	KINS	M	196.4	6.8	0.9	1.4	81

Tiny Titans:

- Companies not based in the United States are excluded
- Companies must be listed on the New York or NASDAQ exchange
- Market capitalization for the latest fiscal quarter (Q1) is greater than or equal to $25 million and is less than or equal to $250 million
- The price-to-sales ratio is less than one
- The final results are the 25 companies with the highest relative price strength over the last 52 weeks

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Keep a Long-Term Perspective

- Small-cap stocks tend to have consecutive periods of overperformance and then underperformance
- Small-cap stocks have more volatility than large-cap stocks; important to maintain diversified portfolio and consider all asset classes and foreign markets as well as domestic markets
- Maintain reasonable expectations
- Market is reasonably efficient, but not in the academic sense that all information is instantaneously reflected in prices of all stocks. Nevertheless, information will eventually lead to stock price adjustments
  - Adjustments quicker for larger companies than smaller firms

Questions?

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Jim Cloonan's Rules for Investing Success

- Rule #1: Develop a consistent, well-defined approach to investing
- Rule #2: Stick to Rule #1

Addendum

Time Frame and Losses (1926-2024)

Holding Period (Years)	S&P 500	Small Stocks	Corporate Bonds	U.S. Gov't Bonds	T-Bills
	Percentage of Holding Periods That Resulted in Losses				
1	26%	30%	22%	28%	1%
3	15%	16%	11%	13%	1%
5	13%	13%	5%	9%	0%
10	4%	2%	0%	2%	0%
20	0%	0%	0%	0%	0%

Source: Roger G. Ibbotson and Rex A. Sinquefield, "Stocks, Bonds, Bills and Inflation," 1982 ed.; updated by Kroll, "Stocks, Bonds, Bills and Inflation," Chicago.

Time Frame, Losses & Return Extremes

(Rolling Periods 1993 - 2024)

Holding Period (Years)	Model Shadow Stock Portfolio: % of Periods Resulting in Losses	Highest Annual Return	Lowest Annual Return	Vanguard 500 Index (VFINX): % of Periods Resulting in Losses	Highest Annual Return	Lowest Annual Return
1	27%	203.5%	(55.6%)	18%	56.2%	(43.3%)
3	17%	52.8%	(19.7%)	17%	32.7%	(16.1%)
5	5%	44.5%	(11.1%)	15%	28.5%	(6.7%)
10	0%	22.7%	4.0%	9%	16.5%	(3.5%)
15	0%	19.1%	5.6%	0%	15.9%	3.6%
20	0%	17.8%	9.7%	0%	10.6%	4.7%

Past performance is no guarantee of future results.

Time Frame and Performance

(Rolling Periods 1993 - 2024)

Holding Period	Percentage of Holding Periods That Resulted in Better Performance: Model Shadow Stock Outperformed	S&P 500 Outperformed
1 Month	52% (198 out of 384)	48% (186 out of 384)
1 Year	53% (196 out of 373)	47% (177 out of 373)
3 Year	50% (175 out of 349)	50% (174 out of 349)
5 Year	59% (192 out of 325)	41% (133 out of 325)
10 Year	77% (205 out of 265)	23% (60 out of 265)
15 Year	87% (178 out of 205)	13% (27 out of 205)
20 Year	98% (142 out of 145)	2% (3 out of 145)

Past performance is no guarantee of future results.

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