



AMERICAN ASSOCIATION OF INDIVIDUAL INVESTORS & BETTERINVESTING

AAII + BETTERINVESTING: YOUR STOCK STRATEGY EDGE



24 JUNE 2025
DOUG GERLACH
VICE-PRESIDENT, BETTERINVESTING



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AAII + BI: YOUR STOCK STRATEGY EDGE

STOCK SELECTION GUIDE® (SSG®) BASICS





OVERVIEW OF SSG

- Disciplined approach to individual stock analysis based on fundamentals.
- Focuses on key attributes most likely to contribute to long-term business success.
- Acknowledges near-term risks of investing in stocks by emphasizing long-term performance through all investing & economic cycles.
- Methodical approach reduces risks of mis-timing market entry & exit.



HISTORY OF SSG

- Developed in 1940s-1950s by BI founder George Nicholson.
- Aimed to democratize investing in stocks for “Main Street” investors when data was limited, & calculators & computers didn’t exist.
- Beauty of method lies in simplicity & accessibility.
- Also utilized by practiced investors & professional analysts who integrate deeper insights & experiences.
- Original 2-page form now accessed via online web app included in BI membership with data on 8000 companies.



COMPANIES MUST MEET 2 KEY CRITERIA

1. Be well-run, successful companies with drivers in place for future growth.
 - Have track record of growth of sales & earnings.
 - Have exemplary profit margins.
 - Are expected to continue growth trends.
2. Be reasonably-valued at time of purchase to allow for target returns to be reached.
 - Selling at P/E ratio that matches past & expected growth.
 - Potential downside is reasonable & outweighed by upside.



WHAT SSG CAN'T DO

- Like every tool, SSG only works when utilized properly.
- SSG works to help develop outlook for companies that are:
 - Profitable (not money losing).
 - Consistently growing (not erratic or in turnaround).
 - Reasonably valued according to history and future expectations (overpaying reduces or eliminates returns).
- Not replacement for stock research, but aid to judgment.
- *Many public companies don't fit SSG model.*
 - Discipline is key to any investing approach.



WHY THE SSG WORKS

- Similar to GARP (Growth At a Reasonable Price) approach popularized by Peter Lynch.
- Follows established principles of operating & evaluating businesses taught in business schools.
- Provides insight into company fundamentals without requiring review of hundreds of ratios or interpreting pages of financial statements.
- Key concepts are adaptable to recessions & bear markets.



PROVEN TRACK RECORD

- In *Investor Advisory Service* newsletter, team of Chartered Financial Analysts (CFAs) uses SSG to select & analyze stocks.
- Hulbert Ratings has named *IAS* a top-performing newsletter.
 - Named to Hulbert Investment Newsletter Honor Roll for past 15 consecutive years.
 - Currently #2 best-performing newsletter for TTM a/o 31 May 2025.
- Level of consistent outperformance suggests that SSG works!



BEYOND THE SSG

- SSG provides all investors need to Keep It Super Simple (KISS) when analyzing stocks.
- Experienced users can use SSG & its conclusions to go beyond:
 - Buying/selling options.
 - Using technicals to enhance entrance/exit prices.
- SSG can't be used on mutual funds or ETFs, but users often find that understanding of those securities is boosted by understanding of SSG & company fundamentals.



AAII + BI: YOUR STOCK STRATEGY EDGE

STOCK SELECTION GUIDE® (SSG®) IN ACTION



Analyze Growth and Quality

Valuation and Return

Quarterly Data

Ratios

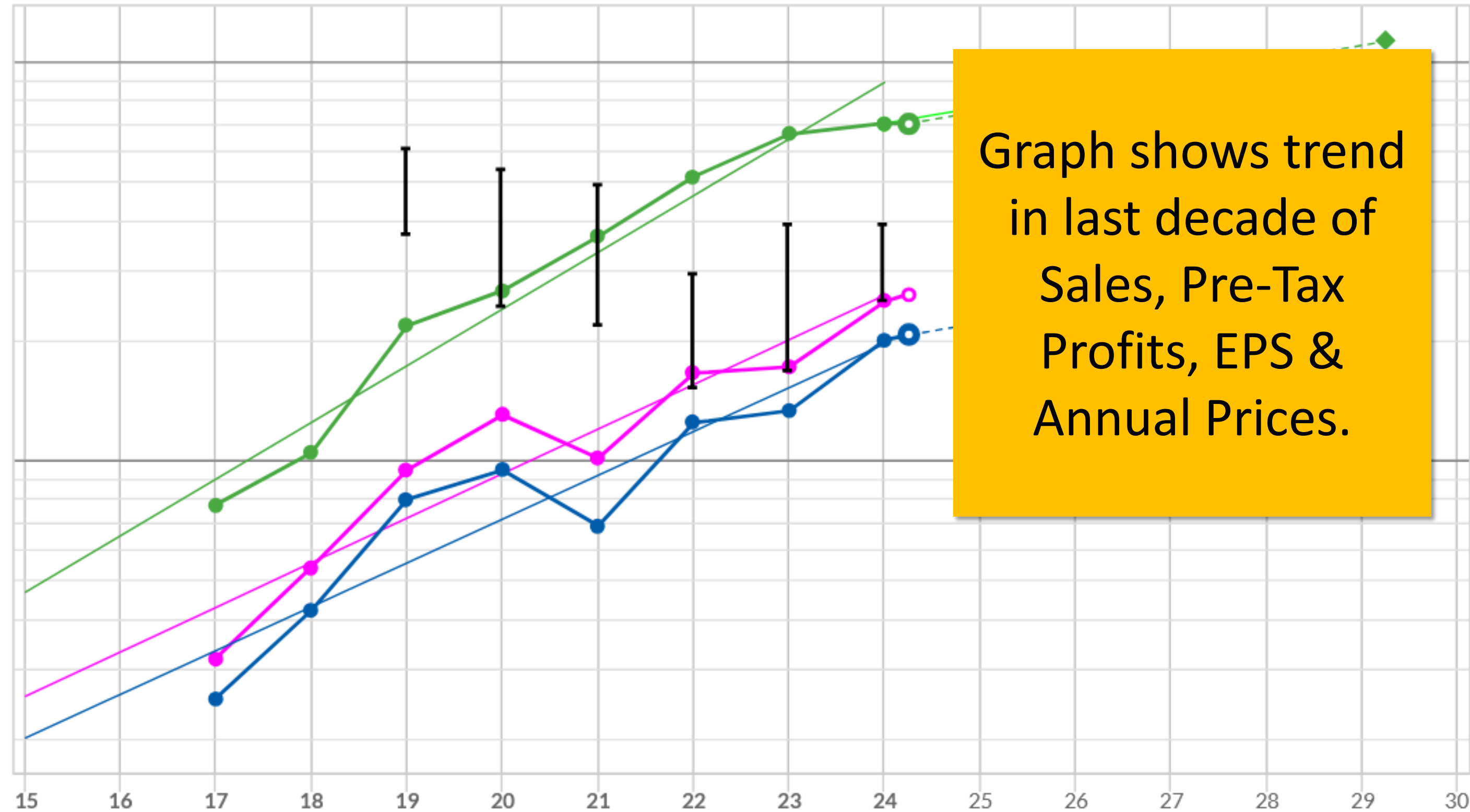
Audit

Sentiment

Notes

Company: Afya (AFYA) Study Name: AFYA All+BI 6/24/25

Quick Navigation



PROJECTION STARTING POINT

☐ Annual ☒ Quarter ☐ Trend

RECENT QUARTERLY FIGURES

FY2025 Quarter Ending (03/25)

	Sales	EPS
Latest Quarter	160	0.47
Year Ago Quarter	162	0.45
Percentage Change	-1.7%	4.9%

ANALYST CONSENSUS ESTIMATES

Sales 2 Year Estimate: 9.8%
EPS Long Term Estimate:

LEGEND

Sales	Total Debt
Pre-Tax Profit	Net Income
Prices Hi/Lo	Shares Outstanding
EPS	Sales Detailed Estimates
Book Value/Share	EPS Detailed Estimates
Free Cash Flow/Share	
Dividend	

Reset Chart

Compare Peers

Fundamental Company Data

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Growth (%)	Forecast (%)	5 Yr Est
Historical Sales (\$M)	---	---	68	91	190	233	319	451	575	613	38.8%	10	986
Historical EPS (\$)	---	---	0.16	0.27	0.51	0.61	0.44	0.80	0.85	1.29	28.8%	10	2.13
Pre-Tax Profit (\$M)	---	---	16	27	47	65	51	83	86	126	29.4%		

Analyze Growth and Quality

Valuation and Return

Quarterly Data

Ratios

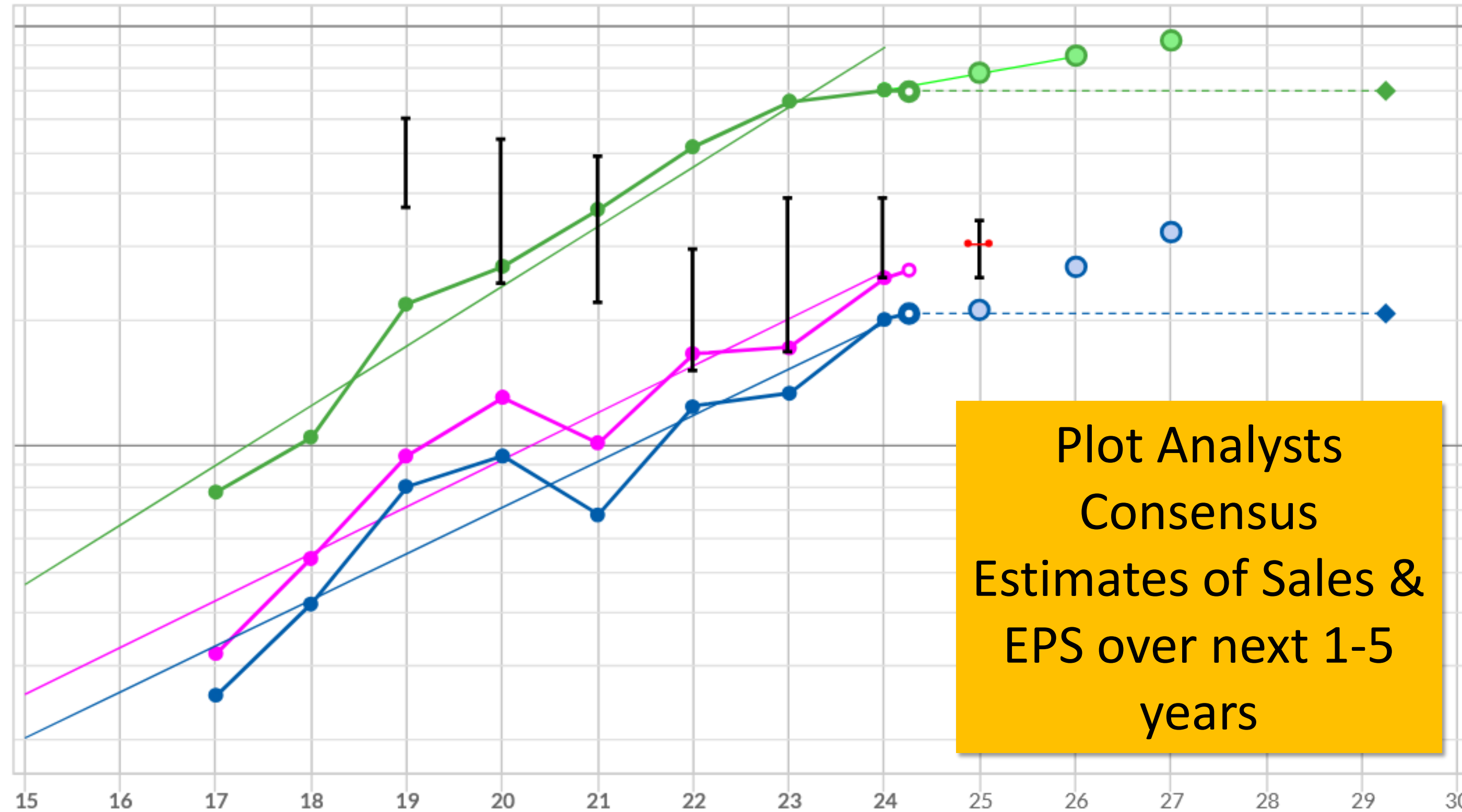
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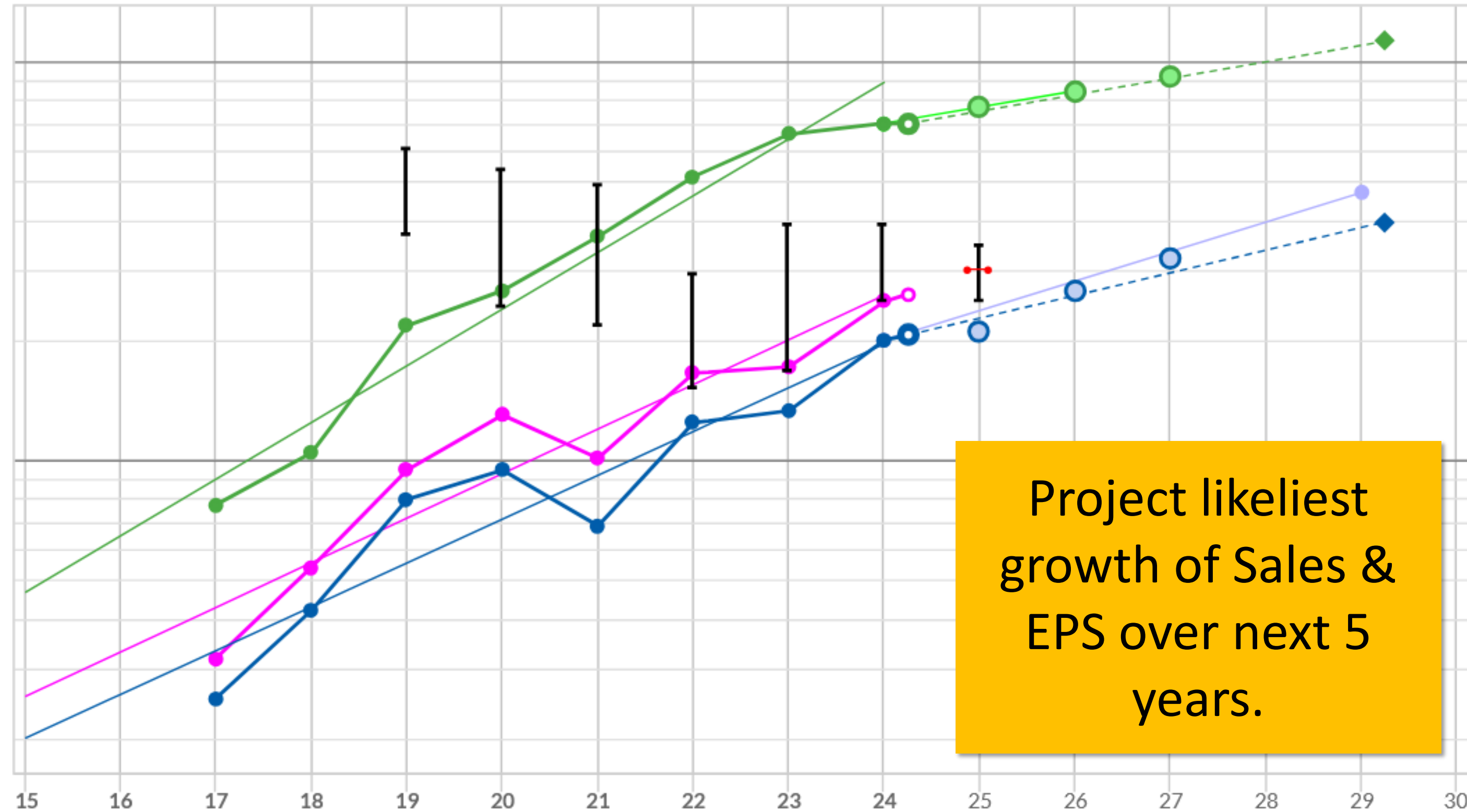
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Sales 2 Year Estimate:	9.8%
EPS Long Term Estimate:	18.6%

LEGEND

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Compare Peers

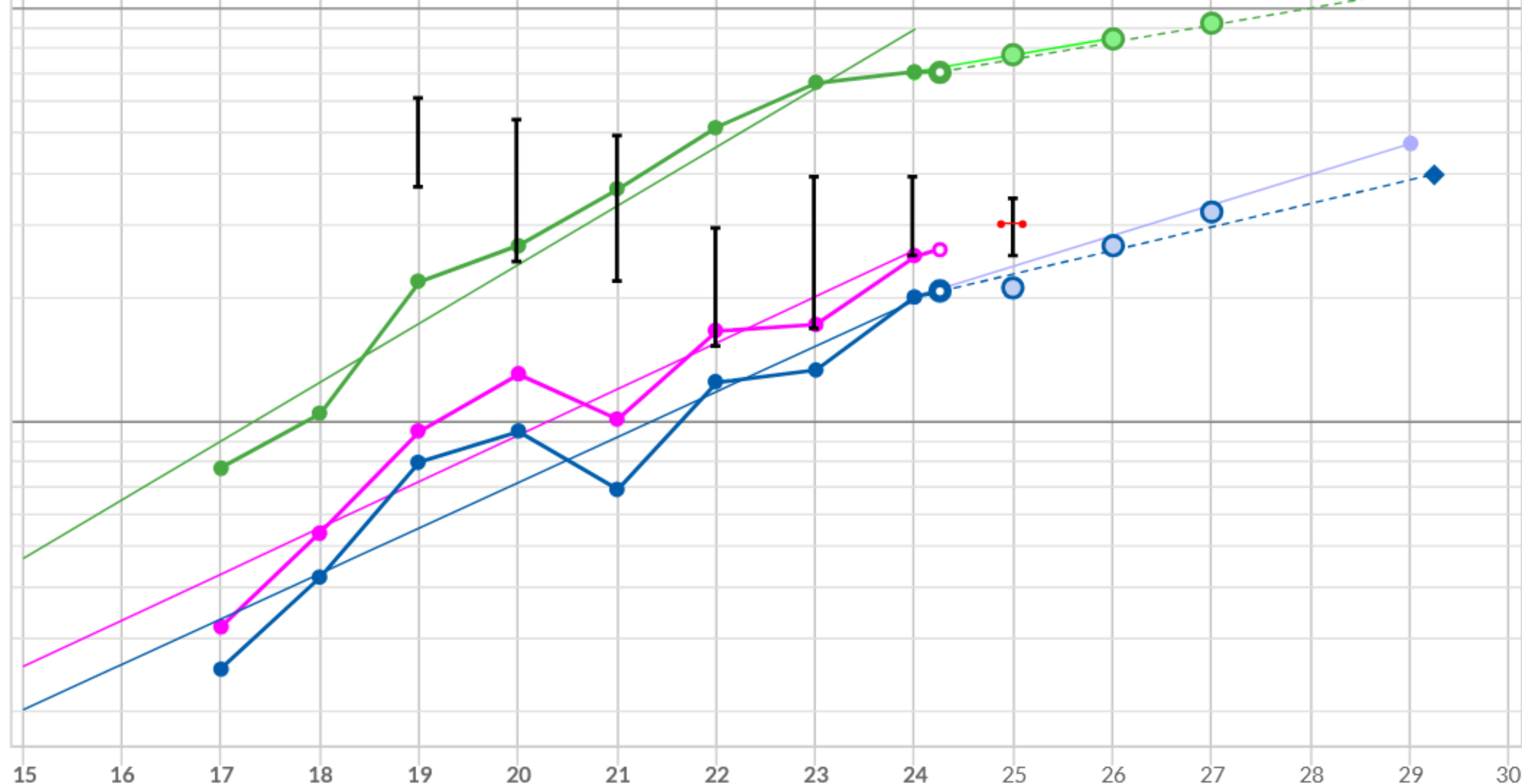
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Historical EPS (\$)	---	---	0.16	0.27	0.51	0.61	0.44	0.80	0.85	1.29	28.8%	14	2.55
Pre-Tax Profit (\$M)	---	---	16	27	47	65	51	83	86	126	29.4%		

SSG

SCG

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○ Annual ● Quarter ○ Trend

RECENT QUARTERLY FIGURES

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Evaluate Management

Review margins, ROE, debt levels & trends.

	2020	2021	2022	2023	2024	5 Yr Avg	Trend
% Pre-Tax Profit on Sales	27.9%	15.9%	18.4%	14.9%	20.5%	17.4%	
% Return on Equity	10.8%	7.5%	12.1%	10.7%	17.5%	11.7%	
% Debt To Capital	29.1%	42.3%	45.9%	42.6%	42.6%	40.5%	

Compare Peers

Enter Peer Ticker(s):

LGCY - Legacy Education Inc

QSG - QuantaSing Group

Update Study

Historical Sales

Historical EPS

Historical PTP

% PTP on Sales

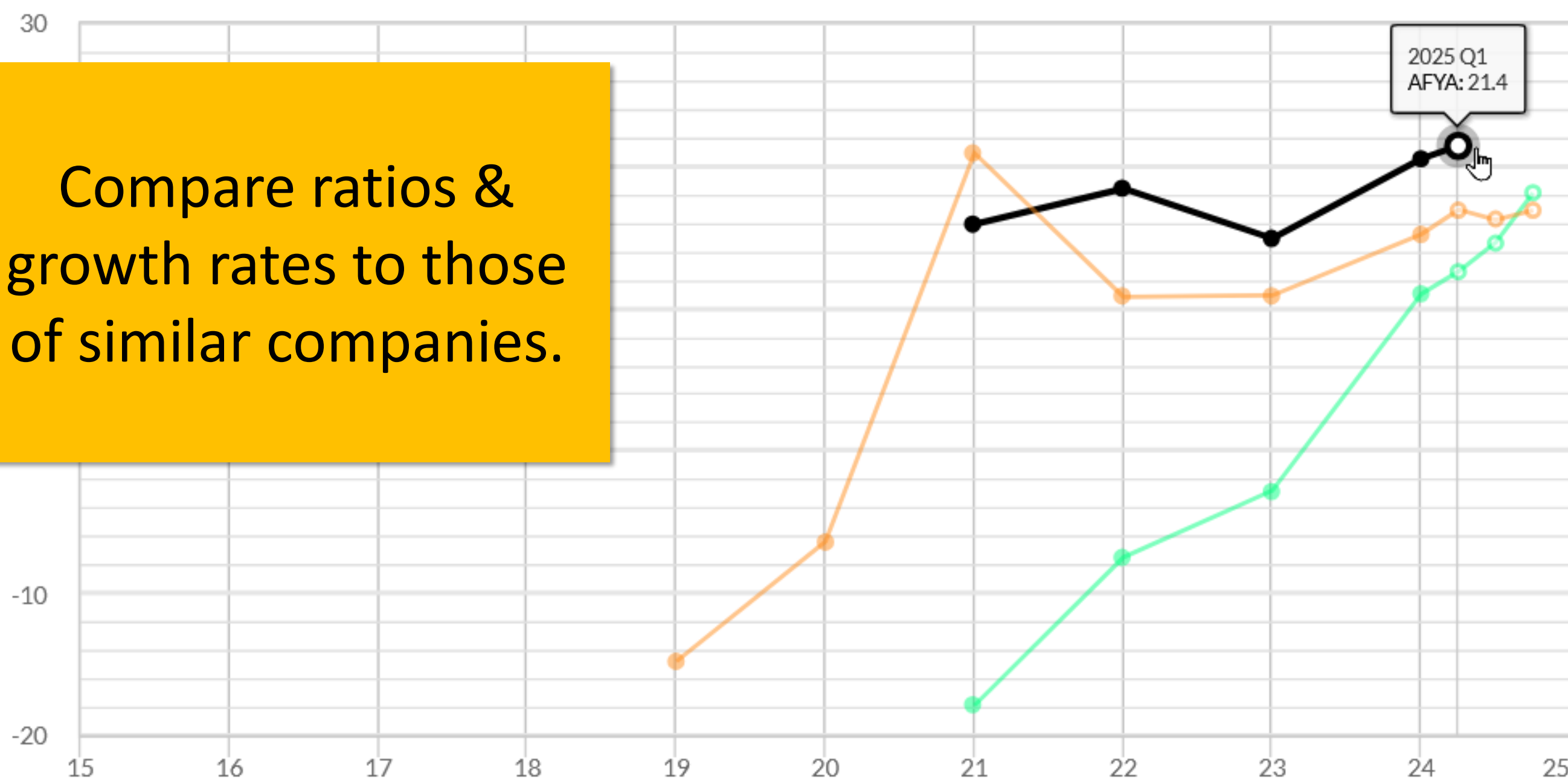
% Return On Equity

% Debt To Capital

High P/E

Low P/E

% Payout



Legend

- AFYA
- QSG
- LGCY
- Industry Average
- Peer Group Average

% Pre-Tax Profit On Sales

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	5 Yr Avg
Afya (AFYA)	---	---	23.6%	29.6%	24.9%	27.9%	15.9%	18.4%	14.9%	20.5%	17.4%
QuantaSing Group (QSG)	---	---	---	---	---	---	-17.9%	-7.5%	-2.8%	11.0%	-4.3%
Legacy Education (LGCY)	---	---	---	---	-14.8%	-6.4%	20.9%	10.8%	10.9%	15.2%	10.3%
Peer Group Average	0.3%	0.1%	2.8%	4.3%	1.2%	2.9%	3.7%	-1.6%	1.4%	---	1.6%
Industry Average	3.2%	6.0%	7.0%	8.4%	9.0%	7.0%	10.1%	7.2%	8.4%	---	8.2%

Logout

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EPS
0.47
0.45
4.9%

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estimates
imates

5 Yr Est

986

2.55

Analyze Growth and Quality

Valuation and Return

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► Company: Afya (AFYA) Study Name: AFYA All+BI 6/24/25

Quick Navigation

► 3. PRICE EARNINGS HISTORY as an indicator of the future

CURRENT PRICE (06/23/25): 17.48

52-WEEK HIGH: 19.90

52-WEEK LOW: 14.52

☒ 5 Years ☐ 10 Years	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2020	31.0	14.0	0.61	51.2	23.1	0.00	0.0%	0.0%
2021	28.2	12.6	0.44	64.3	28.7	0.00	0.0%	0.0%
2022	17.0	8.7	0.80	21.3	10.9	0.00		
2023	22.4	9.7	0.85	26.2	11.3	0.00		
2024	22.5	14.5	1.29	17.5	11.3	0.00		
5 YEAR AVERAGE		11.9		19.4	11.2			
CURRENT/TTM			1.32	15.0	11.0	0.23		
5 YEAR AVERAGE PRICE EARNINGS RATIO: 15.3				CURRENT PRICE EARNINGS RATIO: 13.2				

Show / Hide Price/Earnings Chart

Compare Peers

Review trends of
P/E ratios &
dividends.

► 4. EVALUATING RISK and REWARD over the next 5 years

A. HIGH PRICE - NEXT 5 YEARS

Avg. High P/E: 19.4 X Estimate High Earnings / Share: 2.55 = Forecasted High Price: 49.4

B. LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E: 11.2 X Estimate Low Earnings/Share 1.32 = Forecasted Low Price: 14.8

(b) Avg. Low Price of Last 5 Years: 11.9

(c) Recent Market Low Price: 9.7

2023 Low Stock Price: 9.7

52 Week Low Stock Price: 14.5

2024 Low Stock Price: 14.5

Evaluating Risk At A Glance

Zone:	BUY
Forecasted High Price:	49.4
Forecasted Low Price:	14.8
Current Price (06/23/25):	17.48
Upside Downside Ratio:	11.9 To 1
Potential Price Appreciation:	182.8%

► 4. EVALUATING RISK and REWARD over the next 5 years

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2023 Low Stock Price: 9.7

52 Week Low Stock Price: 14.5

2024 Low Stock Price: 14.5

(d) Price Dividend Will Support: $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.23}{---} = \text{NMF}$

Selected Forecasted Low Price: 14.8

C. ZONING using 25%-50%-25% (click to toggle)

Forecasted High Price: 49.4 Minus Forecast Low Price: 14.8 = 34.6 Range. 25% of Range: 8.65

Buy Zone: 14.8 to 23.5

Hold Zone: 23.5 to 40.8

Sell Zone: 40.8 to 49.4

Current Stock Price of 17.48 is in the BUY Zone.

Show / Hide Gain vs Loss Chart

D. UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{Forecasted High Price} - \text{Current Price}}{\text{Current Price} - \text{Forecasted Low Price}} = \frac{(49.4 - 17.48)}{(17.48 - 14.8)} = \frac{31.95}{2.68} = 11.9 \text{ To } 1$

E. PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{Forecasted High Price}}{\text{Current Price}} = \frac{49.4}{17.48} = (2.8278 \times 100) = (282.78 - 100) = 182.8\% \text{ Appreciation}$

Evaluating Risk At A Glance

Zone:	BUY
Forecasted High Price:	49.4
Forecasted Low Price:	14.8
Current Price (06/23/25):	17.48
Upside Downside Ratio:	11.9 To 1
Potential Price Appreciation:	182.8%

Determine likely high & low P/E Ratios stock will sell at in next 5 years.

Select likely lowest price stock will sell at in next 5 years.

► 5. FIVE-YEAR POTENTIAL

A. CURRENT YIELD

SSG Results Summary

D. UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

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► 5. FIVE-YEAR POTENTIAL**A. CURRENT YIELD**

$$\frac{\text{Indicated Annual Dividend}}{\text{Current Price}} = \frac{0.23}{17.48} = 0.0133 = \mathbf{1.3\%}$$

B. AVERAGE YIELD - USING FORECAST HIGH P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast High P/E}} = \frac{0}{19.4} = \mathbf{0.0\%}$$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast Average P/E}} = \frac{0}{15.30} = \mathbf{0.0\%}$$

C. COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Price Appreciation	23.1%
Average Yield	0.0%
Annualized Rate of Return	23.1%

If Upside/Downside Ratio is > 3:1, annual total return is > 15%, & stock is in BUY zone, stock may be a BUY.

SSG Results Summary

Zone:	BUY
Upside Downside Ratio:	11.9 To 1
Total Return (High P/E):	23.1%
Projected Return (Avg. P/E):	17.4%
Buy price to satisfy US/DS of 3 to 1 and 15% total return:	23.5
Buy Below price based on zoning selection:	23.5
Current Price (06/23/25):	17.48

Analyze Growth and Quality

Valuation and Return

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Notes: 8

► Company: Corpay (CPAY) Study Name: CPAY AAI+BI 6/23/25

Quick Navigation

► Quarterly Growth Trend Graph

Select Data Type

Quarterly

Trailing 4 Quarters

Show Reference Lines

Sales Growth

EPS Growth

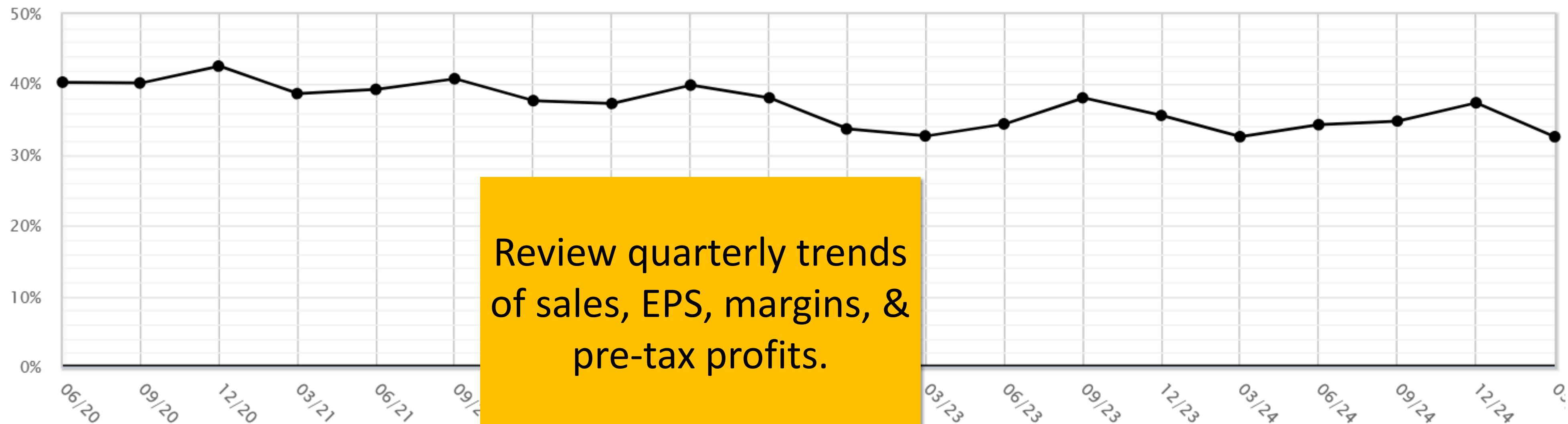
Zero Growth

Graph Options

Last 5 Years Only

Limit 50% Growth

— Sales — Pre-Tax Profit — Earnings — % Pre-Tax Profit/Sales



► Quarterly Growth Trend Data Table

Quarterly Data									Trailing 4 Quarters								
Period	EPS		PTP			Sales		Income Tax Rate	EPS	PTP		Sales	Income Tax		% Change		
	\$	% Change	\$ Mil	% Sales	% Change	\$ Mil	% Change		\$	\$ Mil	% Sales		\$ Mil	% Rate	EPS	PTP	Sales
12/21	2.74	12.3	302.5	37.7	14.9	802.3	30.0	25.6	9.99	1,108.8	39.1	2,833.7	268.2	24.2	22.9	25.6	18.6

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► Member Sentiment Judgment Forecast Statistics

[Save Statistics as Note]

Sales (%)

EPS (%)

High P/E

High EPS

High Price

Low P/E

Low EPS

Low Price

Payout (%)

Total Return (%)

MEAN vs MEDIAN ?

24.7

MEAN

24.1

MEDIAN

RANGE

16.3 - 37.5

STANDARD DEVIATION ?

6.92

OUTLIERS REMOVED

2

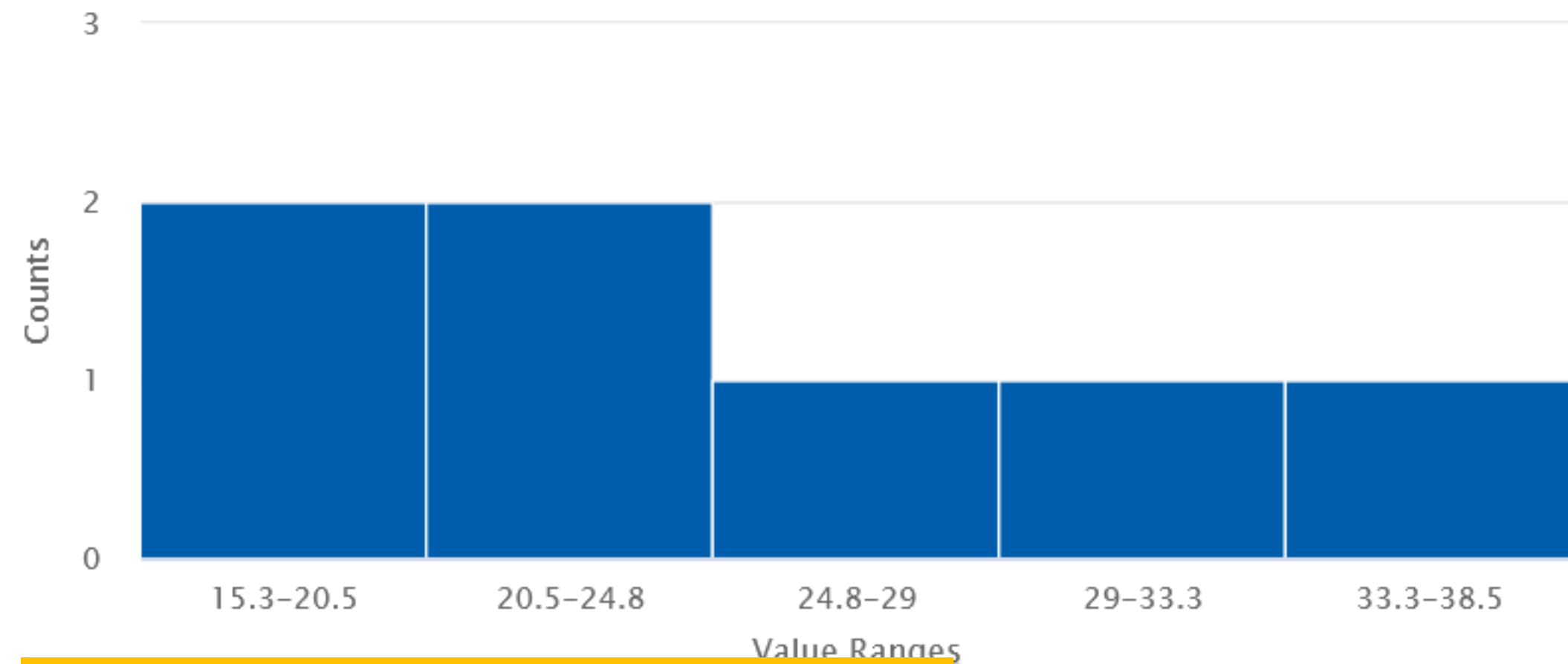
TOTAL STUDIES LESS OUTLIERS

7

Include Outliers ?

[Outlier FAQ](#)

Forecast Total Return Histogram



Review Member Sentiment for any stock & compare your results to those of other members.

► Member Sentiment Judgment Forecasts from Recent Studies (Total Comp

[Download Studies]

Sel ☐	Date ↕	Sales (%) ↕	EPS (%) ↕	High P/E ↕	High EPS ↕					Payout (%) ↕	Total Return (%) ↕
☒	06/24/25	15	14.5	25.0	2.60					14.0	30
☒	06/21/25	7	15	21.0	2.66	55.9	11.0	1.06		11.7	26.6
☒	06/21/25	8	9.9	18.0	2.12	38.2	13.0	0.80		9.7	17.3



QUESTIONS?



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 - Learning library of classes & video content.
 - Live webinars & online educational presentations.
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 - *SmallCap Informer.*
 - *Dividend Informer.*



THANK
YOU!



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