

Make the Most of the AAI Stock Screens

AAII Stock Screens are designed to help you quickly filter through the stock market to find companies that match your investing strategy. Stock screening is essentially a process where you apply filters—like “companies with a price-earnings (P/E) ratio under 15.0” or “companies with low debt-to-equity ratios”—to the stock universe. These filters allow you to focus on stocks that meet your criteria, saving you time and helping you avoid companies that don’t fit your goals.

With over 50 predefined screening approaches available to all members, AAI’s stock screens cover a variety of investing styles. Built on years of research into successful investing strategies, these screens are already set and ready to use, enabling you to quickly identify stocks aligned with specific strategies, such as value or growth, without the need for additional filtering or customization.

Why Use AAI Stock Screens?

There are several reasons to integrate AAI’s stock screens into your investment research process:

- » **Discipline:** Stock screens keep you grounded in your investing strategy, helping you avoid emotional decisions. For instance, rather than chasing a trendy stock that doesn’t align with your long-term strategy, a stock screen ensures you only focus on companies that meet your predetermined criteria. This discipline can help protect you from common investing mistakes like overpaying for hot stocks or panic selling in volatile markets.
- » **Efficiency:** The stock market is vast, with thousands of companies to choose from. It can be overwhelming to know where to start. AAI’s stock screens significantly narrow down your choices by filtering out stocks that don’t meet your chosen metrics, saving you time and allowing you to focus on companies that are more likely to meet your objectives.
- » **Consistency:** By regularly using stock screens, you can maintain a systematic and methodical approach to picking stocks. Over time, this consistency can help you refine your investing strategy and improve your ability to spot promising stocks, while weeding out riskier or less favorable options.

A Wealth of Ideas Based on Your Preferences

A few simple steps put the AAI Stock Screens’ daily generated ideas at your fingertips, along with key data points on each stock.

Start by logging in to your AAI account and choosing AAI Stock Screens from the Stocks drop-down menu. The first tab, Performance, shows returns, risk and investing style for each of AAI’s predefined screens.

The Characteristics tab provides a deeper dive into each screen by presenting averages for valuation ratios, market capitalization, relative strength, number of companies that pass the screen and turnover. Click on the down arrow next to the screen name to see these statistics for each stock that is currently passing the screen.

The Grades tab displays A+ Investor Scores and Grades for each screen based on value, growth, momentum, earnings estimate revisions and quality factors. This table is accessible by all members and, again, you can click the arrow next to the screen name to see A+ Investor Scores and Grades for all the stocks passing the screens.

The screenshot shows the AAI Stock Screens interface. At the top, there are navigation tabs: AAI Journal, Sentiment Survey, Model Portfolios, Stocks, ETFs, Mutual Funds, Learn, and About AAI. The 'Stocks' tab is selected. Below the navigation, there is a section for 'All Screens' with a star icon for favoriting. A dropdown menu is open, showing various screen categories: AAI Stock Screens, Custom Screener (Plus), Stock Ideas, Stock Grades (Plus), Shadow Stocks (Basic), Dividend Stocks (Premium), Value Stocks (Premium), and Growth Stocks (Premium). The main table displays the following data:

Screen	Value		Growth		Momentum		EPS Revisions	
	Score	Grade	Score	Grade	Score	Grade	Score	Grade
ADR Screen	66	B	70	B	60	C	59	D
Buffets: Hagerstrom Screen	35	D	81	A	63	B	52	D
Buffets: EPS Growth	46	C	79	B	63	B	46	D
Buffets: Sustainable Growth Screen	52	C	75	B	59	C	44	D
Cash Rich Films Screen	65	B	82	C	50	C	50	D
Dividend (High Relative Yield) Screen	56	C	79	B	62	B	47	D
Dogs of the Dow Screen	43	D	88	B	50	C	42	D
Dogs of the Dow: Low Priced Screen	61	B	60	C	56	C	41	D
Dreman Screen	69	B	76	B	60	C	43	D
Dreman With Est Revisions Screen	61	B	68	B	72	B	62	B

Clicking on a screen name from any of these tables takes you to a dedicated page showing strategy performance, current passing companies and a complete explanation of the criteria used for the screen.

When you find a screen you are interested in, click the star icon to favorite it. You can favorite as many screens as you like. Your favorite screens appear on the My Stock Screens page. Look for My Stock Screens on the AAI

home page, at the Stocks section and under the My Tools menu. My Stock Screens provides a quick way to track the performance of screens you like and easily check the current passing stocks.

The My Screens page is also tied into My Portfolio, so you can check whether the stocks you are tracking appear in any of the AII Stock Screens. A final table in My Screens lets you know about any stocks that are passing multiple screens, yet another way to discover new ideas that might be worth following up on.

As of August 30, 2024, 7 out of 13 strategies you are following have a 1-year annual gain greater than the S&P 500's gain of 21.3%. 358 companies have passed these screens today.

Click here for FAQs.

Strategy	P/E Ratio (X)	Price to EPS Est. Growth (%)	Price to Book Value Ratio (X)	Price-to-Sales Ratio (X)	Dividend Yield (%)	Mkt. EPS Growth (%)	52-Week High EPS Growth (%)	Market Cap (B Mill)	52-Week Relative Strength (%)	Monthly Holdings
X Buffettology Sustainable Growth Screen	14.6	2.0	2.7	1.4	0.6	27.4	8.8	10,997.7	-6.5	18
Alphabet Inc (GOOGL)	22.3	1.0	6.5	5.9	0.5	22.2	20.5	3,008,061.0	-8.5	-
Arista Networks Inc (ANET)	46.6	na	13.4	17.9	0.0	44.9	na	111,637.4	92.0	-
Aubury Automotive Group, Inc (ABG)	11.4	na	1.3	0.3	0.0	28.1	-0.1	4,254.4	-102.2	-
Alkermes Inc (ATKR)	5.0	na	2.0	1.0	1.3	47.9	na	3,049.9	-103.5	-
Arctis Technologies Inc (ACLS)	14.2	3.1	3.6	3.0	0.0	39.8	9.5	3,246.4	-64.0	-
CalMaine Foods Inc (CALM)	12.2	na	1.9	1.5	2.7	38.5	na	3,097.8	18.2	-
Commercial Metals Company (CMC)	10.7	na	1.4	0.7	1.4	42.4	na	5,709.4	-21.7	-
DICK'S Sporting Goods Inc (DKS)	15.9	2.4	8.0	1.3	2.0	30.3	6.6	17,193.7	55.4	-
DR Horton Inc (DHI)	13.3	1.7	2.6	1.7	0.9	27.6	7.7	61,999.6	35.9	-

AII.com offers one other unique way to view the stock screens that is worth checking out: Screen Power Rankings. Accessible by all members from the Stocks section, this page allows you to see the top-ranking screens based on return over different time periods.

Constructing Your Own Screens

Taking the stock screens a step further, AII's Custom Stock Screener allows A+ Investor subscribers to load pre-defined screens or portfolios and modify them according to their specific investing goals. Rather than starting from scratch, you can take an existing screen that aligns with your strategy—such as value stocks or dividend payers—and fine-tune it to suit your needs.

A+ Investor subscribers can also start from scratch using the Custom Stock Screener. It is best to look at building a screen as a multistage process:

- » First, clearly define the objective of your screen.
- » Next, construct primary criteria that locate the stocks matching your desired characteristics.
- » Then, construct a set of secondary criteria that ensure the companies passing the primary screen did so because they truly meet your objective and not by coincidence.

Keep in mind that even the best screen represents a starting point for in-depth analysis. Additionally, you

may wish to construct a set of criteria to highlight companies in your portfolio that no longer match the objective of your screen.

Much can be learned about building screens by studying the strategies of investors with successful long-term records. For example, AII's value-oriented stock screens exhibiting the best performance share several common metrics that consistently help investors identify companies with strong potential.

Reasonable Value: AII's value screens focus on companies with low valuations relative to their earnings, assets or sales. By screening for low price-earnings and price-to-book-value (P/B) ratios, it highlights stocks that are undervalued and potentially poised for better-than-average returns.

Growth and Consistency: AII's value screens prioritize companies with steady, moderate growth. Criteria like consistent sales, earnings, cash flow or dividend growth are the focus.

Financial Strength: A company's financial health is critical to its long-term success, especially in volatile markets. AII's value screens tend to emphasize companies with strong balance sheets, low debt levels and positive cash flow.

Competitive Advantage: Companies that dominate a particular niche market are often able to maintain higher profit margins and fend off competition. Criteria such as above-average returns on equity (ROE) or returns on assets (ROA) help you identify these firms.

History of Paying Dividends: Dividend-paying stocks tend to be more stable and financially sound. Some of AII's value screens focus on companies with a long history of paying and increasing dividends.

Conclusion

AII's stock screens and the A+ Custom Stock Screener provide straightforward, effective ways to filter the stock universe and find companies that meet your investment goals. By focusing on traits like value, growth, financial strength and quality, AII's screens can help you build a stock portfolio with strong potential for long-term success.

However, it's important to remember that stock screens are just a starting point. Deeper research is always necessary before making final investment decisions.

To provide continuing education on the AII Stock Screens, we regularly run updates in the *AII Journal*. (See this issue's article on the Lakonishok screen.) We also highlight screens and their results in our free AII Educated Investor email; sign up at www.aaii.com/email. ■

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