



## Selecting Your Investments

Goal: \_\_\_\_\_

AAll founder James Cloonan encouraged investors to develop a consistent, well-defined approach to investing. The way to do so is have written rules governing your buy and sell decisions.

To provide you with a framework for creating rules, we've listed some of the major characteristics to consider for the major types of investments used by individual investors. You will notice the fields are blank. This was purposeful because AAll members follow a variety of investing strategies.

Here are some brief suggestions for what to consider in terms of creating rules for evaluating each type of investment:

- **Bonds**—Taxable or municipal (depending on type of account used); good credit quality; appropriate time to maturity; awareness that higher yields signal higher risk; aim to hold individual bonds until maturity unless credit quality deteriorates; note if intention is to rollover maturing bonds into new ones as part of an ongoing bond ladder
- **Mutual Funds/ETFs**—Lower cost; seek funds that have outperformed category peers over time (be sure to compare similar funds—such as small-cap value to small-cap value); funds should maintain stated objective and strategy; be on the alert for changes in the strategy if the manager changes; pay attention to tax cost ratio when determining what type of account to hold in
- **Stocks**—Use quantitative metrics for analyzing (see [AAll model portfolios](#) and [stock screens](#) for ideas); determine whether to seek a blend or a purposeful style tilt (value, growth, size, etc.); sell when a stock no longer possesses desired characteristics (sales stop increasing for a growth stock, a value stock's valuation becomes expensive, a dividend-paying stock cuts its dividend, etc.)

Enter the rules you will follow for buying and selling investments for your portfolio on the next page.

**Stocks (Buy / Sell Rules)**

Valuation:	<hr/> <hr/>
Growth:	<hr/> <hr/>
Quality:	<hr/> <hr/>
Momentum:	<hr/> <hr/>
EPS Revision:	<hr/> <hr/>
Dividend:	<hr/> <hr/>
Other:	<hr/> <hr/>

**Bonds (Buy / Sell Rules)**

Credit Quality:	<hr/> <hr/>
Maturity/Duration:	<hr/> <hr/>
Yield:	<hr/> <hr/>
Premium/Discount:	<hr/> <hr/>
Type:	<hr/> <hr/>
Other:	<hr/> <hr/>

**Mutual Funds (Buy / Sell Rules)**

Active or Passive:	<hr/> <hr/>
Asset Class Group:	<hr/> <hr/>
Relative Returns:	<hr/> <hr/>
Expense Ratio/Cost:	<hr/> <hr/>

