

# Recap of AAll National Conference

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# Recap of AAI National Conference

- Summary: As usual, some good talks, some “not so good”, some surprises
- Top sessions I liked (quantitative/data- heavy bias)
  - Vogel: Factor Investing
  - Carter: Future of Emerging Markets
  - Appel: Investment Strategies that Work ← a surprise!
  - Stovall: Outlook 2019
- Next group
  - Lehman: Improve Your Investment Performance by Ditching Your Emotions, Instinct and Overconfidence (future speaker)
  - Grogan: Building Portfolios in a Low Expected Return Environment
- Maybe not so worthwhile...
  - Gordillo: Machine Learning for Investing: The Good, the Bad and the Ugly
  - Atkeson: Two Leading Indicators That Predict Recessions and a Stock Market Crash
  - Benz: How Does the Bucket Strategy Work in Practice?
  - Israelsen: Building a Low-Cost Lifetime Portfolio
  - Hulbert: Lessons Learned From Four Decades of Independently Tracking Investment Advisers' Performance

Is it worth buying the audio tapes??

Yes, **\*\*if\*\***

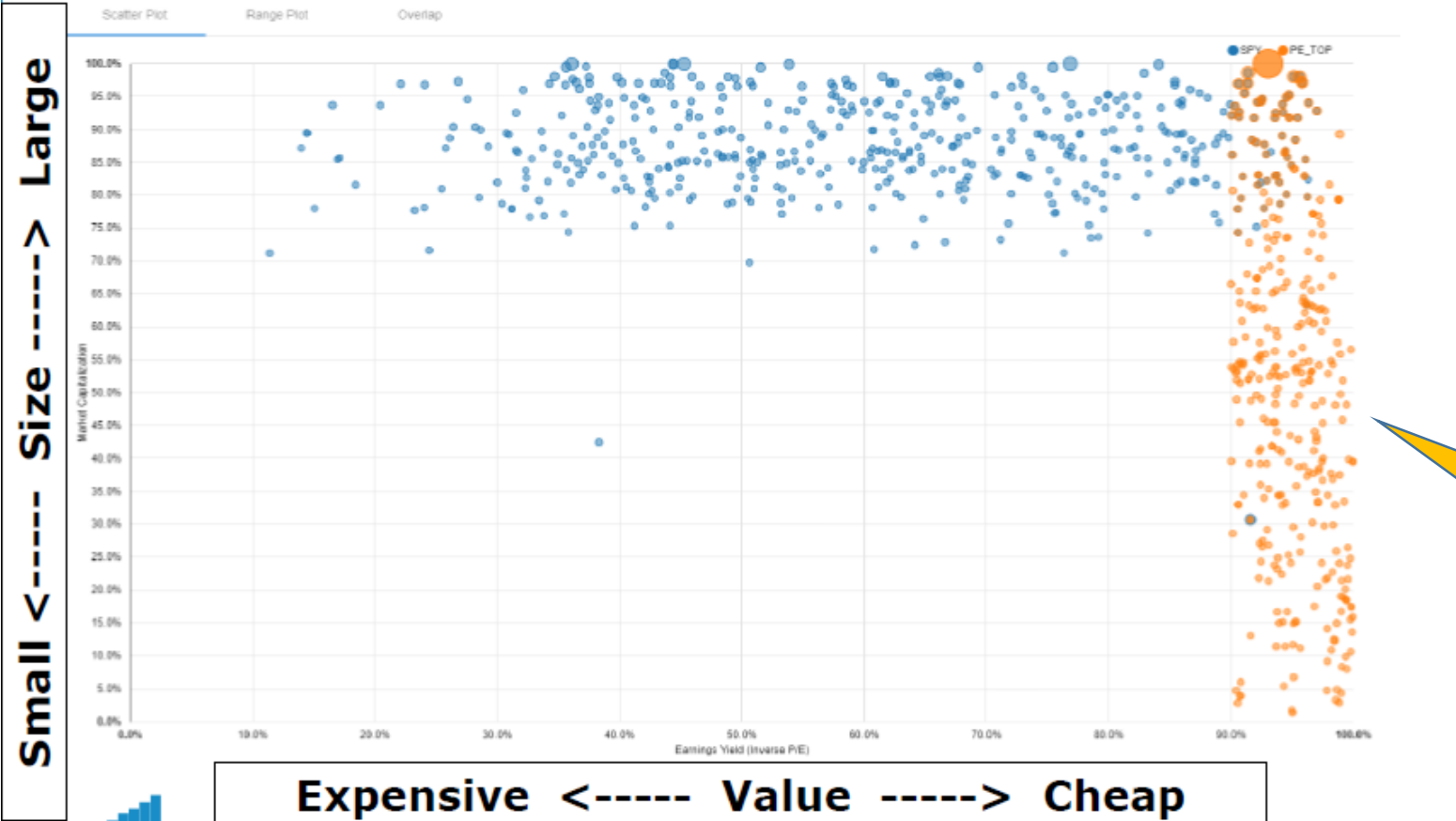
- Some of the sessions sound interesting
- You **\*\*WILL\*\*** listen to them
- You're OK with loosely synced slides/audio

Most/all of these are near repeats of presentations given to our chapter!!

# Vogel: Factor Investing

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## Visual Active Share



Overview: Covers what factor investing is, how real it is, how factors impact your investing and how you can do a bit of detective work to see if all this matters...

Free tool to analyze any ETF...  
Shown is SP500 (blue) and the cheapest stocks (orange)

Link to the tool

Source: <https://tools.alphaarchitect.com/visual-active-share>



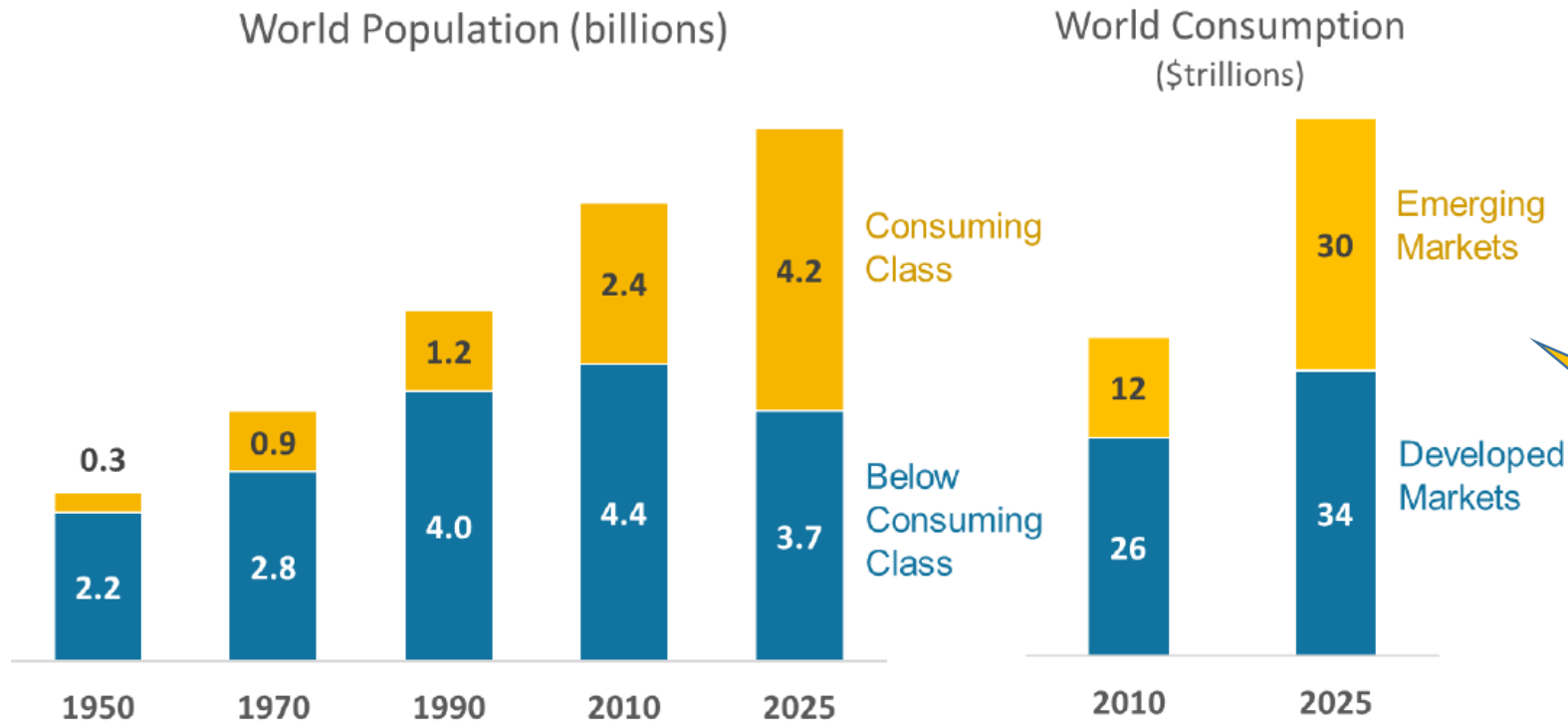
# Carter: Future of Emerging Markets

## The Growth of the EM Consumer is THE story

“The biggest growth opportunity in the history of capitalism”  
- McKinsey & Company

Overview: Longer term play... The EM consumer class is growing in population and wealth...

And they'll want all the same creature comforts we enjoy...



Source: McKinsey Global Institute

Presentation filled with data, statistics to back up their claim

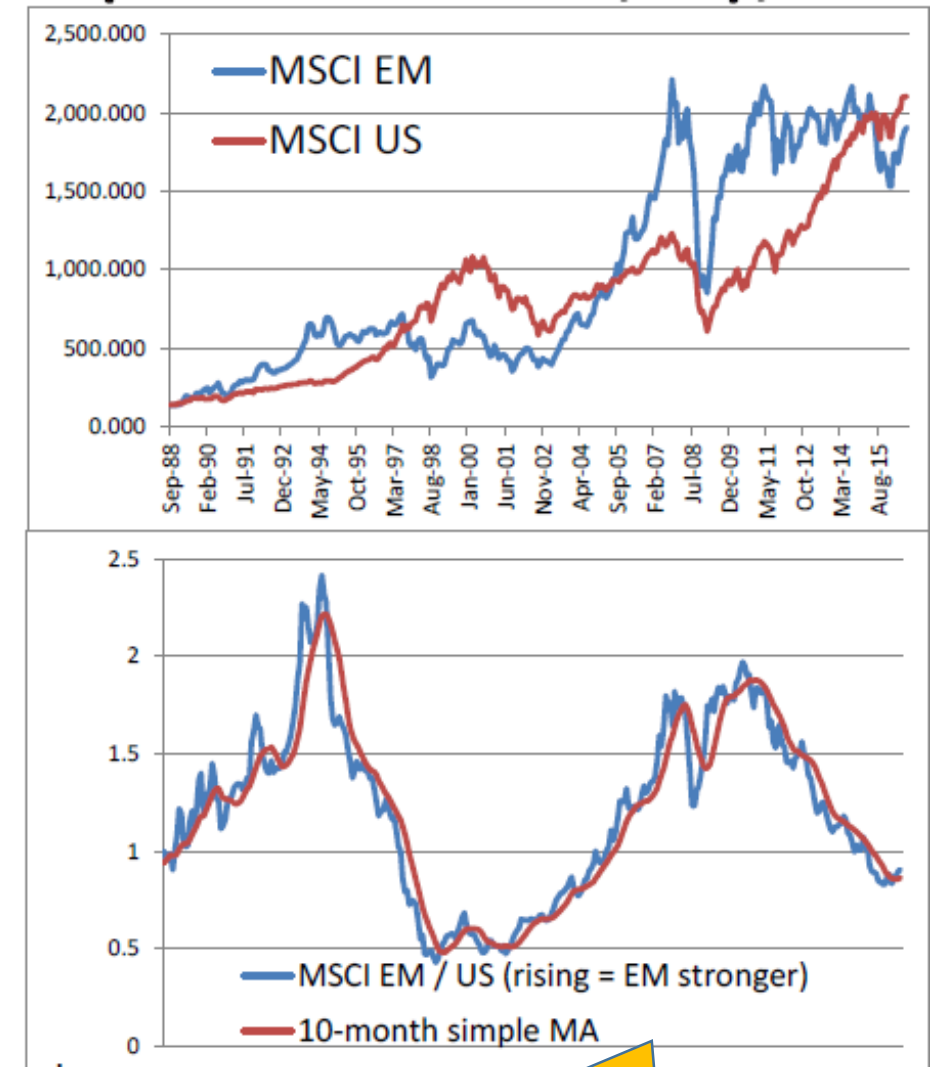
# Appel: Investment Strategies that Work

## Monthly switching model: Emerging markets vs. U.S.

- On the last trading day of each month update total return indexes for MSCI EM and for U.S.
- Calculate the ratio (emerging markets divided by U.S.) and update its 10-month simple moving average.
- If the ratio is above its moving average, be in emerging markets for the coming month. Otherwise, be in U.S. equities. (Model is in U.S. as of 4/30/2018).
- Can use ETFs: EEM or VWO, and SPY

Overview: Showed several systems dealing with interest rates, EM vs US, options strategies for rising rates, etc.

Have done some checkout work, will review more in-depth in the CIMI group...



Example of the system

# Stovall: Time to Buy or Bail??



## 2019: A Good Year, But Not A Great One

### CFRA Economic, Fundamental & Price Targets

INDICATOR	2018E	2019E
S&P 500 12-Month Target:	3100	
Global GDP Growth:	3.7%	3.7%
U.S Real GDP Growth (Q4vQ4):	3.1%	2.7%
Core CPI Y/Y (Dec./Dec.):	2.2%	2.5%
Fed Funds Rate (YE):	2.42%	2.92%
10-Year Yield (YE):	3.25%	3.35%
WTI Oil Prices:	\$68	\$72
FRB Major \$ Index:	88.9	91.0
S&P 500 Revenue Growth:	8.7%	5.9%
S&P 500 EPS Growth:	22.0%	9.8%

Source: CFRA, S&P Global, Action Economics. Data: 10/24/2018.

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Overview: Another data-heavy presentation. Covered a number of subjects -- rising volatility, seasonality, stock returns w/rising rates, ...

2019 forecast above – 2 Fed fund rate increases, yield curve quite flat...

1/12/19

AAII-SV January 2019

## Investment Strategies

- **Quality:** Balancing Risk & Return
- **Mindset:** Income Investors Should Think Like a Landlord
- **History:** Better to Buy Than Bail

Advice includes going to high quality/low beta stocks; Dividend growth; look for income; Statistics on pullbacks, corrections and bear markets

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