

RIZ  
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# Alpha Investment Portfolio

Simply put, the Alpha Investment Portfolio's objective is to help you invest for the long-term in solid and value-oriented companies so that your wealth grows and compounds over time. Unfortunately, this approach is not always credited by the masses, as too many people are in a *big hurry* to multiply their investments. Over-ambition leads to excessive risk – and counter-productively – lower returns.

The 'secret' that many of the world's best investors and money managers know is that wealth isn't built in a day or even remotely quickly and by using proven multi-strategy approaches (a portfolio mix of value-based longer-term investment holdings and a more aggressive actively traded portion) chances of success increase exponentially.

The [Alpha Investment Portfolio](#) is one half of that vital equation (long term value-investing), whereas the [Elite Membership](#) is the other half (active swing-trading).

As the Alpha Investment Portfolio's approach is to focus on long-term investing time frames, this starting-guide will help you in better understanding what we are trying to accomplish and how we will go about doing so.

*"The single greatest edge an investor can have is a long-term orientation."*

– Seth Klarman

When Seth Klarman – one of the world's best investors and self-made billionaire – says that *the single greatest edge* you can have as an investor is a long-term orientation, I pay attention.

So, what exactly is long-term investing?

Long-term investing is the process of buying and holding investment securities (stocks, REIT's, ETF's etc.) you believe will grow and compound your wealth in the future. Long-term investing requires a patient and disciplined mindset.

*"Long-term investing is about character, about depth of vision and the cultivation of patience, about who you are and who you've made yourself to be"*

– Lowell Miller

# The Alpha Investment Portfolio Strategy

## Our Strategy

The strategy we believe in and incorporate into our very own portfolios and as part of the Alpha Investment Portfolio service is below:

- 1. Identify companies with strong competitive advantages**
- 2. Be sure these companies' competitive advantages will last**
- 3. Diversify into multiple strong sectors and industries**
- 4. Invest in these companies when trading at fair prices**
- 5. Hold them for the long-run**
- 6. Balance the individual stocks weighting/exposure when needed**

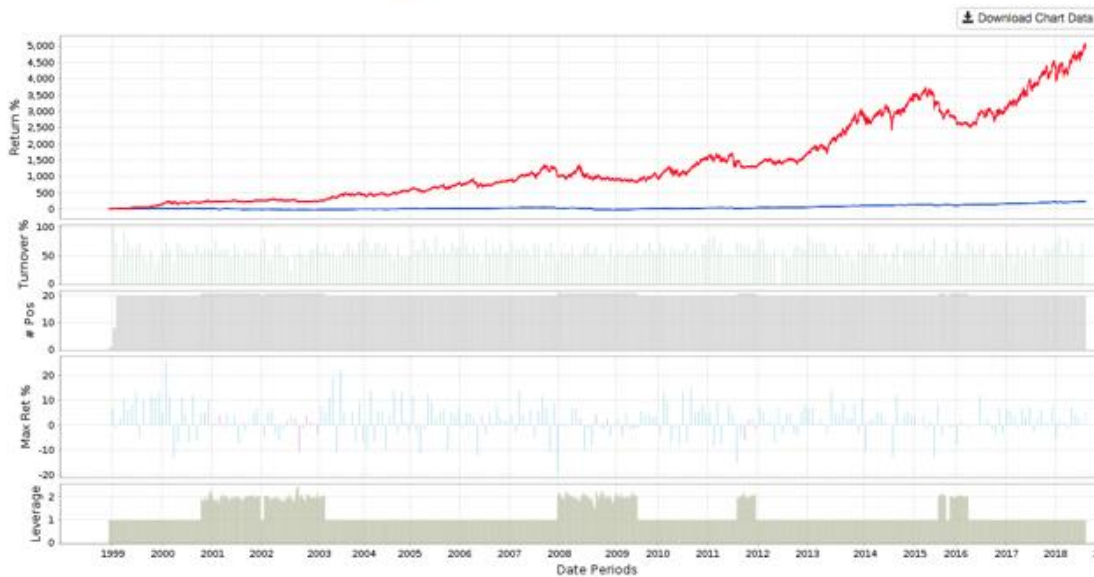
We have spent over a decade utilizing our quantitative methods and it has worked well for us along with thousands of others across the globe - irrespective of market sentiment, interest rates, wars and politics. In short, it has stood the test of time.

Here are the backtested returns of our proprietary strategy:

Return	Alpha Investment Portfolio	Benchmark
Annualized	22.15%	6.33%
One Month	6.36%	2.13%
Three Month	7.09%	3.89%
One Year	30.44%	19.02%
Three Year	54.93%	55.51%
Five Year	118.60%	87.77%
Total	5034.08%	234.44%
Risk-Adjusted Return		
Sharpe Ratio	0.87	0.36
Sortino Ratio	1.25	0.48
Max Drawdown	-37.66%	-55.42%
Standard Deviation	24.25%	14.67%
Correlation	0.33	-
R-Squared	0.11	-
Beta	0.54	-
Alpha (annualized)	19.68%	-

## Statistics

	Total	Annualized	Max	Risk Statistics (MONTHLY Period)						
	Return	Return	Drawdown	Sharpe	Sortino	StdDev	CorrelBench	R-Squared	Beta	Alpha
Screen	5,034.08%	22.15%	-37.66%	0.87	1.25	24.25%	0.33	0.11	0.54	19.68%
S&P 500 (SPY)	234.44%	6.33%	-55.42%	0.36	0.48	14.67%	-	-	-	-



None of this means that we should expect returns in the neighborhood of 22% per year by replicating the system. Past performance does not guarantee future returns, and even the best systems can go through long periods of underperformance from time to time. This is perfectly normal.

That being acknowledged, the system makes sense from a fundamental perspective, and there is plenty of academic research showing that factors such as the ones we look at tend to generate market-beating returns over the years. In addition, our own backtesting work on this particular system shows that the numbers are quite strong. We have been able to beat benchmark performance all while decreasing volatility and drawdowns. There is a reason we have many veteran investors that utilize our services and approach and you can see above one of the reasons why.

## Other Benefits of Utilizing the Alpha Investment Portfolio's Methods

Investing with a long-term mindset focuses you on what really matters for long-term investing success. An additional benefit of long-term investing is a reduction in both taxes and fees versus higher turnover strategies.

### Reducing Taxes and Fees

Every time you buy or sell a stock you incur transaction costs. Buying and holding indefinitely reduces fees. Brokerage fees and slippage add up to reduce your returns over time. Every dollar taken out of your account is a dollar not building long-term wealth for you.

Having fewer transactions is especially important in taxable accounts due to capital gains taxes. When you hold a stock that has appreciated you have capital gains that are 'built up'.

Selling triggers, a taxable event; a portion of your built-up capital gains must be paid to the government. By not selling the money you would've paid in capital gains taxes is left to compound in your account, working for you instead of going to the government.

The compounding of money that would've been paid out as capital gains tax has a powerful effect on your investments over time.

Time matters with investing; the more time your investments have to compound, the better. At the same time, all other things being equal, *the less time you spend* focusing on investing the better (assuming you like spending your time and energy on more than the stock market).

## Requiring Less Time

Time is money. The purpose of life *is to make the most of the time we have been given and to live a balanced and productive life.*

Long-term investing also insulates you from caring what the market does today, tomorrow, next week, or next month. With a long-term perspective, short-term fluctuations don't matter to you. This goes a long way in helping you to stop paying so much attention to your stocks.

Simply put, long-term investing using our approach requires less of your time. Period. Your work is done when you execute on one of the positions we have initiated on (a high-quality stock we believe will maintain its competitive advantage indefinitely and grow over time) and as such you do not have to hawk over your phone or computer to monitor every miniscule movement. You don't even have to find *other* quality investments tomorrow, next week, or even next year...in fact you don't have to do anything besides stay in touch and look at our updates every now and then. After all, it is our job to do all the heavy lifting as the **Riz International** team spends hundreds of hours collectively monitoring our portfolios and the markets as whole.

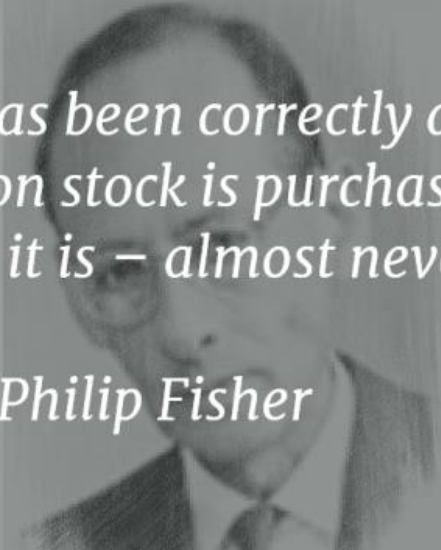
How often do you need to check your portfolio? Once every 2 to 3 weeks is more than enough in most cases. What you can check and stay on top of is our market news and portfolio updates that are sent every week. In these emails you will receive market related news and any portfolio holding adjustments and recommendations, *if needed.*

## 5 Long-Term Investing Quotes

The quotes below will give you peace of mind knowing that many of the greatest investors in history endorse having a part of your entire portfolio in long-term investing.



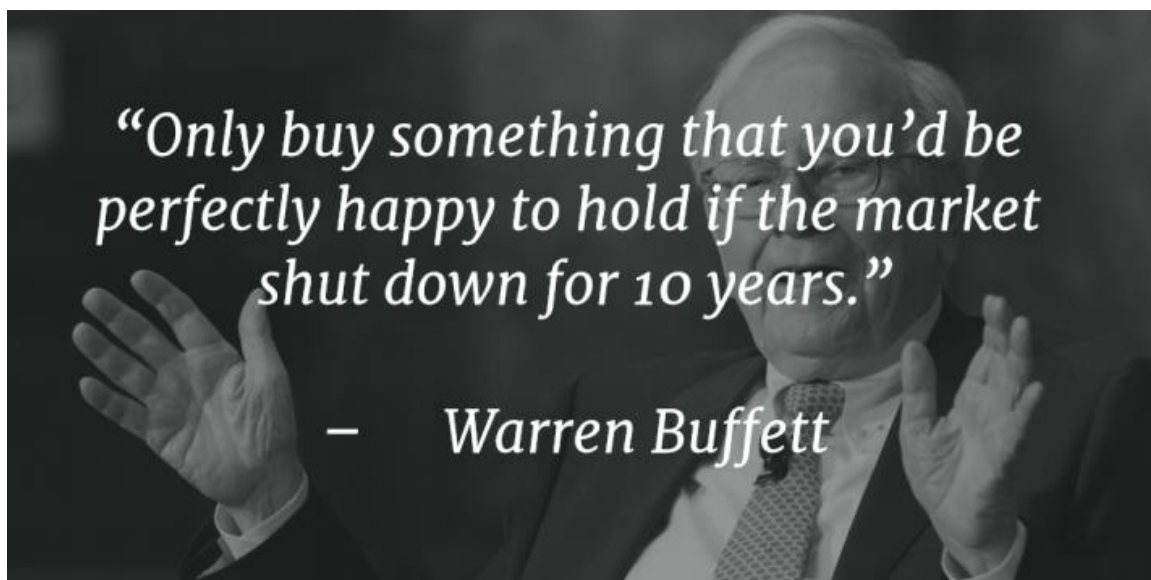
Seth Klarman is founder of the Baupost Group, a multi billion dollar hedge fund. His current net worth is around \$1.4 billion. Klarman is not the only person to discuss the advantages of long-term investing.



*"If the job has been correctly done  
when a common stock is purchased, the  
time to sell it is – almost never."*

*– Philip Fisher*

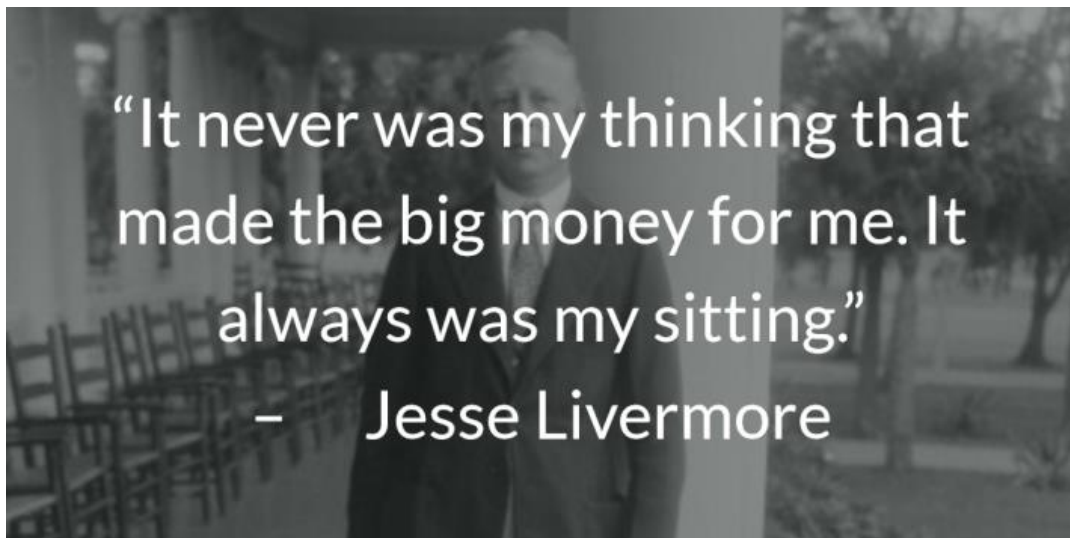
Philip Fisher is the pioneer of growth investing and author of many investing books.



Warren Buffett is the founder of Berkshire Hathaway (BRK.A and BRK.B). His current net worth is around \$87 billion.

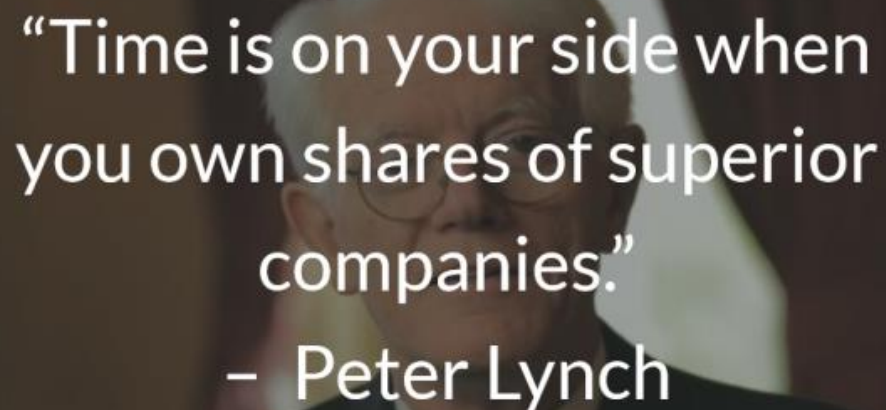
Warren Buffett is the most well-known advocate of long-term investing. He has amassed a portfolio of dividend stocks with strong competitive advantages.

Buffett does not constantly check in on his securities. Instead, he lets them work for him by accruing the benefits of growth over time. Needless to say, when the Oracle of Omaha speaks, we along with millions of others listen.



Jesse Livermore was one of the most successful stock traders of all time. While he did not practice true long-term investing and was more of an active trader (similar to what we do in the Elite Membership), the quote above shows his adherence to the idea of *letting his winner's compound*.



A portrait of Peter Lynch, an older man with white hair and glasses, wearing a dark suit and tie. The image is slightly blurred and has a dark overlay. The quote is centered over the image.

“Time is on your side when  
you own shares of superior  
companies.”  
– Peter Lynch

Peter Lynch is one of the most successful institutional investors of all time. He managed the Magellan Fund at Fidelity between 1977 and 1990 and generated compound returns of 29.2% a year.

## Recalibrating for Long-Term Success

Predicting the future is impossible (trust me, I've tried). Understanding broader market psychology and knowing that industries and businesses change, we are fully aware and accept the fact that not *every* single investment in our long-term investment portfolio will do excellent. Some will be above and beyond that while others may very well lag the rest. This is why we use a tactical and systematic approach to rotating out of companies and investments that are not keeping up with our expectations and thus replace them with those we feel will. This is inherently the nature of the global financial markets and by having us on your side, you stand to benefit from and be made aware of such things so that we may take sensible decisions.

Rest assured, we will be doing all the work, so you can sleep easy at night and know that you have your very own investment professional there to help you achieve your long-term financial goals.

## 5 Critical Tips for Long-Term Investors

This section covers several tips to increase your odds of long-term investing success with us. After all it is you who will be exacting on our strategies and reaping the benefits.

### Tip #1: Long-Term Investing is Simple but Not Easy

Please don't get the wrong idea – long-term investing *is not easy*. It is psychologically difficult to hold a stock when its price is declining. Holding through price declines takes real *conviction*. The nearly infinite liquidity of the stock market combined with the ease of trading makes selling stocks something you can do on a whim. But just because you can, doesn't mean you should. The constant stream of stock ticker price movements also coerces individual investors into trading unnecessarily. Does it really matter that a stock in your *long-term investment portfolio* is up 1% today, or down 0.3% this hour? Have the long-term prospects of the business really changed? Probably not.

With our guidance and assistance, you will be more disciplined and steadfast in your goals and vision.

### Tip #2: Stock Prices Lie, Dividends Tell the Truth

Often stock prices lie...

They signal a business is in steep decline when it isn't.

They say a company is worth 3x as much as it was 3 years ago while the underlying business has only grown a minuscule amount. Stock prices only represent the *perception of other investors*. They do not and cannot show the real total returns an investment will generate. This is what can make active trading a lot more lucrative but also riskier (this is why we recommend

using both our *Alpha Investment Portfolio* for a portion of your portfolio for long-term strategic holdings and our *Elite Membership* for the remainder of your portfolio to go more aggressive and learn to actively trade to take advantage of short-term mispricing and opportunities).

For our Alpha Investment Portfolio approach, we very much look at dividends, as dividend do not lie. A business simply cannot pay rising dividends for any long period of time without the underlying business growing as well. It is by no means the only factor, but it is one of them.

### **Tip #3: Long-Term Investing Is Not Buy and Pray Investing**

There is a *stark* difference between buy and hold (sometimes called buy and pray) investing and long-term investing. Buy and hold investing typically means buying and holding no matter what. That's not what our approach is about.

Sometimes there is a very good reason to sell a stock. It just happens much less frequently than most people believe.

Stocks should be sold for three reasons:

1. If it cuts or completely eliminates its dividend payments
2. The stock price has dropped significantly to the extent it makes no sense to continue bag holding
3. If it becomes *extremely* overvalued

These are things we will notify you and guide you on if the situation arises.

### **Tip #4: Don't Sell Because of Small Gains**

No one ever went broke taking a profit...

While this is true, it is also true that it is much harder to get wealthy by taking small profits.

We invest in businesses that believe will double, triple, or more over several decades.

A business does not have to be growing *quickly* to multiply your money over several decades. Businesses that repurchase shares, pay dividends, and make efficiency gains will not have to expand much at all to create serious shareholder gains.

## **Tip #5: Overreaction is Harmful to Your Wealth**

The world is constantly changing.

One day, European Union central banks adopt negative interest rates...

Another day, a war will break out or the US will impose economic sanctions on a country.

In less macro news, a business may report quarterly earnings 5% below analyst expectations, or a patent will expire.

All of these things don't matter very much to long-term investors. What matters is that the businesses you hold still have a strong competitive advantage.

If they do, there is no reason to sell based on temporary uncertainty.

*"In the 20th century, the United States endured two world wars and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions and financial panics; oil shocks; a flu epidemic; and the resignation of a disgraced president. Yet the Dow rose from 66 to 11,497."*

– Warren Buffett

## Final Thoughts

The amazing success records of investors who believe a long-term outlook is critical for favorable investment returns lends credibility to the idea of long-term investing. Growing your wealth is not rocket science, but it is by no means easy or a cake-walk. We genuinely believe after decades of experience and seeing countless examples before our very eyes; that the majority of the population is in need of taking control of their own financial destiny as the current financial industry has not only failed but also duped millions upon millions of people who simply did not know any better by lining their pockets via price gouging and exorbitant fees, all while underperforming (we are looking at you Mutual Fund's).

We at **Riz International** are here to help you grow your wealth using our tested, profitable and unique approach all while making sure you keep more of your hard-earned money!

Join us by becoming a subscriber to our [Alpha Investment Portfolio](#) and [ELITE Membership](#) to supercharge your portfolio.

Wishing you all the success,

A handwritten signature in black ink, appearing to read 'Rizwan Memon', with a stylized, cursive script.

**Rizwan Memon, Founder and President**  
**Riz International**

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