4 Alpha
Investment Strategy

The 4alpha portfolio seeks to outperform domestic large cap indexes on a risk-adjusted basis. Our investment philosophy is grounded in a belief that profoundly important long-term trends exist, and that these trends will have dramatic effects on certain companies and industries. Furthermore, we believe that some companies have compelling advantages, such as powerful brands, significant technical experience, and extensive networks, that effectively prevent rivals, new entrants, and substitutes from disrupting their dominant position in the marketplace.

The 4 alpha portfolio is designed to be low cost, tax efficient, high conviction, low turnover, and to engender confidence on the part of the investor that their portfolio companies will be substantially more valuable many years into the future.

Costs

- No security expense ratios as opposed to ETFs and mutual funds
- Low turnover to conrol trading costs
- Avoid mutual funds which can have many fees, including a sales load, redemtption fee, exchange fee, account fee, purchase fee, management fee, 12b-1Fee

Taxes

- Individual stocks provide granular control
- Low turnover to control capital gains
- Asset location optimization per account type available
- Tax loss harvesting available

Security selection

- Invest on the right side of long term trends, including
  - Increasing and pervasive impact of technology
  - Electricity replacing fossil fuels, including for vehicles
  - Expanding global middle class
  - Aging populations in developed countries
- Dominant, highly innovative, & loved companies, including
  - Brands people love enough not to comparison shop
  - Complicated businesses difficult to compete with
  - Extensive distribution networks
  - Unique intellectual property
  - Track records of excellence
  - Economies of scale, especially network effects

Risk Alignment

- The advisor may use the Risk Meter™ to help measure each investor’s psychological willingness to endure losses
- Time Optimized Planning™ is used to determine how investment risk should be scheduled based on income requirements
- The target Real Risk™ for stock and bond investments is calculated to align with the investor’s willingness to endure losses and financial needs
- Strategies are blended to match target Real Risk

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