

'Best Ideas' Portfolio

For investors that want quality-driven long term growth

The goal of this theme is to be invested in “thoroughbred” companies that are expected to be long-term winners. The rationale of the “Best Ideas” portfolio is two-fold.

- It is always about quality. The companies that have been chosen are all high quality, with solid management, low (relative to peers) leverage and dominant in their field. Such companies will likely also fall if the markets fall, but they tend to be the first to rise, and are expected to be market-beaters. We are not speculating here by looking to find the next Amazon or the biotech company that will find a wonder drug that will prevent or cure cancer, as that would be a wild guess and we’d have to be extremely lucky to find them.
- In a low interest rate environment, investors pay for high-growth companies. That is, those that are increasing their top and bottom lines at high single to double digits (8-9-10%+). This is a huge feat for any company when you think that the world economy is growing at 2-4% annually. Many of the companies we invest in are growing at 15-25% annually! Others are just solid, high-quality, well-managed, profitable companies.

- Portfolio Management team generate investment ideas
- Analysts conduct research and evaluate risk/reward analysis
- Investment committee debate, accept or reject idea



- Implementation into portfolios
- Due-diligence procedure
- Ongoing evaluation for performance vs. expectations

Opportunistic positions

Value buying opportunities often present themselves in today’s markets. Solid stocks are sometimes oversold or out of favour for different reasons - thus presenting the chance to buy at a discount.

Contrarian calls

A ‘Best Ideas’ theme would be incomplete without some contrarian calls. Whether they are individual equities, sectors or regions there are always some beaten-down quality securities to buy.

- Oversold stocks that have fallen because of broad market falls
- Quality companies in sectors whose growth potential is misunderstood
- Market leaders in areas of the market that are unloved

Established, but way beyond ordinary

Sustainable growth in both revenue and income is at the core of our Best Ideas portfolio. However, we also seek established companies with proven potential but without blistering growth; those that the market consistently applies a higher valuation multiple to (over their peers) because of top management, market-leading qualities, strong profitability and the capacity to keep innovating.

Practical considerations

- The portfolios are implemented through an online Interactive Brokers (IB) account in the client’s own name(s). IB provides safety, liquidity, minimal costs, transparency and timely execution.
- Elgin provides all necessary support for creating and maintaining accounts as well as implementing and executing all investments.
- The allocations allow for flexibility in the sense that they might be either fully or partially invested.
- Available in USD, EUR and GBP, which invest in the US, European and UK markets respectively. Minimum initial investment is \$50K (or equivalent) with minimum top-ups of \$10K (or equivalent).
- Also available are the “Best of our Best Ideas” which is a multi-currency portfolio that contains a mix of stocks that are included in our single-currency Best Ideas but also securities listed in other global stock exchanges. The minimum investment is \$100K or equivalent in EUR, GBP, CHF or JPY.
- An advisory “Best Ideas” service is available for those more sophisticated investors who want to have a final say in what to buy and sell, as well as having their own ideas for consideration. The minimum initial investment is \$500K or equivalent.

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