



***Separately Managed Accounts***

***For***

***Investment Advisory Clients***

***From***

***The Ridgewood Group***

***The Art of Intelligent Investing™***

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## ***All-Cap Core Managed Accounts by The Ridgewood Group***

*A disciplined and intelligent investment process...*

- *Investing in companies with solid business fundamentals and sustainable competitive advantages*
- *Emphasizing independence of thought based on proprietary research in order to avoid the perils of conventional thinking while finding opportunities others miss*
- *Taking advantage of disciplined valuation criteria to control your downside risk and increase your compounding potential*
- *Willing to stay the course for intermediate and long-term compounding of capital, recognizing that earnings potential and intrinsic value often do not change in a day, month, or even a year*

*... an outstanding separate accounts offering for your long-term success*

### **All-Cap Core: A Solid Foundation on Which to Grow Your Assets**

Our all-cap core equity strategy is an outstanding managed account offering for your investment accounts. We seek the best investments available meeting either or both of the traditional value and growth criteria. We make investments in companies across the entire spectrum of market capitalization to seek out superior investment opportunities wherever they may arise. The primary objective of our core strategy is to achieve superior compounding of your capital while limiting the risk of permanent capital loss.

#### **Portfolio Manager Highlights**



- Managing Director, Portfolio Manager
- Over 10 years of investment banking and investing experience
- Co-author of the best selling book, *Create the Business Breakthrough You Want: Secrets and Strategies of the World's Greatest Mentors* featuring renowned authors Brian Tracy and Mark Victor Hansen, where the book is endorsed by Ken Blanchard and Dr. Steven Covey.
- Graduated from the Harvard Law School with honors and with a bachelors from Columbia University with highest honors

- **Kaushal B. Majmudar, Esq**  
**Managing Director, Portfolio Manager**

“With my background in Investment Banking and my legal education, I was trained to think rigorously, dissect financial statements and conduct intense due diligence on potential investments in order to understand the key elements of business quality and valuation. I pride myself on bringing this disciplined approach to investing for our clients” – Kaushal Majmudar

## **Some of the Benefits of Our Approach include the following:**

### ***An Outstanding Core Holding***

Our core managed investment account can be the only holding for your portfolio(s). It works well on its own or in combination with satellite strategies such as international or sector-based approaches. Because this strategy is not constrained by industry weightings of a particular index, we can use our experience and judgment to make portfolio allocations towards the best opportunities without the arbitrary shackles of managing to an index.

### ***Tempering of Value and Growth Cycles***

Our “no excuses” approach means that we will invest opportunistically in companies that meet one or both of the traditional value or growth labels, without regard to which so-called style is currently in favor. This strategy has produced good long-term results while reducing risks at the same time.

### ***Focus on Our Best Investment Ideas***

Portfolios with a large number of stocks tend to duplicate the market’s performance, diluting the value of the best ideas. We attempt to maximize our investors’ returns by focusing on our best ideas, typically between twenty to thirty carefully chosen stocks. The majority of our securities represent positions in non-cyclical, industry-leading businesses with high returns on capital and clean balance sheets that are trading at attractive valuations. We believe this focus maximizes potential returns while limiting the risk of permanent impairment of portfolio values.

### ***Tax Efficiency***

Most of our investments are made with the expectation of a holding period for an average of between three to five years. As a result, our approach generates less turnover and tends to be more tax efficient than many alternatives. Our focus on long-term compounding and tax efficient gains makes this approach suitable for taxable as well as tax-deferred accounts.

### ***Independent Custodian***

We do not custody your funds and securities, so you can choose to custody your accounts at a variety of firms. Most custody firms provide additional services including SIPC and excess insurance coverage of your accounts against theft or misappropriation (often \$25 million plus).

### ***Access to Your Portfolio Manager***

At The Ridgewood Group, we pride ourselves on our service and accessibility and work hard to provide outstanding client service and personal attention. We believe in building long-term relationships with our clients and work hard to ensure their success in preserving and growing their wealth. In doing so, we have the flexibility to tailor our approach to suit each client’s particular circumstances and help our clients practice Intelligent Investing<sup>™</sup> for their own accounts.

The Ridgewood Group  
All-Cap Core Managed Accounts  
Additional Information

***Investment Philosophy***

Our goal is to invest in the most attractive opportunities in the marketplace. We employ a number of steps to identify the most attractive investments. Every quarter, we review several thousand candidates to narrow our focus to several hundred of the most promising potential opportunities which meet our strict criteria for business quality, valuation, potential return and risk of permanent capital loss. From the above smaller group of companies, we then conduct much more intensive research and due diligence to find the handful of companies with the best risk adjusted return potential.

***Decision Making Process***

We are long-term strategic investors though we will occasionally take advantage of other attractive opportunities. Our objective is to identify and invest in those securities that provide the most attractive tradeoff between risk and reward. We seek to regularly update our assessment of the risk and reward of securities in our portfolios and make changes to our positions as appropriate based on this assessment.

***Research***

We complete a detailed and multi-dimensional independent research effort on each investment opportunity prior to making an investment commitment. We rely on our own primary research while occasionally taking third party views into account as a proxy for current market perceptions. The portfolio manager is accountable for each investment decision and owns the details associated with each of the positions in the portfolio. Some of the investment criteria that we emphasize in our research are listed below.

***Investment Criteria***

- Clear and understandable business model
- Sustainable competitive advantage
- One of the top players in their industry or sector
- Attractive sales growth and margins
- Strong and conservative balance sheet
- Quality management
- Free cash flow generation ability
- Shareholder focus
- Management and employee ownership
- Attractive valuation and margin of safety
- Total return potential

## ***Portfolio Construction and Management***

Our portfolios are constructed bottoms up – one security at a time. We have a focused approach and our average seasoned portfolio will include approximately twenty to thirty securities, though the number can range between a minimum of ten to a maximum of about fifty at any one time. In constructing the portfolio, we try to diversify across sectors and capitalizations. In taxable accounts, we manage primarily for long-term capital appreciation and will tend to keep portfolio turnover low. As an additional way to control risk, we will invest in certain income oriented securities and high dividend paying common stocks when they offer an attractive risk adjusted return.

## ***Sell Discipline***

We will consider selling existing securities when they meet or exceed our price target or their valuation relative to intrinsic value becomes excessive. We may also sell to redeploy capital into other more attractive investment opportunities. We will also sell if, due to new information or a better understanding of information, we lose confidence in company management, the structure or dynamics of the underlying business changes dramatically, or our thesis needs to be modified materially.

## ***Advantage of Our Approach to Fees***

The fee is an annual percentage payable quarterly (at the end, not in advance) and will be deducted directly from your investment account. We can also offer performance based fee schedules for larger accounts. Since we are fee and not commission based, we can provide unbiased advice with an uncompromising focus on your long-term best interests.

## ***Additional Services – Wealth Preservation and Management***

For high income and/or high net worth clients, we offer wealth management services in conjunction with best of breed providers. This approach allows you to obtain an integrated solution that incorporates tax planning, estate planning, asset protection and risk management for a comprehensive and customized solution to the management and preservation of your wealth.

## ***Contact Us:***

We invite you to speak with us about your unique situation and how we may be able to assist you at:

Tel: 973-409-9764

Email: [info@ridgewoodgrp.com](mailto:info@ridgewoodgrp.com)

Website: [www.ridgewoodinvestments.com](http://www.ridgewoodinvestments.com)