THE LITTLE BLACK BOOK OF BILLIONAIRE SECRETS

How to turn
$20k into $26 million in 12 years
or $1.2 billion in 30 years

By Bryan Rich

FORBES BILLIONAIRE'S PORTFOLIO

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INTRODUCTION

Have you ever wondered how billionaires invest their money? How they continue to get RICHER, while the rest of the world is struggling?

We study billionaires for a living. To be more specific, we study how these investors generate such huge and consistent profits in the stock markets–year-in and year-out.

For a 12-year period, we trudged through every single stock that our favorite billionaire investors have bought. And what we found is truly amazing.

Consider this: If you would have followed the lead of these billionaire investors, buying the same stocks they bought, you could have made an amazing **42% annualized return** on your money. Conversely, the long run return on the S&P 500 is just 8%.

But even more incredible: If you followed the stock picks of these brilliant investors, but waited to buy them only after they dipped 33% BELOW what these billionaires paid for their shares, you could have made **82% a year** for the 12-year period. That's 82% a year, while the broader stock market experienced the worst performance in history.

For perspective, if you would have invested only $20,000 in this strategy of following the world's best billionaire investors, 12 years later you could have had **$26 million.**

That's $26 million for every $20,000 invested.

Alternatively, for every $20,000 invested in the S&P 500 for the same period, you would have had just $20,805.

"Billionaire investors have given us the clear roadmap to follow their footsteps to wealth creation."

WHY YOU ARE NOT A BILLIONAIRE

Average investors make a number of mistakes that keep them poor. Much of it is due to a total lack of education and understanding of what investing is all about.

The Wall Street marketing machine has led average investors to believe that active trading, hot stocks tips and predicting market direction is the golden ticket to wealth. In fact, it produces the exact opposite.

#1 MISTAKE

THEY THINK THE STOCK MARKET IS A GOOD INVESTMENT

Inexperienced investors think they should be able to buy at bottoms, sell at tops and make gobs of money. But that's a highly difficult task.

The long-run annualized return for the S&P 500 (including dividends) is 8%. And after fees, most professional mutual fund managers do not beat the S&P 500.

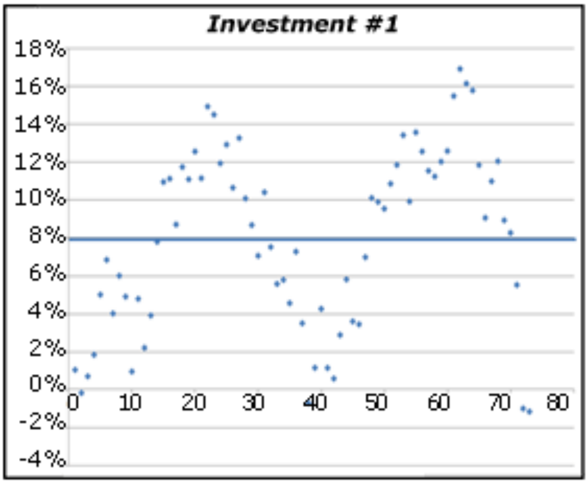
Moreover, too many investors do not understand the risk they're asked to take to achieve an 8% return.

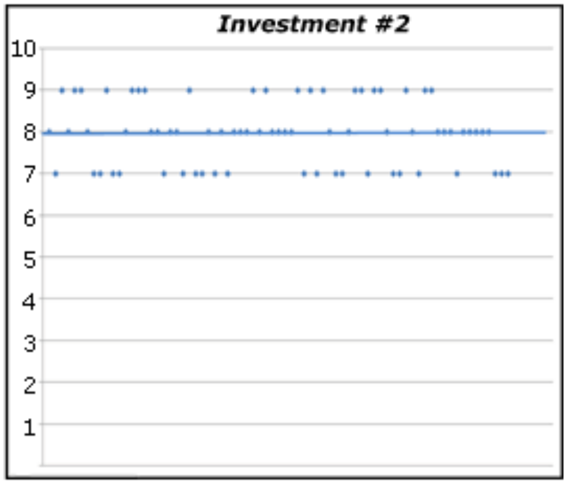
The volatility of stock market returns is best measured by looking at the dispersion of returns around the average return. This gives you a clue as to how much risk you have to endure to achieve your expected return. It's called the standard deviation and is a good way to measure risk.

The standard deviation of the S&P 500 is 19%.

This means roughly 70% of the time, the S&P 500 should trade plus or minus 19% around its long-term average return. So if you use standard deviation as a gauge of risk, you'll find that the broad stock market pays you only 1 unit of return for 2 units of risk taken.

"Billionaires invest in things they know ... where they have an edge."





Take a look at the two hypothetical charts above…

Both investments have an 8% average annual return. But Investment #1 has a wide range of returns, while Investment #2 has a stream of returns that more tightly hug the average annual return.

If each of the points on the charts represents a monthly return and both investments achieve the same end result, which investment should you choose?

The answer: **Investment #2** — the one with the tighter distribution of returns since it gives you a higher probability of achieving a higher return.

“Billionaires don’t gamble - they bet on sure things.”

Here’s why: Your investment’s performance will largely depend on when you enter and when you exit. If you enter or exit at any given point along the path of Investment #2, the likelihood of success is greater than it would have been with Investment #1. So unless you think you can pick the exact bottom to enter and the exact top to exit, you’re far better off finding investments that have a tighter distribution of returns.

The bottom line is, a buy and hold strategy in the broader stock market index just doesn’t compensate you for risk. It’s a bad investment. Stay away.

#2 MISTAKE OVERTRADING

I know a lot of very rich people. And I know a lot of very successful investors. I can tell you this. None of them got rich day trading.

In fact, not only can day trading be bad for your bank account, it can be bad for your health. There's a study by a prestigious Australian University that says every hour you spend in front of a computer increases your risk of an early death by 11%. Think about that! The smartest and most successful investors think in terms of risk vs. reward, in EVERYTHING they do!

A shortened life with less money is a bad trade – don't do it.

#3 MISTAKE TRUSTING THE WRONG PEOPLE

If you take away one thing from this book, remember this: **Your financial advisor-stock broker is not your friend.**

I say this with utmost respect as my dad was a stock broker for 50 years. But let's be honest, stock brokers are not as valuable as they once were.

Sure, 20 years ago when there wasn't the Internet or smartphones, you had to call your broker to get a stock quote or make a trade.

Today, you can get stock quotes, currency quotes and research, on the Internet. So think twice before you hire a broker. Many investors are savvy enough to use an online brokerage account, which can cost $5 a trade.

In 2017, Warren Buffett's net worth is **$75.7 billion**.

I don't want to belabor this point, but think about this: **the brokerage industry does not produce investment minds, it produces salesmen.**

My point is this: **In many cases (I would estimate the majority of the cases) these people you trust with your money are not experienced or educated enough to watch over your money.** Be aware of that.

And keep in mind that brokers get paid regardless of whether your account goes up or down.

“Billionaire investors invest when they can control their own destiny… they don’t leave things to chance.”

Bottom line: Stay away from them and it will save you easily 2% to 4% in fees per year.

On a $100,000 account, that’s as much as $4,000 more a year in your pocket.

BREAK AWAY FROM THE HERD AND STAND ON THE SHOULDERS OF BILLIONAIRES

HOW BILLIONAIRES KEEP GETTING RICHER

You see, unlike the average investor, billionaire investors don't stand by and let the global economic turmoil or restrictive policies destroy their wealth.

They pivot. And they capitalize!

How?

It's not from focusing on the things they cannot control. But by focusing on the things they can control.

Let me explain ...

Billionaire investors have a unique advantage. Of course, they have a lot of money. But with money, comes power and influence.

"What's the difference between a billionaire investor and you?"

Unlike mutual fund managers, financial advisors and the rest of Wall Street and Main Street, these billionaires aren't in the business of guessing about what may or may not happen with a company and its stock. They are in the business of sure things. They like to control their own destiny. And that's precisely what drives the way they invest.

They find companies that have a clear need for a shake-up. Then, they buy enough of the company to take control of the wheel.

WHAT BILLIONAIRES DO DIFFERENTLY

> "If someone told you that you could get an inside look at what is in these billionaires' portfolios, wouldn't you want to take a peek?"

When you buy as much as 15% ... 10% ... even 5% of a company's stock, YOU are in the driver's seat. Management works for you!

It's this philosophy of taking "controlling interest" in companies that has allowed these big-time investors to put up staggering returns, year after year ... even in the worst economic climate in our lifetimes.

To be clear, these are guys that built their wealth by investing in these types of situations.

They have track records that are unmatched in investing. And their bank accounts prove it.

Now, if someone told you that you could get an **inside look at what is in these billionaires' portfolios**, wouldn't you want to take a peek?

Imagine how valuable it would be to know exactly what the richest, most successful investors in the world have in their portfolios.

As a consultant to large hedge funds, that's exactly what I do. I uncover these lucrative investments that allow my clients to piggyback these investing giants. I do it for my own account.

HOW TO INVEST ALONGSIDE BILLIONAIRE INVESTORS WITHOUT HAVING A BILLION DOLLARS

You get ALL of the returns, but pay none of the fees. We let these brilliant billionaire investors do all the work and we reap the benefits.

In short, through my extensive network of contacts in the hedge fund industry and among the ultra-rich, I find out...

- **_WHO_ the smartest and historically best performing hedge funds are**
- **I find out _WHAT_ they are buying**
- **I tell _YOU WHAT_ and _WHEN_ they are buying,**
- **YOU BUY WHAT THEY BUY!**

It's that simple.

Consider this: These funds can often end up owning as much as 60% of the company's total outstanding stock. They can't afford to be wrong!

CLICK HERE TO LEARN MORE

HOW THE BILLIONAIRE'S SECRET CAN WORK FOR YOU

Let's start with GGP.

This one is of the "home run" variety. They certainly don't all come like this, but when they do it's a lot of fun.

My guy was buying these shares, as the world was falling apart, between 25 cents and 50 cents. (Editor's note: the blue box in the charts represent where the funds were found acquiring the stock).

So the world is imploding, and he's pouring hundreds of millions of dollars into a penny stock – THAT GETS MY ATTENTION!

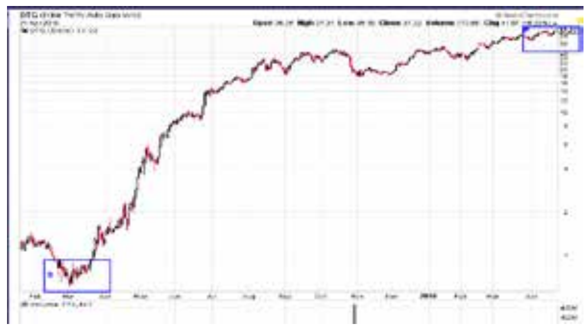
This stock went up 46-fold!

For those that might be slow doing the math, I understand. **That's $460k for every $10k invested.**

That's a huge winner. And it also demonstrates the appeal of buying low priced stocks, which many of these guys like to do.

You get more bang for your buck.

Next, Dollar Thrifty …



This chart really exemplifies why you need to follow billionaire investors. Dollar Thrifty, a car rental company, was very near bankruptcy. Let me restate that … this company was teetering on the edge of collapse.

The investor I followed stepped in and bought millions of shares of DTG around 35 to 45 cents a share. That gave him controlling interest in the company.

Once he had control, he knew that he could impose his will on the company and turn it around. Believe it or not, this was one of those "sure thing" investments for him.

WOULDN'T YOU LIKE TO HAVE A BILLIONAIRE ON YOUR SIDE?

A year later, two different car rental companies tried to buy DTG.

This investment ended up returning over 8,000%.

That would turn a $10,000 investment into more than three-quarters of a million dollars!

The interesting thing about these opportunities is that you don't have to be a sophisticated investor to invest like one. They do all of the work. They pay all of the experts. And the average guy can get all of the benefits just by following along.

"8,000% winner!

Stock picks that can make you a millionaire... overnight!"

DOUBLES, TRIPLES, AND BEYOND

Take a look at Pulte Homes.

The guy that was involved in this stock has one of the greatest long-term-track records of any hedge fund manager in the business. He's averaged over 35% a year for the past 20 years. And he's now worth about $16 billion.

In this case, he became bullish on homebuilding stocks around mid-2011.

His approach: To bet on a rebound in housing, he wanted to find the cheapest stock in the sector. He bought the one with the lowest book value, the lowest share price and (this is key) the most liquidity. He chose Pulte.

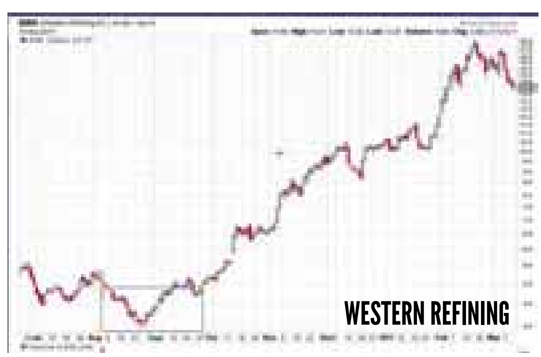
Pulte is a member of the S&P 500, and was one of the few stocks in the S&P 500 index that sold below book value and under $5 a share. So he dove in. He purchased millions of shares around $4.25. **The stock went up 200% in less than a year.**

This is another example of the way these billionaires trade. They want low priced stocks, because it gives them the opportunity to make multiples of their money.

Carl Ichan is one of the great billionaire investors.

And you can see, in many of these cases, it doesn't take long after they've built their stakes, for these stocks to start running higher.

Another? How about this stock, Western Refining …



Here is another example of one of these big-time billionaire investors buying a stock below book value.

I found him buying millions of shares in this gasoline refiner at around $4.

He knew that if gasoline prices recovered, this stock would generate a huge return. Less than a year later, the price of gasoline jumped. And the stock more than tripled!

Finally, let's take a look at AOL.

The guys involved in this play are bulldogs. They buy a controlling interest in a company, and then they like to force management to sell assets. In turn, they manufacture a return on their investment.

And that's exactly what they did with AOL. They forced the company to sell their patents to Microsoft, for more than the company's market cap! The result …

A DOUBLE in about eight months.

This AOL example shows you that this type of investing can be done with even well known, large-cap stocks.

Now, I can assure you, the above examples are just a very small sample. This is what this type of investing is all about. It's about consistent big winners.

It's about getting a partner on your side that is hell-bent on making money – big money … and that's what these hedge funds that I follow represent.

They have to be right. They get paid when they are right.

"It's like car-pooling with a billionaire. They drive and we get a free ride."

And these plays all have to work out within their time frame –which is inside of a year, in most cases. After all, these funds are competing for assets, but mostly for pride ... and annual returns are everything!

So they can't sit and wait five years for an investment to work out, like a mutual fund or endowment might.

They buy stocks that they know they can take control of … to unlock value, to impose their will.

And their will is very clear: To make money ... a lot of it.

In all of my years of experience working this industry, I've narrowed down my investing strategy to three simple steps:

Step #1: I find out who the best are
Step #2: I find out what they're buying
Step #3: I buy what they buy

Just follow the best and the rest is easy.

These guys are rich because they control their own destiny. They do all the work for you. They put their own money on the line.. Brokers, mutual funds don't.

I've narrowed down my investing strategy to three simple steps:

1. **I find out who the best are**
2. **I find out what they're buying**
3. **I buy what they buy**

Just follow the best and the rest is easy.

FOLLOW THE BEST!

They put up huge returns every year regardless of what the market does. Just one of these stocks could let you retire rich.

Most importantly, this type of investing lets you enjoy your life. Instead of staring at screens all day, take a walk, play golf, fish, play with your kids. Get rid of those computer screens that are killing you.

Put simply, following the worlds greatest billionaire investors can put you on the same path to becoming rich. Keep in mind, those S&P 500 long run returns I mentioned earlier, a measly 8% per year, also come with loads of risk. Now, look at these returns from some of the great billionaire investors of our time.

Carl Icahn has put up **53% per year** over the past 20 years.

John Burbank has returned **50% per year** since 2000.

David Tepper has made **41% per year** since 1993.

The most amazing thing about all of these great investors is that they made these incredible returns simply buying stocks. That's it, just publicly traded companies that you and I can click a button and buy.

In these cases, you are buying a stock with a huge potential return, but limited risk. This is key.

For example, take **Hertz** (HTZ), a deeply undervalued market leading car rental company. **Here, we have a stock that possesses "asymmetrical risk." This is what billionaire investors LOVE to see.**

WARNING:
A lot of people want to offer you advice on how to manage your money. The BEST investors ONLY surround themselves with proven winners who have personally demonstrated success!

Here's what I mean …

The key success factors in the billionaire investor campaigns I follow are: 1) high conviction, 2) spinoffs and 3) CEO change.

"Great investors LOVE asymmetric risk"

In the case of Hertz, we have the trifecta. Billionaire Carl Icahn owns 35% of Hertz. **High conviction: check!** Add to this, Icahn walked into Hertz and pushed the company to **spin off** its equipment rental. That's now done! **Spinoff: check!** In Hertz Global, Icahn now has a pure play on the rental care business. What about CEO change? Icahn recently forced out the CEO and replaced him with his hand selected hired gun. **CEO change: check!**

Now, with the above in mind, consider this: HTZ is a left-for-dead stock, without a doubt. But Uber is currently valued at **37 TIMES** the value of Hertz. Icahn is betting that the ride-sharing business hasn't killed Hertz. If he's right, this stock is a multi-bagger. The most you can lose in any stock is 100%. **This is precisely what the best investors LOVE … stocks that have this ASYMMETRICAL RISK TO REWARD opportunity. Remember, he's not just taking a bet, he's in control at Hertz.**

BUILDING YOUR OWN BILLIONAIRE'S PORTFOLIO

We've talked about the value of following the best. What about the best OF the best?

I've studied the track records of hundreds of billionaire investors and billion-dollar hedge funds. And one man stands above the rest, as the best investor alive. I'm sure most would consider it to be Warren Buffett. But the numbers tell a different story. In fact, the greatest investor of all-time is billionaire activist Carl Icahn.

In 2015, Carl Icahn's net worth is **$21.3 billion**.

Incredibly, both Icahn and Buffett have been building their respective investment empires for over five decades. And more incredibly, they remain at the top of their profession. But Icahn has, unequivocally, shown superior skill as an investor.

Consider this: Icahn has returned 31% annualized since 1968. That would turn every $1,000 invested with Icahn into $325 million today – an incredible number. Buffett, on the other hand, returned **19.5% annualized** during virtually the same time period. Buffett's growth rate over that length of time is indeed amazing too. But due to the power of compounding, the wealth creation of Buffett, from pure investment returns, pales in comparison to that of Icahn.

Icahn's investment skill has created $65 to every $1 created by Buffett.

So how has Icahn been able to outperform Warren Buffett (and the broad stock market) by so much and for so long?

Of course, Icahn is a dogged shareholder activist and often an agitator of corporate management. Key to his playbook is using power and influence to control his own destiny on stocks he invests in. In a study he published last year, Icahn called attention to the power of the board seat. Looking back on a recent five-year period, Icahn showed that when he secured a board seat on a company in his portfolio, he was able to create value for shareholders to the tune of a 27% gain, on average. That's controlling your

"Icahn's investment skill has created $65 for every $1 created by Buffett."

own destiny.

Additionally, when we look strictly across the stocks in his portfolio, we can see some common traits that have made Carl Icahn the world's greatest investor.

The media, mutual funds, CNBC, finance books — they all say having a high win rate is paramount to good investing. They tell you that the most important thing is being right. Like many widely accepted adages, it happens to be dead wrong. Billionaire iconic hedge fund investor George Soros says, "it's not whether you're right or wrong, but how much money you make when you're right and how much money you lose when you're wrong."

Over the past 20 years, the stocks in Icahn's portfolio have a win rate only a tad bit better than a coin toss. But he puts himself in position, so that when he wins, he has the chance to win big!

TRAIT #1

They like to invest in opportunities with limited risk and huge potential return.

Among Icahn's stocks, his winners were almost twice that of his losers.

TRAIT #2

Icahn became rich by taking concentrated bets throughout his career. As Buffett has famously said, "you only need one or two great ideas a year to get rich." This is exemplified in Icahn's portfolio. His big win on Netflix garnered a 463% return in just 12 months, between 2012 and 2013.

TRAIT #3

Patience is king. You don't have to go to Harvard or have a Goldman Sachs investing pedigree to have patience. And many times, that can be the difference between making money and losing money in investing. Icahn has an average holding period of over two years.

TRAIT #4

When you hunt for big returns, you must be willing to accept drawdowns and losers. Icahn has multiple stocks over the past 20 years that have been full losers (i.e. they went to zero). But when you have a portfolio full of stocks with big potential, and a change agent at work, in the end the big winners can more than pay for the losers.

Before I go on, I want to emphasize the extreme value of these types of returns I just mentioned.

The difference between 50% per year and 8% per year, when you account for the compounding effect over years of time is extraordinary. It's the compounding effect of those types of returns that builds wealth. And that's exactly why these guys are billionaires.

This is exactly why I've chosen to align my financial future and my career with these proven investors.

In fact, I've done, to my knowledge, the most thorough research on the investing performance of billionaire investors and activist investors.

I have a huge database of investors and I have the good fortune of having access to the most sophisticated and expensive technology that Wall Street has to offer. Plus, I have a very lucrative network of contacts, among them, some of these billionaire investors themselves.

In short, over the years I've tested portfolios of these top managers through millions of iterations, and I've narrowed down my top guys – my team. And I went back through every single stock pick these guys made over the past 25 years. What I found was truly amazing.

"The difference between 50% per year and 8% per year, when you account for the compounding effect over years of time is extraordinary. It's the compounding effect of those types of returns that builds wealth. And that's exactly why these guys are billionaires."

The Research = Big Results

If you would have followed every single stock pick these investors made over the past 25 years, you would have returned an amazing **42% per year on your money**.

But this is even more impressive … If you bought the dip on these investors, the past 12 years would have returned you 82% a year.

That's buying the stocks they own a third cheaper than what they paid for them. The results are huge!

That can turn $20k into $26 million in twelve years … or $20k into $1.2 billion in 30 years.

And don't forget, this is during the worst single period ever in the history of the stock market.

"You only need a few ideas to be fabulously wealthy."

Those are big numbers. And guess what. It can be done. There is living proof right in front of us, with every one of these self-made billionaire investors.

7 SECRETS OF BILLIONAIRE INVESTING

1. Billionaire investors bet on sure things.

2. They invest in things they know very well.

3. They want to be in situations where they can control their own destiny.

4. Only buy stocks that the world's best billionaire investors own.

5. When possible, buy these same stocks at a discount to what these billionaire investors paid, and get an extra kicker.

6. Hold stocks until they return 300% to 500% - and sell them (or do what I do, sell when the billionaire investors sell).

7. Sit back and enjoy the power of compound interest.

ABOUT THE AUTHOR

BRYAN RICH, FOUNDER Bryan is the founder of Logic Fund Management, a macro-economic and global investment research, consulting and advisory business. At Logic, he has advised hundreds of thousands of investors from over 80 countries on global macro investing issues.Prior to founding Logic, Mr. Rich was a senior trader with Integra Investment Management, a 2005 nominee for Global Macro Hedge Fund of the year. He started his career with Traval, a family office macro hedge fund that managed assets for a wealthy European family. He has worked in London and on Wall Street.He also consults as an expert in global currency strategy, and has run equity and economic research groups for a leading independent research company. He holds an MBA from Rollins College.