

Investing in Stocks

Disclaimer

- This presentation is for Information Purpose only
- Nothing presented here should be considered as Investment Advice
- Shariah related information is sharing of my research and not Fatwa
- Please do your own due diligence or consult a financial advisor
- Past Performance is no indicator of future performance



Motiwala Capital

- Registered Investment Advisor (RIA) since 2011
- Fiduciary duty to clients
- Assets Under Management (AUM) ~\$4.3 million (June 11, 2021)



Services

- Portfolio Management Service
 - Actively managed separate account invested in public companies
- Financial Planning Service
 - Fixed fee or by the hour



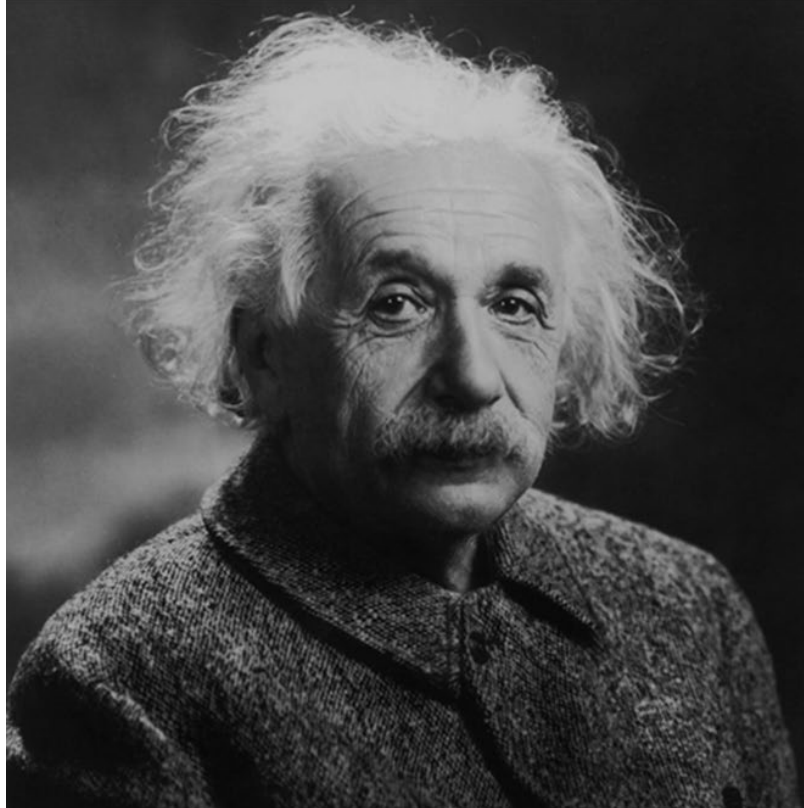
Financial Planning Service

- Maximize savings / Minimize taxes
 - Individuals: 401(K), Traditional IRA, Roth IRA, HSA
 - Self employed: SEP IRA, Solo 401(K)
- Select mutual funds
- Help set/track savings goals
- Investment and Savings plan to achieve goals



Compound Interest is the 8th wonder
of the world.

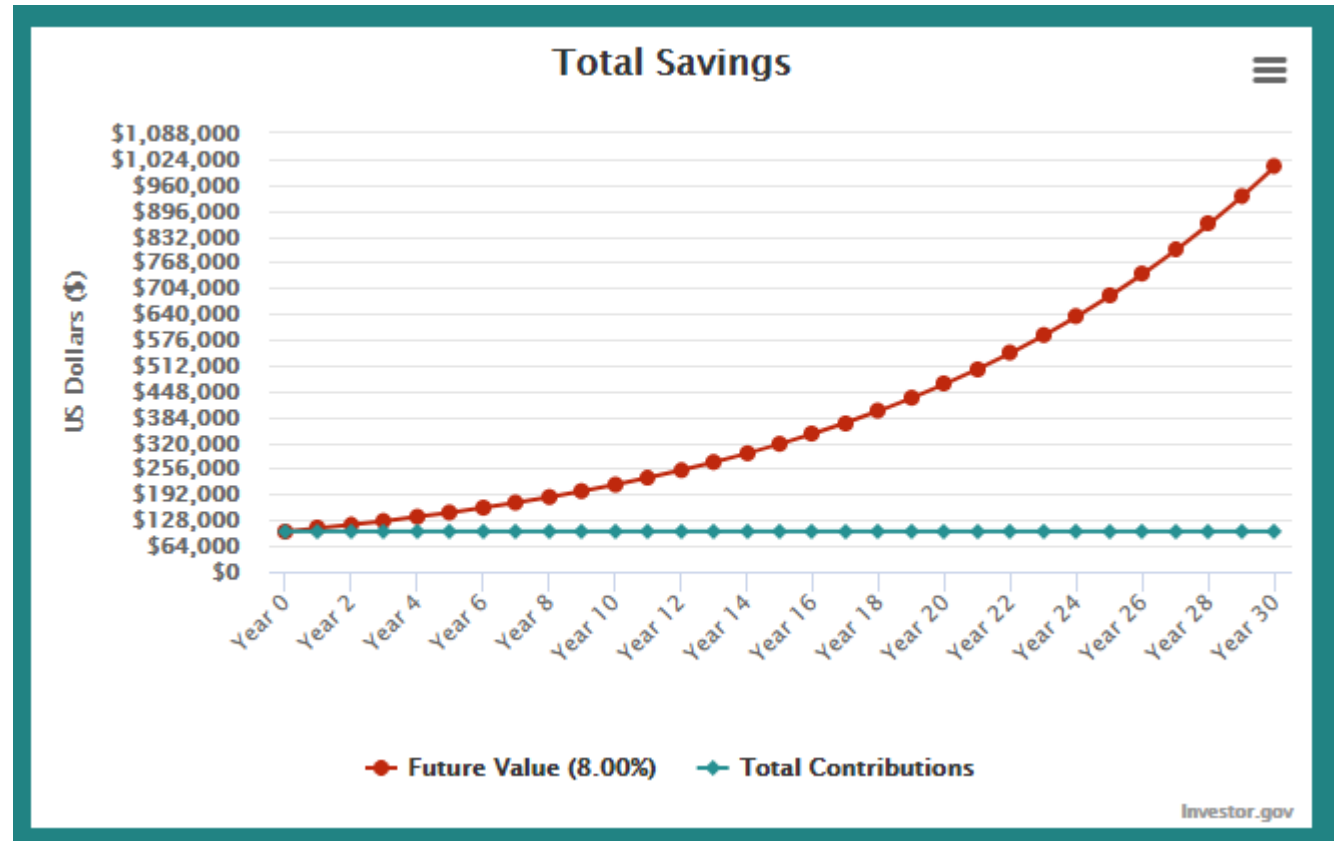
- Albert Einstein



Magic of Compounding (Initial investment)

Initial Investment : \$100,000
Additional : 0
Duration : 30 years
Investment Return : 8%

[Access Calculator here](#)

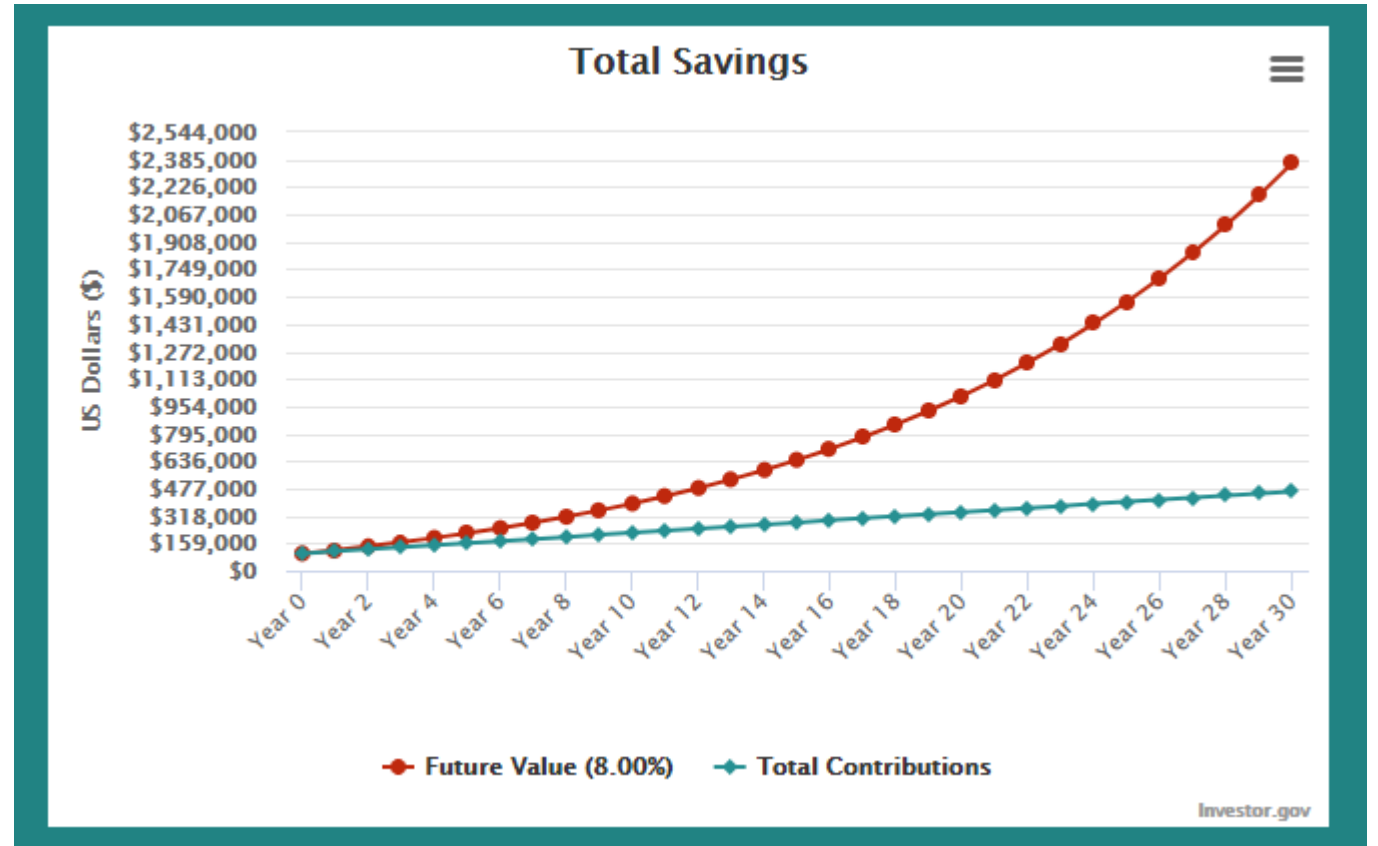


In **30** years, you will have **\$1,006,265.69**



Magic of Compounding (additional contributions)

Initial Investment : \$100,000
Additional : \$1000/month
Duration : 30 years
Investment Return : 8%



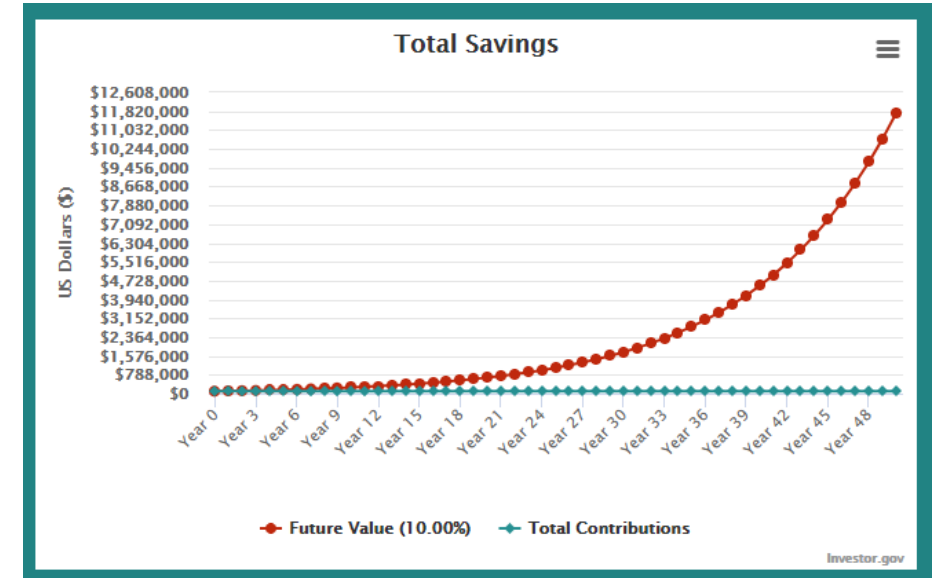
In **30** years, you will have **\$2,365,664.22**



Magic of Compounding

Starting with \$100K

Number of Years	8% return	10% return
10	\$215K	\$259K
20	\$466K	\$672K
30	\$1M	\$1.7M
40	\$2.2M	\$4.5M
50	\$4.7M	\$11.7M

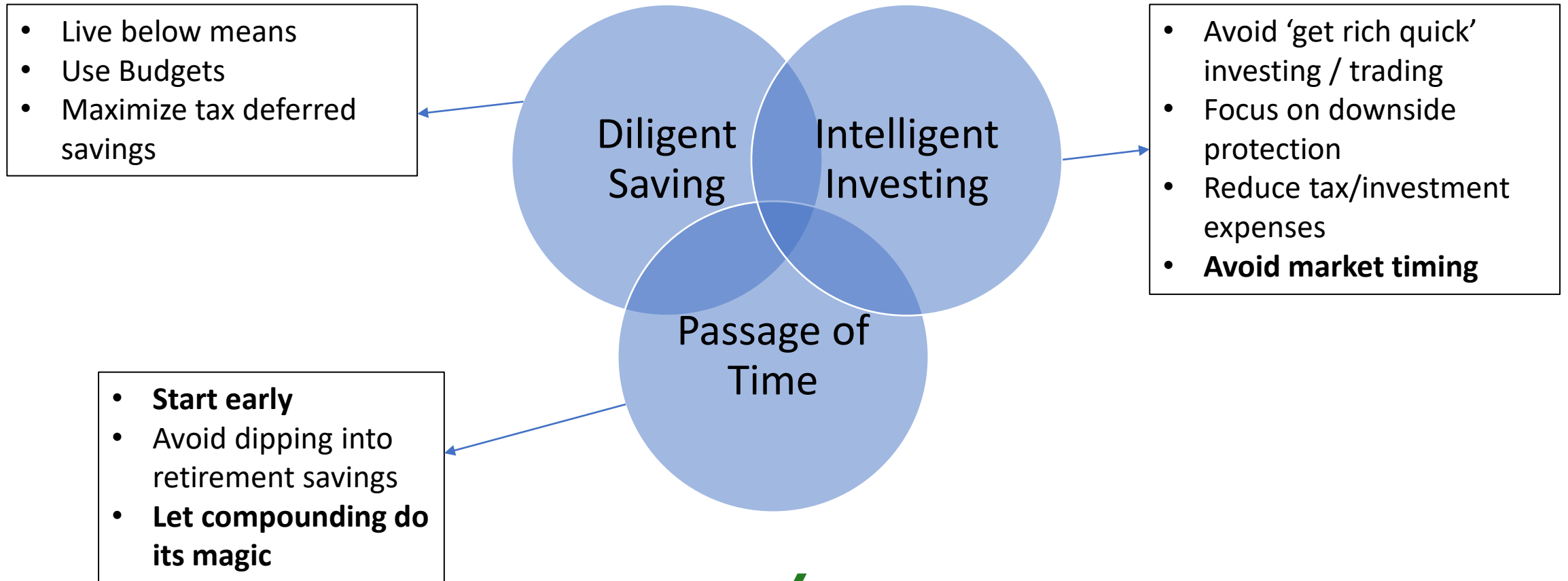


KEY TAKEAWAYS

- Start Early - Passage of Time is critical for compounding to work
- Small increase in Rate of Return leads to huge differences over time



Planning for retirement



Investing

- Allocating money today to generate income or profits in future
- Income from salary may stop, expenses never stop
- Invest to grow income from passive sources
- Investment Examples
 - Real estate
 - Gold
 - Direct business ownership
 - Stocks / Bonds / Mutual Funds
 - others



Benefits of Investing via Stock Market

- Historically good returns (10% in US market over 50 years)
- Participate in wealth creation by good businesses
- Diversification (asset, currency, geography, business)
- Relatively low costs
- Liquidity
- Able to invest with any amount (large or small)
- Dollar cost average



What is Halal Investing?

- Halal is an Arabic word meaning lawful or permitted
- Halal investing means investing that is permitted under Islamic principles
- Halal investing is also referred to as “Shariah-compliant” investing
- Halal investing is a form of socially responsible investing
- There are many rule books such as AAOFI, DowJones, FTSE, S&P, MSCI



Halal Investing – Business Filter

- Eliminate non-Shariah compliant investment options via 2 Filters
- Business Filter (5% rule) : Avoid businesses with >5% revenue from non-permitted business activities
 - Interest (“*Riba*”)
 - Alcohol
 - Pork
 - Adult entertainment/Pornography
 - Gambling / Casinos
 - Tobacco

<http://motiwalacapital.com/wp/investment-philosophy/halal-investing/>



Halal Investing – Financial Filter

- Eliminate non-Shariah compliant investment options via 2 Filters
- Financial Filter
 - Interest bearing debt to Market Cap (or total assets) < 33%
 - Interest earning assets to Market Cap (or total assets) < 33%

<http://motiwalacapital.com/wp/investment-philosophy/halal-investing/>



Halal Investing – Post purchase

- Halal compliance is dynamic
 - Businesses can change anytime
 - Balance sheets change quarterly
 - Stock prices and hence market cap changes daily
- After purchase, every investment needs to be monitored for ongoing compliance
- If company fails the filters in future, it should be sold within 90 days grace period

<http://motiwalacapital.com/wp/investment-philosophy/halal-investing/>



Dividend Purification

- Purify the portion of dividend that is non-compliant
- Example: 2% of a company's revenue is from non-compliant sources
- Say you earn \$100 dividend from this company
- \$2 of the dividend should be donated to charity to purify your dividend income
- Purification is only on dividends and not capital gains

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Choices for Halal Investing

- DIY (Do It Yourself)
- Mutual Funds / ETFs
- RIAs



DIY - Research

Fundamental research and valuation
Build a Portfolio

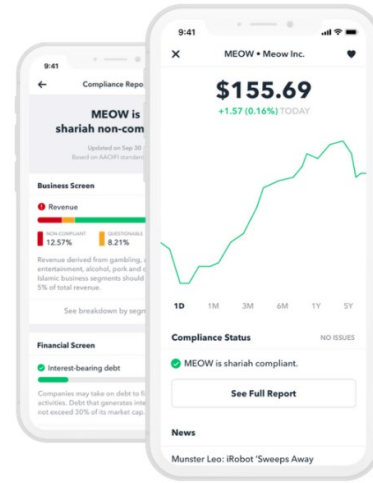


	Value Line	Morningstar
Free	No	No
Discounted Price	\$22	
Coverage	1700 stocks	Hundreds of stocks

Sign for the eCard at <http://library.austintexas.gov>
(Texans only)



DIY – Halal compliance



	Zoya	Islamicly
Free	Yes	Only 3 stocks
Premium – Monthly	\$14.99 (3 countries)	\$13 (per country)
Premium - Annual	\$120 (3 countries)	\$100 (3 countries)



USA Mutual Funds / ETFs / Robo Advisors

Mutual Fund / ETF Name	Type	Fee
Amana Funds	Actively managed mutual fund	~0.9 to 1.3%
Iman Fund	Actively managed equity fund	1.35%
Azzad Funds	Equity and Sukuk Fund	1 – 1.3%
SP Funds	SPUS, SPSK, SPRE (Passive ETFs)	0.5% to 0.7%
Wahed ETF	HLAL	0.5%
Sharia Portfolio	Asset allocation via Stocks + ETF	0.75%
Wahed Invest	Asset allocation via ETF	0.79% + underlying fees
Aghaz Investments	Asset allocation via Stocks + ETF	0.5% + \$24 + underlying fees
Motiwala Capital	Actively managed separate account	1%



Why Motiwala Capital

- Skin in the game
 - I am the largest account holder and 50% of my net worth in the strategies
- One simple low fee and no hidden fees
- Full transparency of Portfolio, Trades, Account Value
- No contracts
- Not selling any Products
- Account in your name. We do not have access to your assets
- Direct contact with Portfolio Manager



Contact

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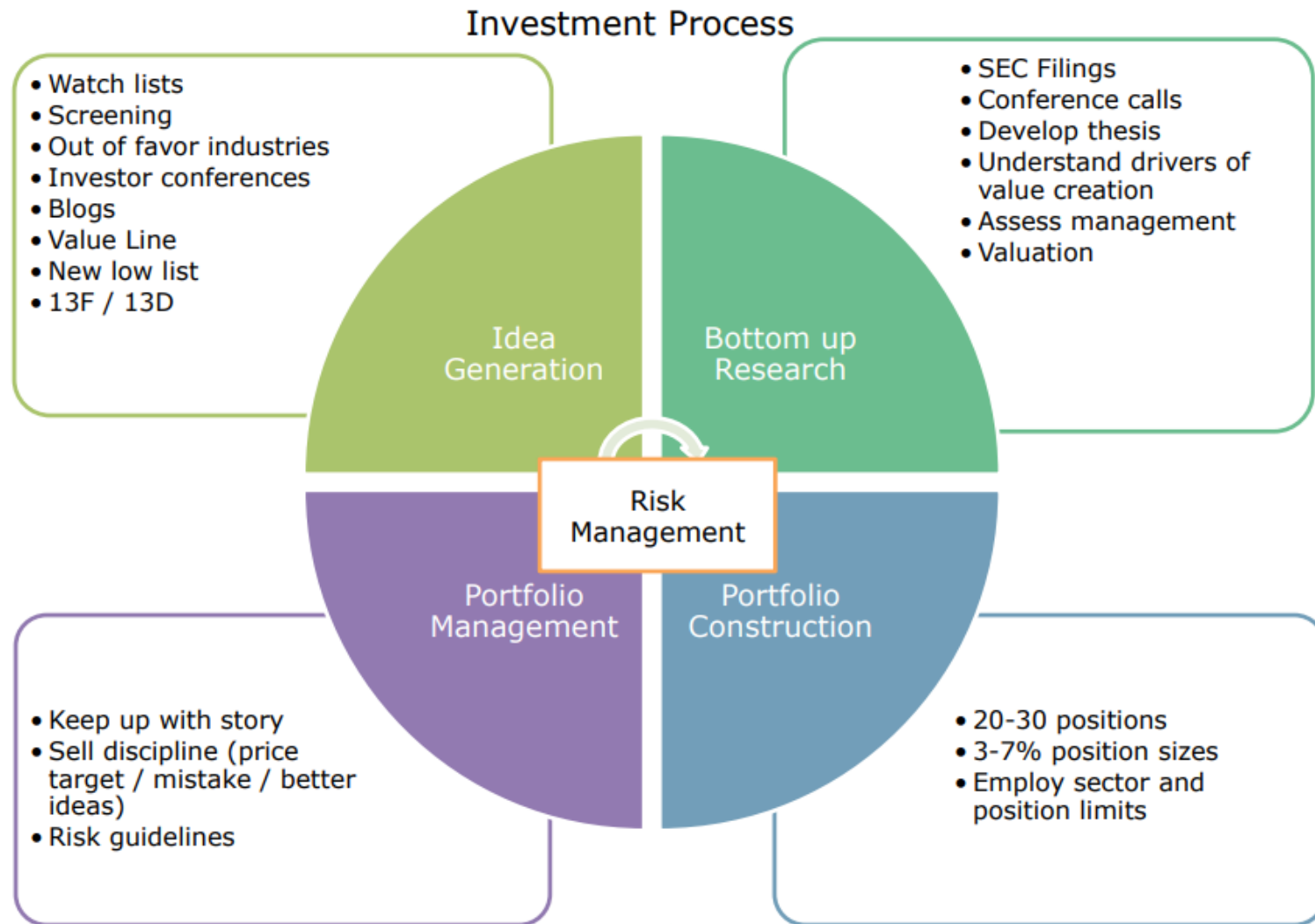
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Fundamentals based Investing



Portfolio Construction

- Concentrated Portfolio of 25-35 positions
- Position sizing 2-7%
- Sector limits
- Diversify by stage of company (Peter Lynch template)
 - Fast Growers
 - Stalwarts
 - Cyclicals
 - Asset Plays
 - Turnaround
 - Slow Growers

