



# Boring is beautiful



**T**he UK has just celebrated Queen Elizabeth's Platinum Jubilee, honouring her 70 years on the throne. Though she acceded to the position upon the death of her father in February 1952, it took the royal family more than a year to make an honest woman out of her and arrange the eventual coronation in June 1953. So I guess there will be another celebration in a year's time.

We've seen street parties up and down the country, thousands of flags decorating much of Central London, show-stopping parades, a fly-past by the Royal Air Force, huge crowds, and a big celebratory concert outside Buckingham Palace which featured a number of greatest hits from (the other) Queen.

And the unquestionable highlight? A beautifully made two-minute video of Paddington Bear having tea with the queen, which raised the question:

**You would have multiplied your money by 300 times if you invested in the company 35 years ago ... and held on for dear life**

how much of this was computer-generated imagery?

While the Red Arrows were painting the sky above me in the colours of the Union Jack, it made me wonder how many listed companies there are that have been around for

as long as Queen Elizabeth, if not longer. And how many of them have shown the same exemplary performance as that exhibited by the monarch over the past seven decades?

I enlisted the services of a colleague who has a black belt in Bloomberg. It turns out that this question was not the easiest to answer: the data returned by the system suffers from a number of shortcomings, with listing dates often not shown, for example.

There is a field for incorporation date which is better populated, but it appears that this is not always accurate either, as a result of corporate actions, name changes and the like.

Nonetheless, my colleague came up with a list of about 250 companies that made the cut. We limited the search to the UK (based on the queen's obvious home bias) and the US (the biggest market in the world). Scouring the stock exchanges of Korea and Tehran might have added a handful of additional candidates, but life is too short.

Just over 40 of these long-term survivors go all the way back to the 1800s. The oldest one we could identify was The York Water Co, founded in 1816 in Pennsylvania, in the US, by a group of businessmen who were concerned about protection against fire in their local area. It sounds like the kind of private business which may spring up in SA (if it has not done so already), with

public funds in short supply and services such as fire protection under considerable pressure.

Trying to dig up total returns for all these companies over the past 70 years was the next challenge, as Bloomberg does not present comprehensive numbers before 1968, while in many instances, the feed only starts a decade or more later.

We therefore decided to focus only on the second half of the queen's reign and crunched all the numbers from the end of June 1987 onwards. And the best performer over this period? Probably not a company that many people would have guessed – or one that the typical reader of this column would even have heard of, I daresay.

The winner was Lowe's – with more than 2,000 stores, it's the second-largest hardware chain not only in the US, but the world (after The Home Depot). It would be difficult to come up with a less exciting business to walk off with the crown; it does, however, illustrate the resurgence of value investing over the past few months – boring has been rather beautiful of late.

Lowe's has delivered compound returns of just over 18% per year to investors since mid-1987. And what does that return amount to over time, I hear you ask. The answer is that you would have multiplied your money by a staggering 300 times if you invested in the company 35 years ago and held on for dear life, shrugging off the Black Monday crash four months later as well as every other correction and bear market that followed.

This clearly illustrates why compound interest can be described as the eighth wonder of the world (as Albert Einstein probably did not say, even though these words are often attributed to him).

So, cheers to Lowe's and all its patient, happy investors, and long live our noble queen ... here's to the next 70 years! ✕

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