



Marlowe Partners - Essay Excerpt

Where Are the Walmart Billionaires?

If you look at the 30 or 40 wealthiest people in the world, you'll see that many of them are entrepreneurs. They are investors who own one stock and never sell it.

The question "Where are the Walmart billionaires?" is a rhetorical one that points to a fundamental truth about wealth creation. It is rarely achieved through diversification, but rather through concentration. The Walton family did not become wealthy by trading in and out of stocks, or by holding a diversified portfolio of 500 companies. They became wealthy by owning a significant stake in a single, exceptional business and holding it for decades.

This principle applies broadly. Look at Bill Gates, Jeff Bezos, or Warren Buffett. Their wealth is concentrated. Yet, the entire investment industry is built on the premise of diversification. We are told to diversify to reduce risk. But in doing so, we also reduce the potential for exceptional returns.

At Marlowe Partners, we believe in the power of concentration. We seek to identify a small number of exceptional businesses and own them for the long term. We are not interested in "renting" stocks for a few months or quarters. We want to be owners.

The "Walmart Billionaires" concept challenges the conventional wisdom of asset allocation. It asks us to consider whether the safety of diversification is worth the cost of mediocrity. For those who seek to preserve wealth, diversification makes sense. But for those who seek to create it, concentration is the only path.