How Long Capital Lasts, and How Hard It Works

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+12%

MSCI Run Rate Growth

2x

Capital Returned vs. Free Cash Flow Generated

Financed via borrowing. Shareholders' equity: -$2.65B.

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The Growth Runway

The wave. How long demand can keep expanding.

Financed by different parties.
Advancing at different speeds.

The Reinvestment Runway

The capacity to absorb. How long earnings can be put back to work at attractive returns.

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Capacity required for $1 of additional business

Visa

3.7%

CapEx as % of Net Revenue

6.4%

CapEx as % of Operating Cash Flow

Union Pacific

15.5%

CapEx as % of Net Revenue

40.8%

CapEx as % of Operating Cash Flow

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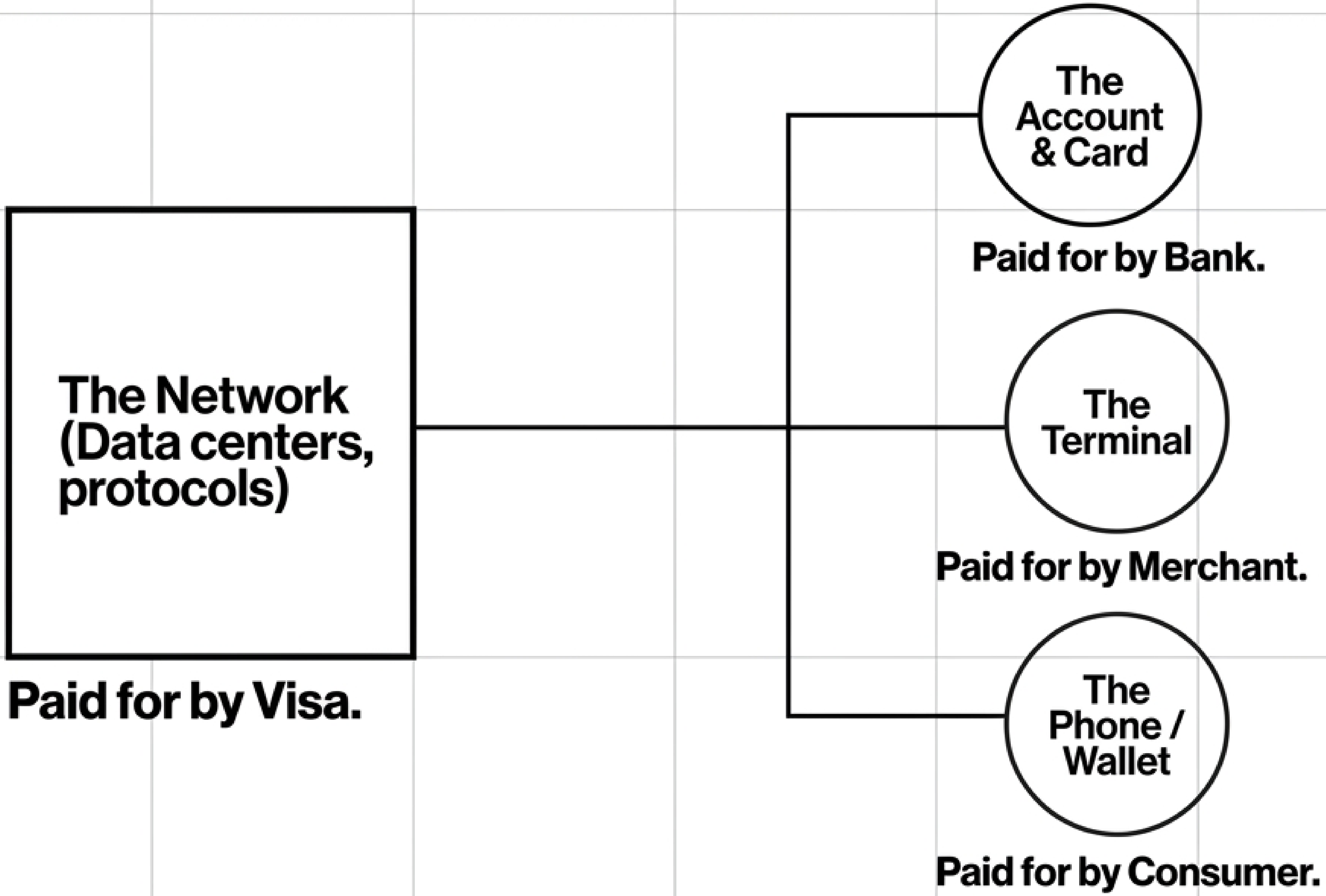

Visa’s customers pay for its growth.

Growth vs. Reinvestment

Company	Growth runway	Reinvestment runway	Capacity per unit of growth
MSCI	very long — two independent waves	negligible	lowest in the sample
Visa	long	small but real	roughly a quarter
Linde	moderate	long, contracted years ahead	close to one
Union Pacific	short	perpetual, mostly replacement	close to one
Microsoft	very long	enormous	above one — building before collecting

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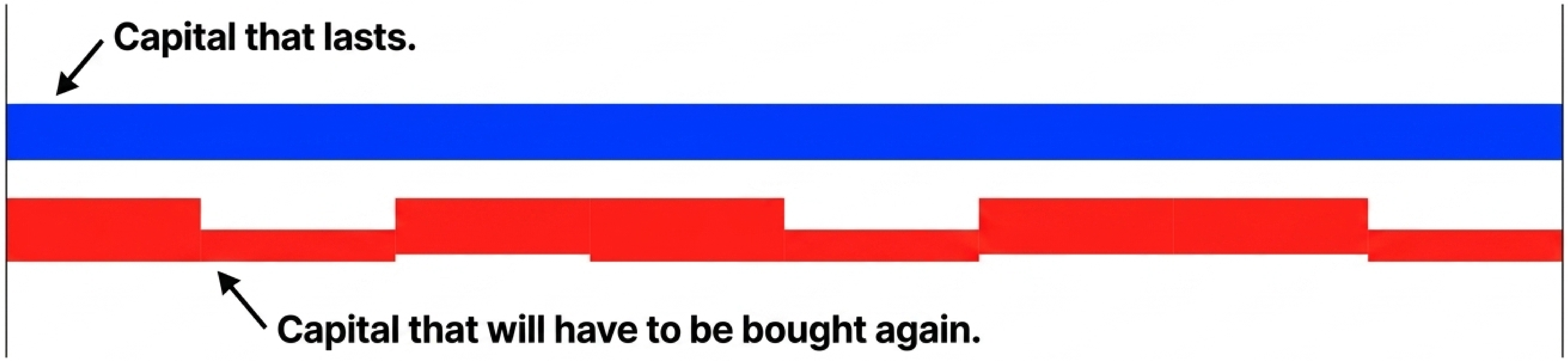
A long reinvestment runway ≠ a durable asset.



A replacement obligation arrives on schedule, whether growth continues or not.

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Estimated useful lives (disclosed in filings)

Company	Life of the capital it deploys, and how much of it
Union Pacific	Very long — corridor laid in 1862, still carrying freight
Linde	Long — plants of fifteen to twenty years, under contract
MSCI	Short, and negligible in amount — software and systems
Visa	Short, and small in amount — technology, three to four years
Microsoft	Short, and very large in amount — servers, two to six years

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Capital Expenditure ÷ Depreciation

Measuring whether the base is growing or merely being replaced.

1.54	**1.21**	**3.00**
Union Pacific	Visa	Microsoft
(Majority classified as replacement)		

CapEx rising?	Check if **spending follows volume or lags it.** Ratio matters more than absolute numbers.
Extraordinary returns?	Check whose balance sheet the base sits on. Third-party funded = **extended growth.**
Short reinvestment runway?	Do not **conclude** growth is ending. Overflow signals achievement, not limits of **demand**.

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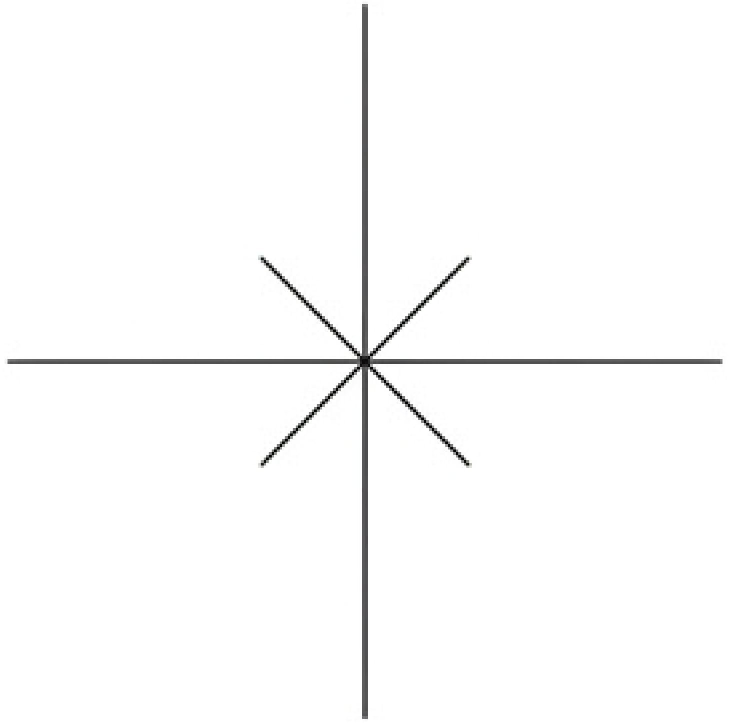
The Crossroads



Inability to redeploy earnings is not a failure. It is the mark of a company executing well enough to out-earn its own opportunity set.

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This content reflects a personal analytical framework and does not constitute investment advice.

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