

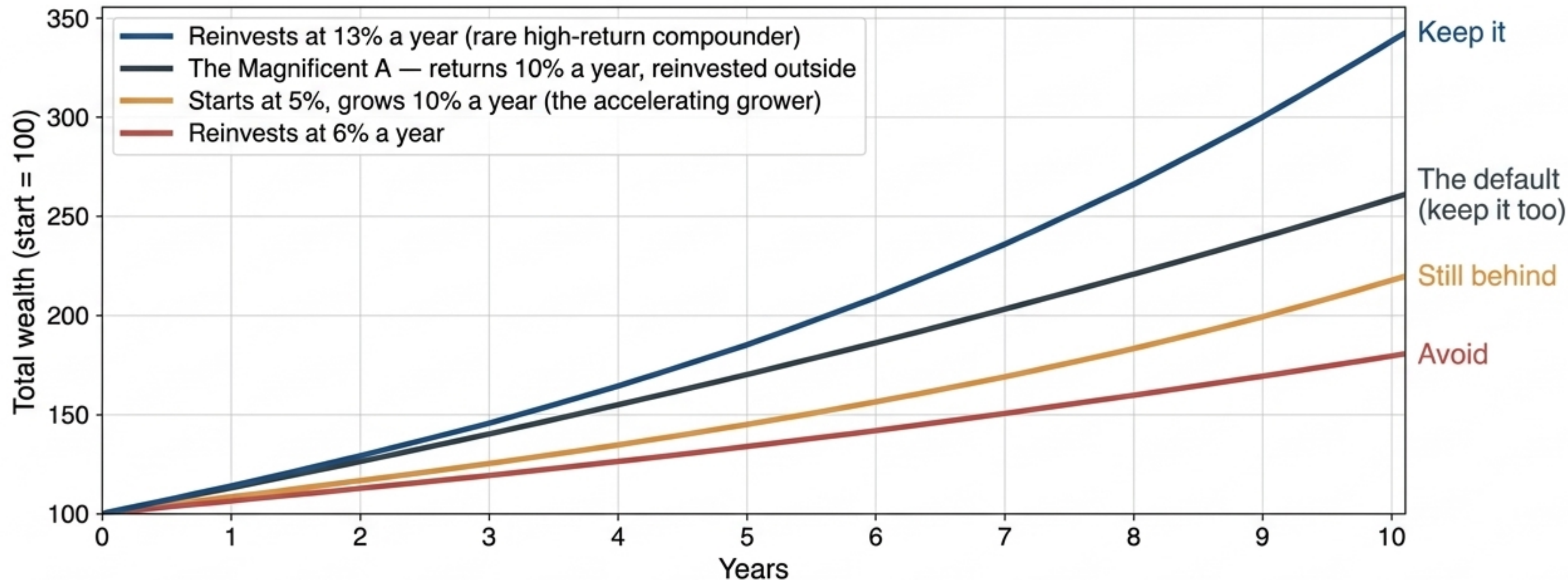
Where Do High-Return, Low-Growth Stocks Fit in a Portfolio?

Why a business that no longer grows can be the one you most want to own — and when it is not.

Modern investing worships growth, but the arithmetic says otherwise.

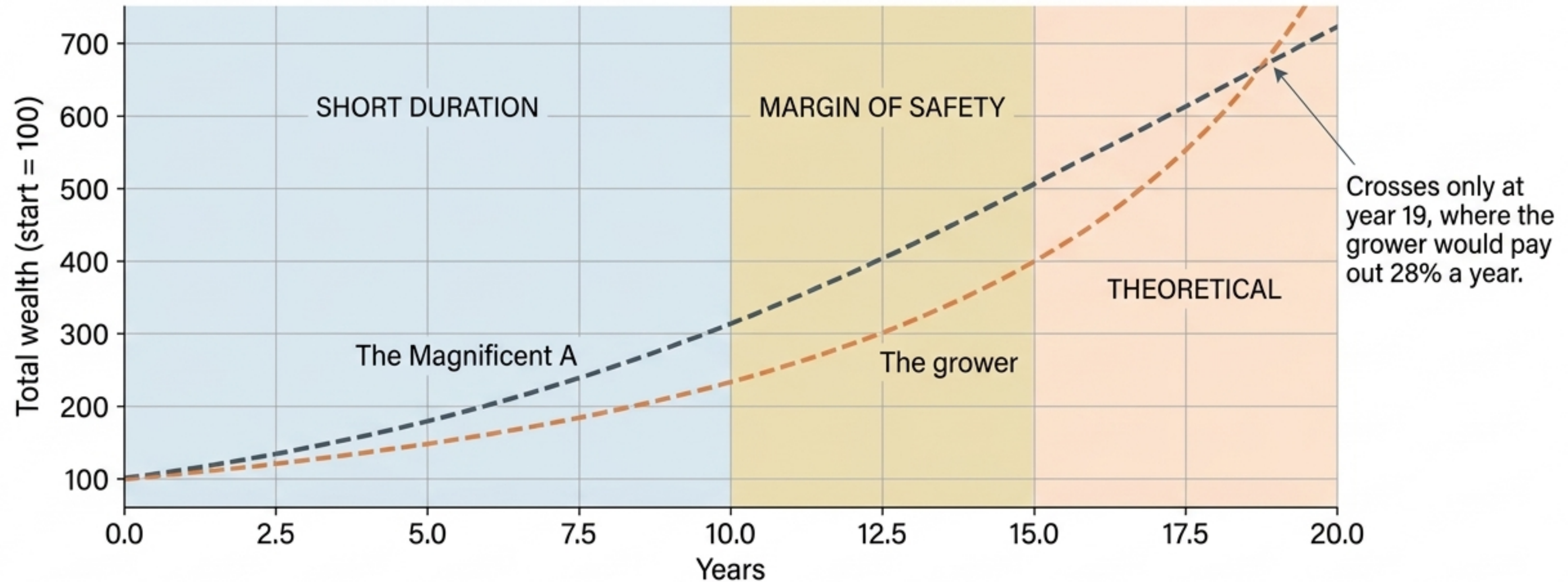
A high-return business that does not grow can be among the most useful things a portfolio can hold, provided two quiet conditions are met: you must reinvest its cash, and you must control enough of it to do so.

Reinvested outside, the Magnificent A is caught only by the best compounders.



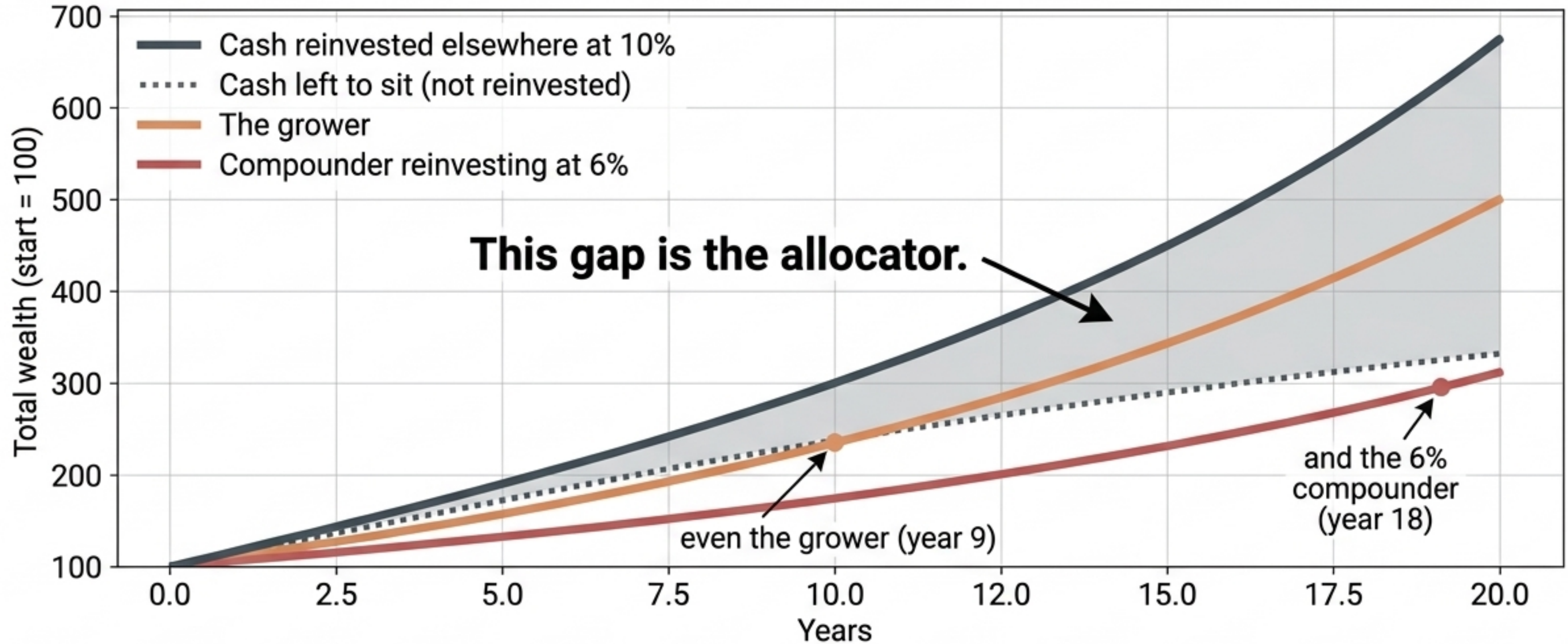
Because the ten percent arrives now and compounds while the grower's payment is still on its way, the business that pays its cash up front stays ahead for decades.

The short-duration Magnificent A wins the decade that counts.



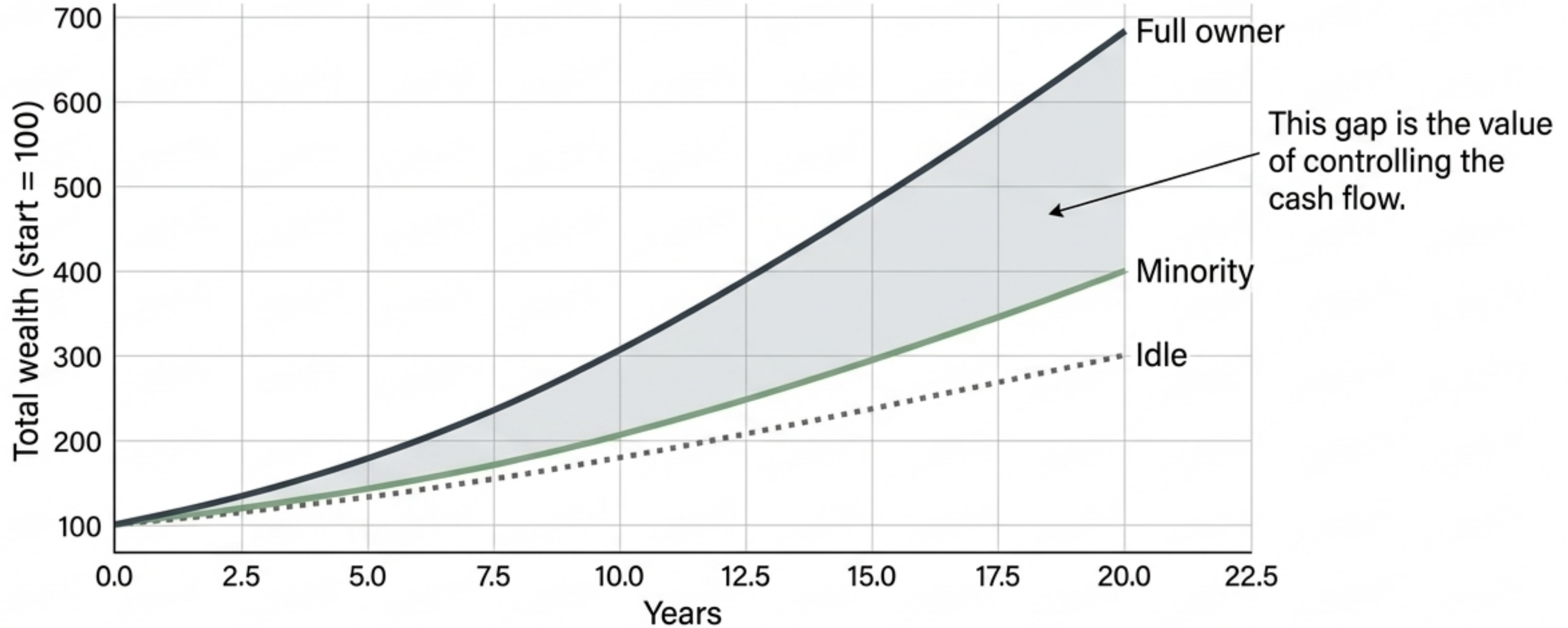
A good asset does not merely win; it wins with a reserve of years before anything can catch it, restricting the grower's advantage to a distant theoretical zone the real world rarely reaches.

The Magnificent A with and without an allocator.



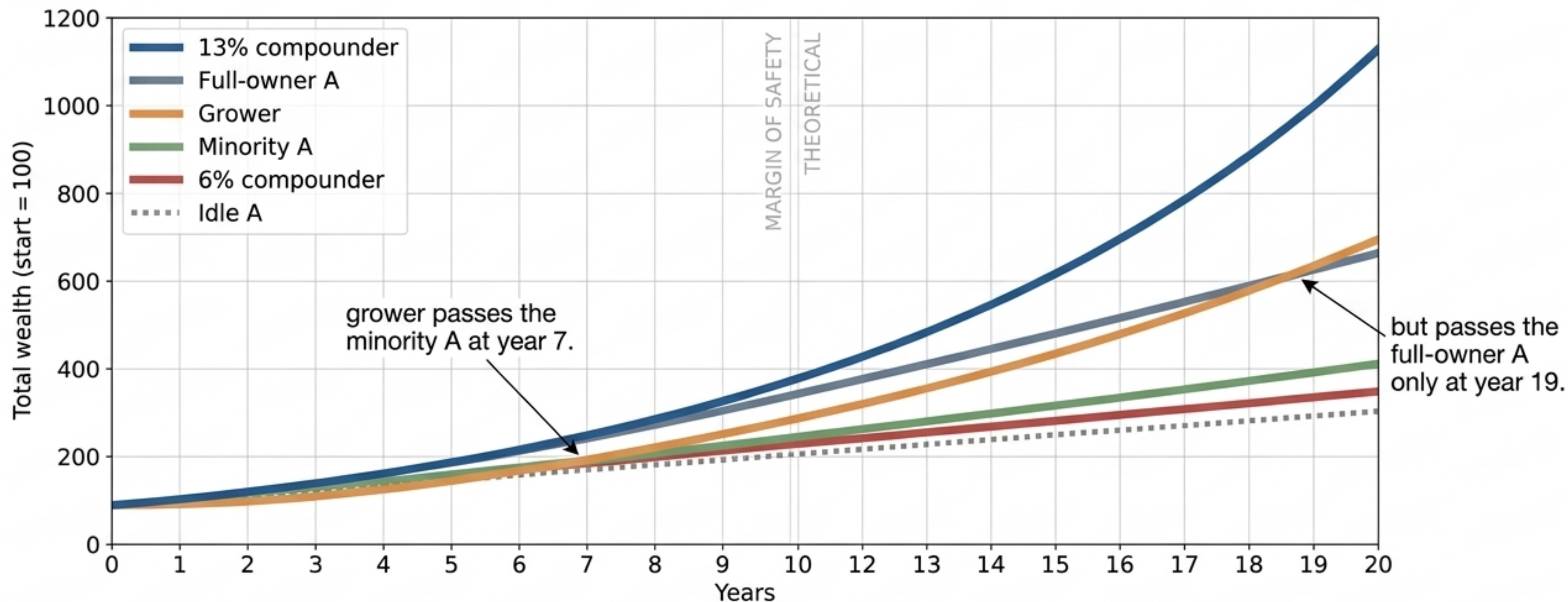
The business supplies the cash, but the owner must make it grow;
left idle, the effective return on total capital held quietly decays toward a bond.

The same business, three owners.



The full owner externalizes all cash to compound elsewhere, while the minority shareholder relies on a dividend too small to keep pace.

Where the Magnificent A really stands depends on how you hold it.



The company is identical in all cases; quality is not a static property of the business, but conditional entirely on control and allocation.

The asset is a function of the owner.

Owner Type	Allocation Mechanism	Time Until Passed by Grower	Portfolio Role
Full Owner (Captures 100% Cash)	Reinvested outside	19 Years	Superb instrument; funds other allocations.
Minority Shareholder (Captures Dividend Only)	Internal buybacks + div reinvestment	7 Years	Modest holding; better off seeking internal compounders.
Passive Holder (Leaves Cash Idle)	None	Immediately losing value	Value trap ; return decays instantly.

Seek the business that no longer grows if you own enough to put its cash to work; otherwise, seek the internal compounder.

Data-Driven Editorial

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