



### **Jeff, Bill and Warren walk into a Club ... The Forbes billionaire club**

Amazon's rising stock increased Jeff Bezos' wealth by \$78.5Bn (about Zuckerberg's total wealth, he was #4 on the list) in 2018\*. His IPO stake was 48% in Amazon, and is now about 16%.

Bill Gates' net worth was about \$97Bn in 2018\*. His Microsoft stake was 24% (1996) but is now 1.3%.

Warren Buffet, the third richest, has created his wealth from professional investing – very leveraged and focused in his early partnership days, but more diversified in the Berkshire Hathaway era.

Clearly these are very broad brush observations, but here are my 3 key points gleaned from my investment practice:

1. Wealth is **created** by concentration; concentration on one objective. For Mr. Bezos and Gates, that concentration was in their stock. For others the concentration may come from being at the top of their game (whether professional, an executive, or business owner).
2. Wealth is **preserved** by diversification. People with meaningful wealth seem to realize that there is a time to sow and a time to reap. Top wealth players steadily and deliberately reduce their concentrated holdings creating diversified portfolios - even though keeping their original positions might have made them even richer.
3. Buy and hold is important – but Buy and Ignore is dangerous. The wealthy have long holding periods and their investment offices deliberately diversify their concentrated positions.

\*Reference: Forbes 400 issue Oct 31, 2018.

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