

Generational Investing: The Discipline Behind 100+x Outcomes

The path ahead for Bernie Marcus and Arthur Blank looked dark.

Both had just been summarily fired from their jobs at Handy Dan Home Improvement Centers — the retailer they had helped build. They felt blindsided and shocked; with young children depending on them at home they worried about their ability to provide.

Picking up the pieces and pushing forward into the unknown, the two men opened the first store of a vast warehouse-style space they named Home Depot. The sprawling stores looked chaotic compared with the traditional, smaller local hardware shops. Their venture was not an immediate success. Recalling the tough early years, Blank said of Home Depot that “it was a crushing disappointment.” Marcus, after weak traffic in their first store, thought “it looked like curtains for us.”

Giving up, however, was not in their nature. They kept at it, were rational, and “worked like hell.” Ultimately, the customers came in, built off a simple idea: prices that were far lower than competitors, enormous selection, and knowledgeable employees.

Over the decades to come, Home Depot grew into the largest home-improvement retailer in the world. It was to become one of the most successful investments of all-time. An investor who placed \$10,000 into Home Depot near its initial public offering and simply held the shares would eventually see that investment grow into tens of millions of dollars.

Stories like this, we believe, reveal an important truth about generational wealth building: the greatest fortunes were rarely built by trading hundreds of securities — **they were built by owning a handful of exceptional businesses for decades.**

As Charlie¹ would say, “a business that earns a high return on capital over many decades is a rare and beautiful thing.” Markets fluctuate by the minute. Businesses compound by the decade.

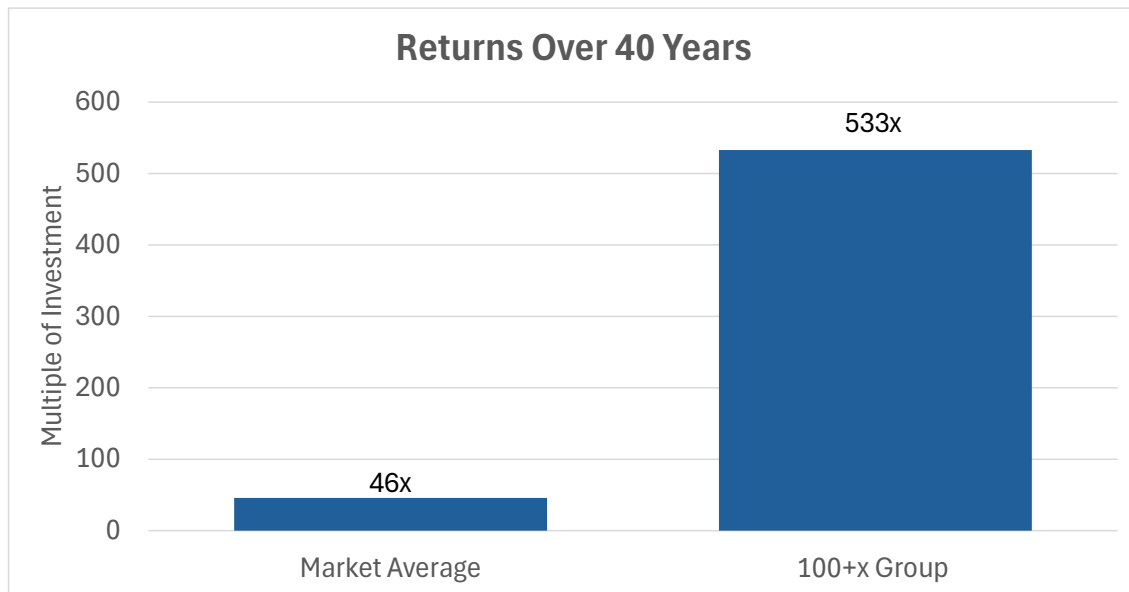
At Worldly, we examine businesses closely through the lens of business history and multi-decade compounding. In our experience, extraordinary investment returns rarely emerge from forecasting short-term market movements. They emerge from owning exceptional businesses for extraordinarily long periods of time, allowing the economics of the business to do the heavy lifting.

So, let’s talk about the lived math of owning great businesses for decades, what we call generational investing. To better frame the nature of extreme compounding, we analyzed

¹Charlie Munger.

hundreds of U.S. public companies that generated returns of 100x or greater² over the longest available time periods, as identified by Bloomberg return data.³

As a cohort, these companies generated **an average 533x return**, compounding at an implied **~17% annually over forty years**. By comparison, a **10% return — roughly the long-term equity market average — compounds to just 46x over forty years.**⁴



For endowments, foundations, and families, the implications are profound. The difference between 46x and 533x is not the difference between good investing and great investing. It is the difference between wealth and generational wealth, enabling transformative scholarships and curing diseases. Generational investments are long-term compounding assets that allow capital to grow uninterrupted for decades, with the bulk of taxes deferred until the end of the investment horizon. Over long periods of time, this further dramatically increases the ultimate wealth created for beneficiaries.

What Is Generational Investing?

A generational investment is an intentional, near-negligent commitment to own a business through multiple economic cycles, market environments, and periods of volatility because its fundamental, long-term economics remain intact.

² Source: Bloomberg. Gross total returns with dividends reinvested, prior to fees and taxes.

³ US only, as far back as the Bloomberg data goes. Gross total returns with dividends reinvested. The data produced 334 in total.

⁴ Source: Bloomberg. Bloomberg data generally begins in 1972. Some public companies have longer data history than what is available in Bloomberg.

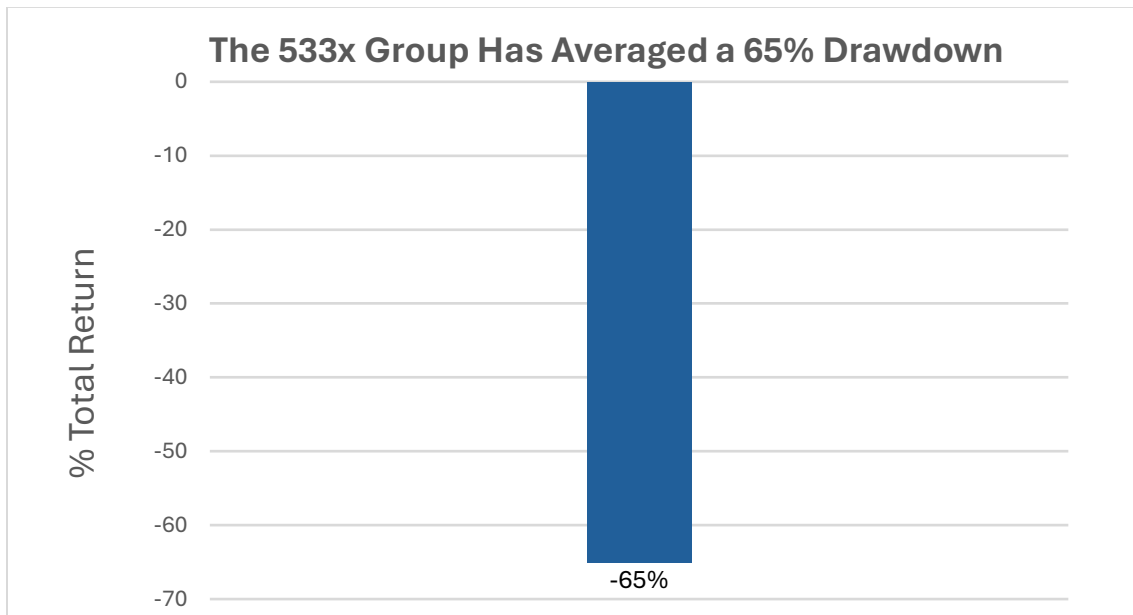
This means allocating not only capital but the necessary time, attention, and energy, to constantly monitor the competitive landscape and understand the durability of a business and its long-term competitive advantages.

These investments are not defined by their initial purchase but rather by the willingness of the investor to remain a partner to the “rare and beautiful thing” through decades of uncertainty, doubt, volatility, and inactivity (Munger).

The companies that ultimately compound hundreds of times in value often look ordinary at the outset and uncertain through moments of time. We believe what distinguishes them is their ability to reinvest capital at attractive rates for decades, often while strengthening their competitive position along the way. While the destination of these businesses can be extraordinary, the path is rarely smooth.

The Lived Experience of Generational Investing

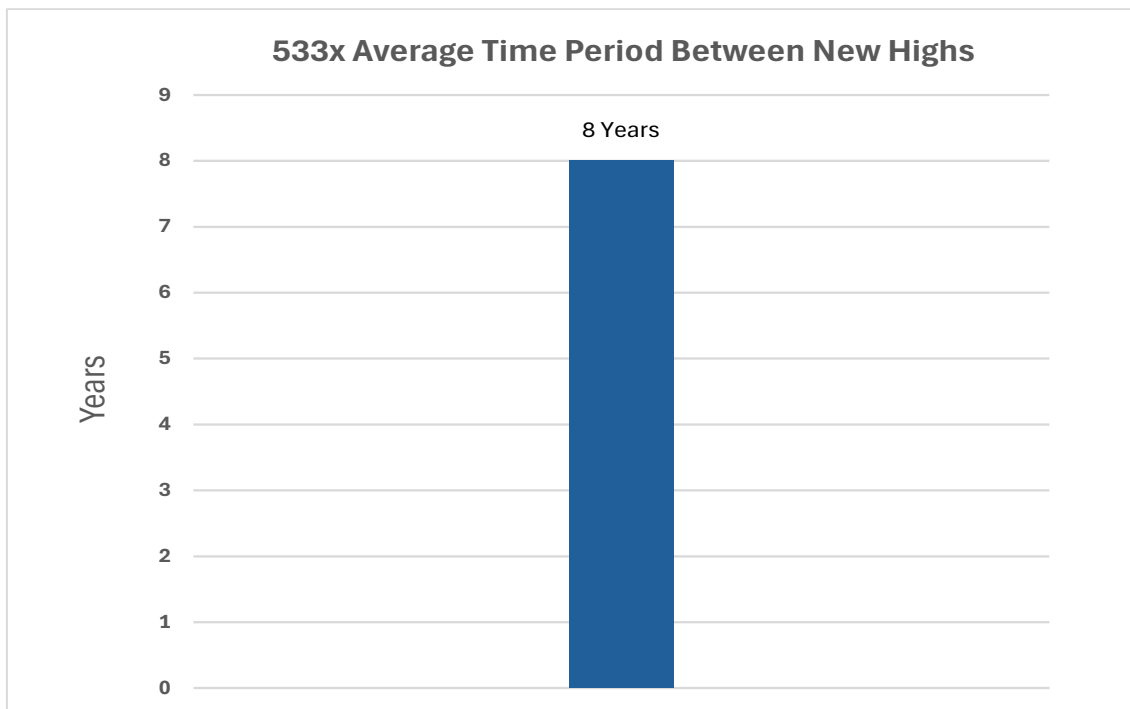
Our analysis revealed that the journey to a 533x outcome was extremely volatile. On average, these companies experienced drawdowns of 65% along the way. Down 65%!



At some point during these companies’ journeys to becoming 100+x investments, 82% of them declined by more than 50%. Yet, despite declining 65% on their journey, these securities returned 533x on average from their starting points. The drawdown is just one part of the system and a large part of why it ultimately works. Enduring competitive advantage is dramatically mispriced.

This pattern is visible in some of the most successful businesses in modern history. Amazon declined more than 93%⁵ following the collapse of the dot-com bubble in the early 2000s. Costco experienced multi-year drawdowns exceeding 40%⁶ despite continued operational progress. Walmart endured a seven-year period without reaching a new high, even as the underlying business continued to grow.⁷

In each case, the volatility was real. Despite producing some of the highest returns in investing, the 533x group took eight years on average to return to new highs. For the attentive owner, one could see that the underlying businesses continued to compound, but the volatility was viscerally felt. Distinguishing price volatility from business performance is one of the central challenges in generational investing. A stock price can fluctuate even when business value is steadily increasing. We believe failing to separate the two could lead investors to sell precisely the businesses most worth owning.



Why Most Investors Never Experience Extreme Compounding

Most investors never experience outcomes like 100x, 200x, or 500x returns — not because these businesses do not exist but because few investors hold them long enough and

⁵ Source: Bloomberg. Amazon.com declined 93% in September 2001 from its high experienced on March 1999. Gross total returns with dividends reinvested.

⁶ Source: Bloomberg. Costco decline >50% from February 1993 to April 1996. Gross total returns with dividends reinvested.

⁷ Source: Bloomberg. Gross total returns with dividends reinvested. The twelve year draw down lasted from January 2000 to October 2011.

through the path required to get there. Worldly works closely with a small set of limited partners that are fully aligned and understand our journey is not measured in years but in decades.

We believe the ability to walk the walk is rare and special. Modern markets emphasize short-term price movements, while extraordinary wealth creation may occur through decades of fundamental business growth.

Today it is estimated that fundamental, long-only investors comprise just 7% of total market daily value of trading. Rules-based, high frequency, or hedge fund traders now comprise 75% of the market, with the remainder associated with transient retail trading.⁸ We believe the vast majority of the market is short-term, certainly not pursuing generational investing. To put it in perspective, the average holding period for a high-frequency trader can be as little as seconds to minutes. As such, there is a persistent reaction to events, headlines, and macro developments associated with rules-based trading that wouldn't impact the thesis of a fundamental investor.

The temptation to act — to respond to volatility, to rotate into the newest opportunity, to react to macroeconomic developments — interrupts the compounding process.

Each decision may appear rational in isolation. Over decades, these decisions, however, cause investors to sell their greatest compounding assets long before their full potential is realized — an enormous, unimaginable opportunity cost.

The irony of investing is that the mathematics of compounding are widely understood, yet the behavioral requirements necessary to capture those returns are rarely met. Coca-Cola has turned a dollar to over \$20 million dollars (!) over a century ([Coca-Cola.pdf](#)), but has been down over 50% for multi-year stretches. Taiwan Semiconductor ([TSMC.pdf](#)) has compounded at ~23% and was a 500+x, but it had ~60% drawdowns over the years.

In fact, many 100+x companies that eventually became 1,000x companies had significant declines for long stretches of time. Amazon was down 50% to 93% for over three years.⁹ Oracle owners suffered even more as the stock bounced down 50% to 83% over eight years.¹⁰ Axon Enterprise, which has compounded at over 32% since its IPO in 2001, spent nearly a decade (roughly 40% of its trading life) bouncing 50% to 90% down.¹¹ The declines

⁸ "Short-Term Orientation of Equity Market Creates Time Arbitrage Opportunity for Long-Term Investors," CIBC, May 2025, <https://www.cibc.com/content/dam/cibc-public-assets/asset-management/pdfs/short-term-orientation-of-equity-market-en.pdf>.

⁹ Source: Bloomberg. Amazon.com declined between 50% and 93% during the period June 2000 to July 2003.

¹⁰ Source: Bloomberg. Oracle declined over 50% starting on February 2001 and continued through August 2010.

¹¹ Source: Bloomberg. Gross total returns with dividends reinvested. The draw down period was between February 2005 to September 2014.

of these giants, and others, can be severe for long periods of time. Compounding at 23%+ for over a decade, META ([Meta.pdf](#)) has had ~50% drawdowns over multi-year periods. Starbucks ([Starbucks.pdf](#)) declined 50%+ over multi-year periods.

From our perspective, the greatest fortunes in business and investing have historically been built in a remarkably similar way, by owning a small number of exceptional businesses for very long periods of time. But it is only for the aligned few.

Generational Investing and Stewardship

We believe generational investing is about aligning money with your values — being fundamentally driven, acting as a rational builder, and serving as a truly long-term high-quality partner. Ultimately it is not about returns; it is about stewardship.

The capital entrusted to endowments, foundations, and families represents decades of work, sacrifice, and opportunity. Investing it wisely requires thinking not only about the month, quarter, or year, or even the next decade, but about the generations that follow.

Think of some of the greatest businesses in history — Home Depot, Hermès, Amazon, Walmart, GEICO, to name a few. Investors who partner with such businesses — and allow compounding to work uninterrupted across decades — can achieve outcomes that appear unimaginable at the outset.

Markets will always fluctuate. But the quiet, relentless compounding of great businesses — patiently owned — remains one of the most powerful forces in wealth creation.

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