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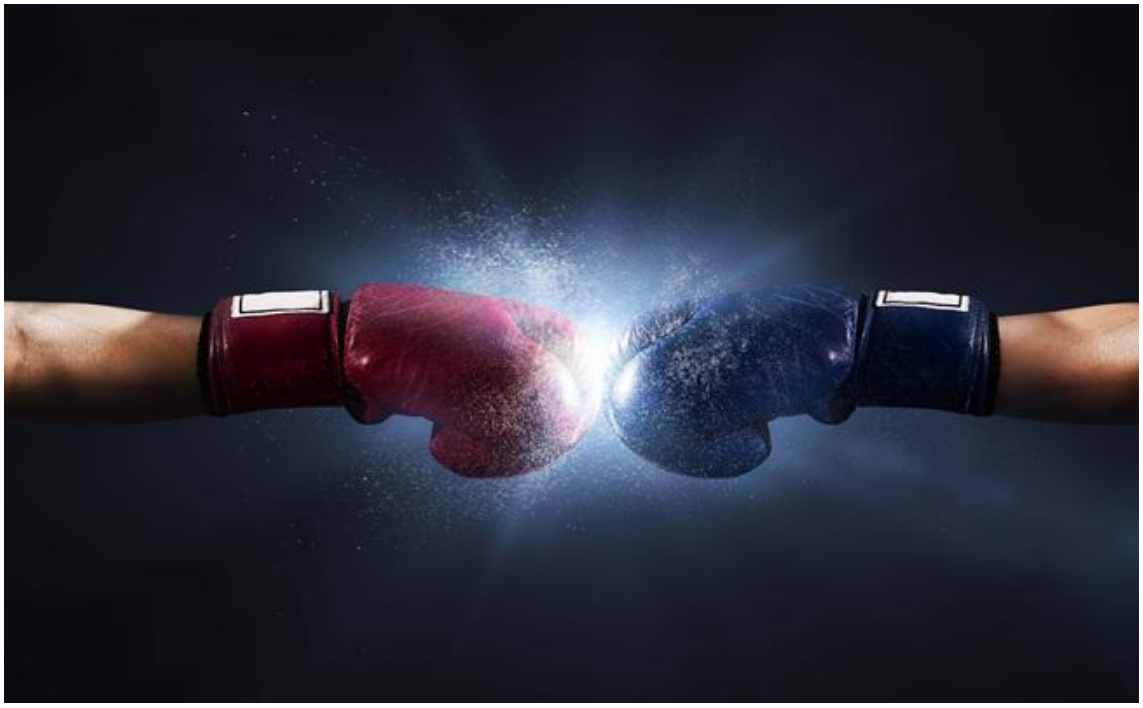
Talent, choice and triumph: Lessons for fund managers from boxing greats

In investing, like boxing, raw potential must be paired with smart, strategic and timely decisions. That's the difference between finding 'good' investments and choosing great ones.

BY MEL MELTZER



In both the ring and the markets, talent alone isn't enough. Choices – critical, strategic choices – define who merely competes and who ultimately triumphs.

Take Charlie Weir, the "Silver Assassin" from Kimberley. Born in 1956, Weir was a gifted athlete, charismatic and deadly in the ring, with 31 wins in 34 professional bouts. But when he faced off against Davey Moore in Joburg for the WBA Junior Middleweight title in 1982, and Moore in turn faced Roberto Durán a year later, the truth emerged starkly: natural ability must be paired with experience, resilience and timely opportunity.

Durán – seemingly past his prime, written off by pundits – made the right choices, reignited his career and recaptured his former glory with stunning talent. The difference between Weir (or Moore) and Durán wasn't raw skill alone. It was how Durán leveraged experience, seized opportunity, adapted his preparation and fought smartly.

Similarly, in the investment world, the past decade presents a parallel lesson when we compare Costco and Target.

Over the past 10 years:

- Costco delivered a 749% total return, translating into an average annual return (CAGR) of nearly 23.85%.
- Target, on the other hand, returned only 57.6%, an average annual return of about 4.7%.

If you had invested $1,000 a decade ago, it would now be:

- ~$8,490 in Costco
- ~$1,576 in Target

Why such a vast difference?

Costco's strategic model choices, like its membership-driven business, relentless focus on customer loyalty (with a 90% renewal rate) and steady execution compounded advantage year after year.

Target, despite being a capable and prominent retailer, made less effective strategic choices: shifting consumer tastes, heavy exposure to non-essential goods, and stiffening competition left it struggling.

In investing, like boxing, raw potential must be paired with smart, timely decisions.

What this means for fund managers

As fund managers, we are continually presented with two types of "athletes" or companies:

- Some are naturally talented but vulnerable, just like a brilliant young fighter who hasn't faced real adversity (like Weir or Moore).
- Others might appear beaten up, discounted, or underestimated, but if they have the right fundamentals, resilience and a sound strategy (like Durán), they can achieve extraordinary long-term victories.

Choosing where to allocate client capital is no different from choosing which fighter to back:

- Do we buy glamour and potential?
- Or do we invest in business models that have proven endurance, loyalty, and resilience under pressure?

Costco's story reinforces that when we choose wisely, patiently and strategically, our clients reap the compounding rewards.

In contrast, chasing the "bright young things" without due diligence and foresight – much like placing faith in an untested fighter facing a hardened champion – can result in disappointment.

Decision-making defines outcomes

Weir and Moore were great athletes. Durán was a great champion. Target was a good retailer. Costco built a great business.

As fund managers, our legacy will be determined not just by finding "good" investments, but by choosing great ones at the right time – just as Durán chose the right fight, the right preparation and the right moment to deliver one of boxing's greatest comebacks.

Every choice matters. And the compounding impact of those choices can be the difference between mediocrity and greatness in our clients' portfolios.

Watch highlights from the Roberto Durán vs Davey Moore match here
https://youtu.be/2p91eHMs-yI