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Thoughts for Investors

Should You Try to Own Winning Stocks?

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Yes! I suggest searching for, investing in, and holding onto winning stocks is sound investment philosophy and, as I will explain, a source of wealth creation that can address affordability, inflation, and other cost concerns.

“The greater danger for most of us lies not in setting our aim too high and falling short; but in setting our aim too low, and achieving our mark.”

– Michelangelo

In an updated study published March 2026, Arizona State University professor Hendrik Bessembinder **“summarized the investment outcomes for 29,754 common stocks listed on the public US stock markets over the 100-year period from 1926 to 2025.”** Study results are available [here](#).

Bessembinder concluded **“stocks publicly traded in the US markets were, despite episodic volatility, a tremendous source of wealth enhancement, totaling some \$91 trillion by my calculations over the 100-year period.”** **“This equates to a final value of \$15,041 per dollar invested”** versus **“a final value of \$25.34 per dollar invested”** in one-month US Treasury bills. That’s a steep price to pay for less volatility.

“If you are afraid of failure, you don’t deserve to be successful.”

– Charles Barkley

Breaking it down by performance, Bessembinder found: **“59.13% of firms [stocks] reduced shareholder wealth...37.15% offset the wealth destruction of the underperform[ers]...and the remaining 3.72% accounted for all of the \$90.96 trillion in net shareholder wealth creation”**. He also found **“the degree to which wealth creation is concentrated in a few firms has increased sharply in recent years.”**

The stock with the **“highest cumulative return”** (how much \$1 grew for a single owner) was cigarette-maker Altria. \$1 invested and compounded over 100 years grew to \$4.421 million. That’s the power of time, compounding, and patience, cornerstones of all stock investing. Bessembinder points to Altria as emphasizing the **“importance of ‘time in the market’”** “Traders” take note.

In a WSJ article “How to Win the Loser’s Game”, author Spencer Jakab references the study and Altria. He points out that you might have missed, even purposely avoided, Altria if you were searching for a winning stock since their products “slowly killed their best customers”. Further, Jakab suggests that “picking a big winner is like finding a proverbial needle in a haystack”, no doubt an inspired reference to Vanguard founder Jack Bogle’s advice “Don’t look for the needle in the

haystack. Just buy the haystack”. Jakab suggests, “The secret to owning a winner is to own the losers too”. His logic is that by investing in index funds/ETFs, you will own all the stocks and won’t miss any “winners”. This philosophy is now unchallenged gospel and searching for winning stocks seems “blasphemy”. Finding winners is indeed difficult, discouraging many investors from trying. “Don’t despair, though”, Jakab consoles. “Now that index funds exist, it also hardly costs anything” to own all the stocks. Or does it?

“It’s what you learn after you know it all that counts.”

– John Wooden

The stock with the **“largest shareholder wealth creation”** (how many total dollars of wealth a company created for all owners combined) is Apple (+\$5Trillion). This is followed by NVIDIA (+\$4.5T), Microsoft (+\$4.0T), Alphabet (+\$3.5T), and Amazon (+\$2.2T). Altria is #21 (+\$594 billion). **“30 stocks together account for 43.7% of total shareholder wealth creation...over the last 100 years.”** I think it is safe to say owning 29,000+ other stocks to get the rest of the wealth risks “overdiversification”, “dilution” and “duplication”, not to mention potentially owning many of the 59.13% of “wealth reducing” stocks. By definition, the majority cannot be superior.

Though including results over a century, Bessembinder acknowledges **“few investors have 100-year planning horizons.”** So, another table highlights **“Highest Annualized Returns [on] Common Stocks with Over Twenty Years Data.”** NVIDIA is #1 with a +37.04% per year return over its 27-year existence.

“For all of its uncertainty, we cannot flee the future.”

– Barbara Jordan, first African American elected to the Texas Senate since Reconstruction

As stated earlier, Bessembinder also found that **wealth creation has become more concentrated**, accentuating gains of “winners”, and by extension, the costs of “losers”. Post-2016, Bessembinder found **“thirty firms...account for 61.19%...in net shareholder wealth creation from 2017-2025.”** Do you own any of these “needles”: NVIDIA, Apple, Microsoft, Alphabet, Amazon, Broadcom, Tesla, Meta, Eli Lilly, JPMorgan, Walmart, Berkshire Hathaway or Oracle?

“In all life one should comfort the afflicted, but verily, also, one should afflict the comfortable, and especially when they are comfortably, contentedly, even happily wrong.”

– John Kenneth Galbraith, economist

The last 3 years' S&P 500 Index percentage returns of +26%, +25%, and +18% can make index fund investors feel comfortable and content, and even complacent and entitled, believing index investing is sufficient. But percentage returns are different from dollars of return. *You can't spend percentages only dollars*, as reflected by the wealth creation benefits of owning "winners".

Instead, the recent percentage returns for the S&P 500 Index should be a warning. Multiple times between 2010 and 2018, Jack Bogle warned about a future of lower returns. In his 2010 book *"Don't Count on It!: Reflections on Investment Illusions, Capitalism, "Mutual" Funds, Indexing, Entrepreneurship, Idealism, and Heroes"*, Bogle argued, the "next decade won't resemble the last", and future stock returns were likely to be much lower than the exceptional returns of prior decades. +4% nominal returns, his estimate, minus inflation, results in real returns near zero. Indeed, including the "Lost Decade for Stocks" (2000 -2009), the approximate compounded annual return for the S&P 500 Index over the last 26+ years is approx. +6%. Bogle was right after all!

If there ceases to be a "rising tide to lift all boats", finding new winners, combined with holding a concentrated position in them as long as they remain winners, could be the cornerstone of future investment success versus "owning the losers."

In summary, I believe it will remain difficult, though imperative, to search for, find, invest in, and hold onto "winning" stocks. If you need/want to create wealth, here are a few tips to help:

Look for the "needle in the haystack" and challenge the conventional wisdom to "buy the haystack". The needle is the only useful thing in there! Use our "Characteristics of Successful Companies" [here](#) as a tool to find them. As Bessembinder discovered, selectivity and concentration matter. An increasingly small number of stocks drive wealth creation.

Until/unless that reverses, spreading your money across 500 stocks in an S&P 500 index fund, and then adding other index funds or "sector" funds in an effort to amplify returns, adds diversification but also dilution, duplication and many "losers". Also, when you find a winner, be careful of selling too early, a major mistake made by many investors.

"I lost more money on the stocks I sold than the ones I bought."

– A friend

Look out the windshield not the rearview mirror. Investing based on the past is a dangerous way to drive. Bethlehem Steel, Kodak, Lehman Bros., and Enron were all in the S&P 500 Index long past their "prime", removed only when the S&P committee chose to do so. Enron was removed from the S&P 500 Index on 11/28/01, replaced by NVIDIA on 11/30/01, and filed for bankruptcy on 12/2/01.

"**Wealth creation**" is more important than "**percentages earned**", and "**selectivity**" is the key as Bessembinder discovered. For many current investors, the last 26+ years is a more reasonable time horizon for examination of results. \$1 invested since January 2000 returned approx. \$8 for the S&P 500 Index, approx. \$65 for Altria, and approx. \$2,500 for NVIDIA. But who would have known about NVIDIA? Ask someone who searched for, found, invested, and kept a "winner".

Conclusion: you should try to own winning stocks, even if the consensus sees it as "blasphemy".

"All great truths begin as blasphemies."

– George Bernard Shaw

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