Is there such a thing as a ‘quality’ gold business?

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My personal learning curve with gold stocks started in 1996 when I spent my own money - and in short order lost most of it - on a long-forgotten JSE listed company called Joel. Thank goodness it was my own money and not my investors. I worked my butt off to earn that money, so to this day it is a clear and painful memory, but it is a valuable one, as it has served me and the people who trust me with their life savings well ever since.

I never believed I would ever see such a thing as a ‘quality’ gold business.

Time, experience and self-reflection have slowly but surely taught me that people matter the most; in any business; in any industry. Despite my misgivings, it turns out the evidence suggests this is also true in the gold industry.

Two key leaders at **Anglogold** stand out to me. They are the chairman, Mr Sipho Pityana, and the departing CEO, Mr Srinivasan Venkatakrishnan. A few verbatim quotes from the latest annual report provide clues as to the caliber of these two remarkable individuals.

“The best way to manage market risk is to be ruthless in our allocation of capital”
“This absolute commitment to the ethical prosecution of our overall business strategy makes my job one that I relish”
“The dividend really is a way of instilling capital discipline into the business, giving back the first slice of free cash flow before reinvestment for growth. It is akin to a shareholders’ royalty”
“A pipeline of real options is critical if you don’t want to run out of road in two to three years and be forced to turn to expensive M&A”

These may be just pretty words on pieces of paper, but they are strongly supported by real actions and real outcomes. Respect.

Our work continues…

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