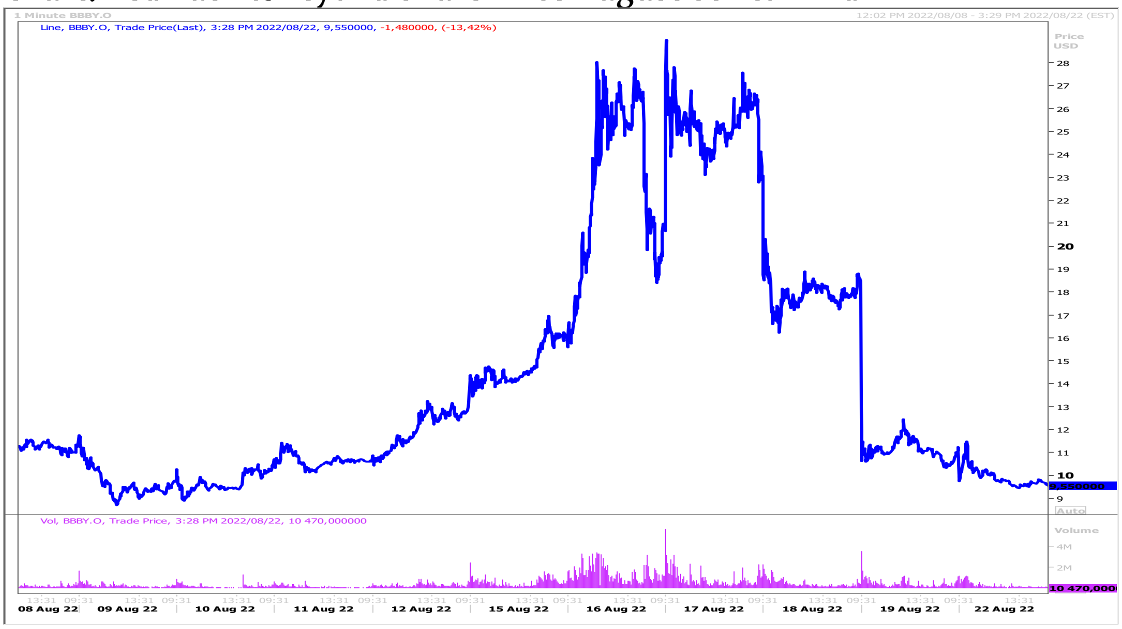
Dividend Oh Dividend

Perspectives: August 22nd, 2022

The real objective of investing is to increase one's spending power over time. This goes for investing in anything - be it a majority or minority stake in an unlisted business or owning the stock exchange listed shares of a business.

On August 16th, that single day's volume of shares traded in US listed **Bed Bath & Beyond** was 395mn. In and of itself that number means nothing, but now consider the number of issued shares of the company is only 80mn. ***This means the entire company turned over five times in a single trading day (!).*** Of equal interest is that the share price on that same day moved between a low of $15,58 to a high of $28,04.

Chart: Bed Bath & Beyond Share Price August 8th to 22nd



In hindsight and theory, someone could have bought at below $12 before August 12th, and then sold above $24 on August 16th or 17th for a 100% gain.

However, someone else may have bought above $24 on August 16th and 17th and is now sitting with a quickfire 60% mark-to-market loss.

Call that case study whatever you like, but we submit it is NOT investing.

Table: Price & Dividend Returns

	Astral Foods	Combined Motor Holdings
Average Share Price in 2019	165,00	20,00
Dividend in Rands per Share - 2019	12,20	1,41
Dividend in Rands per Share - 2020	3,40	0,49
Dividend in Rands per Share - 2021	8,60	1,80
Dividend in Rands per Share - 2022	9,52	2,68
Current Share Price	206,62	27,80
Share Price Investment Return	**25,2%**	**39,0%**
Dividend Investment Return	**20,4%**	**31,9%**
TOTAL INVESTMENT RETURN	**45,7%**	**70,9%**

* *These were the* ***net*** *dividends received after deducting dividend withholding taxes.*
The return calculations are* ***not* *annualized.*

The table shows the total investment returns of two JSE listed businesses from 2019 to today. **Astral Foods** [*poultry production*] and **Combined Motor Holdings** [*automotive retailing*] does not immediately jump to mind for most people as 'sexy' businesses or investment ideas. Their decline in dividends in 2020 shows how they were both severely impacted by the covid pandemic.

To us as truly long-term investors, these are two 'super-sexy' businesses and investment ideas that we own in our funds. The dividends we receive regularly from them have been [*and will continue being*] redeployed in acquiring additional investments, that in turn will deliver even more dividends.

THIS is investing.

Our work continues...

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