

Be Like Herb

In many areas of life, effort leads to reward. If you study harder, you get better grades. If you practice longer, you can become a better athlete. If you work more hours, you may get a promotion.

The stock market is not one of those places. Instead, you can be rewarded immensely for doing almost nothing at all.

Herb Wertheim's early investment in Heico is an incredible example. It is, by almost any measure, one of the greatest Sidecar investments in history.

Wertheim understood something powerful: wealth compounds when your money starts working through other people's effort. He said:

"You take what you earn... and invest it in other people's labor."

Most people spend their lives selling their own time, exchanging hours for dollars. While admirable, there is no scale. Wertheim realized the key is to find people who are smarter, more driven, and more obsessed than you, and simply ride on their coattails.

In 1992, he began building a position in Heico when it was a penny stock. An optometrist by trade, running an aerospace company was not in the cards for him. But he didn't need to. He could just buy a slice of the work being done by the Mendelson family.

Laurans Mendelson, along with his sons Eric and Victor, took over Heico in 1990. They devoted their careers to the company. They lived and breathed aerospace parts, 24/7. They navigated evolving regulatory and competitive landscapes and several recessions. They managed the day-to-day operational grind and made the tough decisions. They built one of the world's great companies.

While the Mendelsons did the heavy lifting, Wertheim was along for the ride.

And here is the kicker: Today, Wertheim's stake in Heico is worth \$1.2 billion. Remarkably, this is as much as the shares owned by the late Laurans Mendelson himself.

Again, the man who simply bought the stock wound up in the same place as the man who spent thirty-plus years building the company.

This should not be possible and highlights one of the most counterintuitive parts of investing: You are rewarded not for effort but for the quality of your decisions.

The market doesn't know if you did 1,000 channel checks. It doesn't care if you spent 100 hours researching a stock or five minutes. All that matters is if you are right.

It is easy to feel the need to do something to justify our returns. So we have too many opinions, over-trade and constantly tinker with our portfolios. In doing so, we miss the opportunity to build generational wealth by making one or two great decisions and having enough self-awareness to get out of our own way