

They beat the Dow for 51 years (and counting)

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Many happy returns to the Boston Investment Associates, one of the Hub's longest-lived private investment clubs.

When its members first began playing the stock market, Republicans controlled both ends of Pennsylvania Avenue, security fears gripped the nation and America was extracting itself from a controversial war.

That was in 1954.

A lot of water has passed under the bridge since then: booms, busts, inflation, stagflation, a savings & loan crisis, dot-com mania, one Vietnam war, two [Iraq](#) wars, housing bubbles, housing busts, a Japan panic, a China panic, deficits, surpluses and now deficits again.

But during more than 51 years, the club's dozen or so members - who meet over dinner once a month - have averaged a 9 percent annual return.

And that's while keeping about a fifth of the pool in cash, which means their equity holdings have returned just over 11 percent.

The Dow Jones over the same period: 10.4 percent, even with dividends reinvested.

And the average mutual fund? Don't ask. It's not even close.

Is there a secret?

I joined the group for dinner not too long ago, and they scratched their heads at that question.

They admitted they invest quite conservatively, and don't trade too often.

"We look for undervalued growth stocks," says **Lloyd Glazer, the portfolio manager at Advest, and their adviser for 30 years.** "And we may hold on to them for anywhere between three and 10 years."

Among the more recent winners: Vodafone, the London-based wireless company, and reinsurer Gen Re, which became part of Warren Buffett's Berkshire Hathaway.

One club member, Charlie Bronner, remains from the original group. He's nearly 90 now. One or two others joined not long after him. At the other extreme, three new members joined in the last year.

Full disclosure: the club rejected my strenuous offers to pay for my dinner. Eliot Spitzer take note: I had the chicken.

Boston seems to be a natural for long-lived investment clubs. The Hamilton Trust, seemingly America's oldest such group, was founded in 1882.

According to the National Association of Investment Clubs, there are an estimated 40,000 groups across America, managing perhaps \$20 billion.

The average club's life expectancy is only four years.

But here's a curiosity: overall, clubs seem to stack up pretty well against professionally managed mutual funds.

An NAIC survey suggests the average club made 15.9 percent a year over the past decade - well ahead of the overall market.

Sure, the survey is far from scientific and may significantly overstate the performance figures.

But as Boston Investment Associates and others show, investing through a club can turn out very well.

Why?

When you think about it, the reasons aren't hard to find.

Unlike the individual private investor, a club can only trade following a meeting, debate, and agreement.

That cuts out day trading, rash purchases and dubious "tips," and severely cuts down on greed and fear.

Meanwhile, unlike the pros handling your mutual funds, club members are investing their own money. That has a way of focusing the mind.

There are also other advantages to joining a club.

For openers, it's fun.

Also, members get to spend the management "fees" on themselves instead of some characters downtown.

The BIA usually goes out for a big annual dinner. And in 1982, they made so much money they took their spouses to London.