

How the Rolling Stones Amassed a Fortune Where Others Have Failed

Last week Mick Jagger [shared some video](#) of his cardio workout routine. There he was dancing and moving to the music like only Mick can. Jagger was showing the world that, despite recent heart surgery, he is not slowing down. After years of hard touring and the excesses of the rock and roll lifestyle, Mick, Keith, and the rest of the Stones remain vital. During decades of near constant work, during which many of their contemporaries have failed, they have amassed fortunes. I described their investing process back in January of 2003. I wrote:

Geezers in Wheelchairs...

This year is the 40th anniversary of the world's greatest rock & roll band—the Rolling Stones. Grizzled but game, the Stones truck on with their 15th North American tour. “Always precocious, the Stones at 60 look a lot like Segovia at 90: Keep the morgue on standby,” wrote the very funny Joe Queenan in the WSJ. The Stones are big business, real big business. As Fortune noted in its recent cover story, “The Stones have made more money than U2, or Springsteen, or Michael Jackson...or the Who—or whoever.” The topgrossing North American tour of all time was the Stones’ 1994 Voodoo Lounge tour. With a gross of over \$120 million, these guys know how to make money and how to keep it. Jagger went to the London School of Economics.

For me and perhaps for you, the really big news on the Stones is the recent hybrid (two layers) SACD release of the band’s pre-1971 material owned by Allen Klein and his ABKCO Records (the Stones’ longtime early label). Over the years, ABKCO has had many requests to reissue these titles using the latest

digital remastering techniques. Until now, ABKCO did not feel that improvements in the mastering warranted reissue.

A New and Exciting Technology

So what has changed? A new and exciting technology has been introduced by Sony and Philips (inventors of the CD). The new discs have two layers. One is a normal CD. The other is a Super Audio CD (SACD). Both layers benefit from Direct Stream Digital (DSD) encoding, which captures every nuance of the original master tapes. You will hear the “‘rawness’ of the guitars, the vocal quality and the natural distortion of the band as it sounded in the studio.” Best of all, you can hear it on any CD player you own today or on any SACD-compatible player. The Stones’ CD to start with is *Out of Our Heads* with “Satisfaction,” “Mercy, Mercy,” “Hitch Hike,” and “The Last Time” (ABKCO 94292).

Rock-Solid Investors

Not only are Mick Jagger and Keith Richards the band’s two key writers, musicians, and performers, but they are also serious investors. In *Fortune*’s great article, Keith, in his inimitable way, told Andy Serwer, “I have a small portfolio. I find things I love, like houses—bricks and mortar. Nothing wrong with a bit of land.” A sound statement from a fellow few felt would live to invest in anything, never mind “a bit of land.” In fact, as *Fortune* noted, the Stones’ “Steel Wheels [tour] had to be insured—Lloyd’s covered Stones tours—and before the insurer would issue a policy, the band had to take physicals. Keith passed, legend has it, to his own astonishment.”

The Golden Loom

Over the last decade, Mick and Keith have made nearly \$60 million in royalties on the over 200 songs they have written

together. And these so-called performance rights will key Mick's and Keith's future wealth accumulation. Even as they sleep, their music plays on turntables, CD players and jukeboxes around the world, spinning an ever-building pile of golden performance royalties.

Compound Interest Key

As time passes, the combination of compound interest and sensible investing makes Mick and Keith wealthy beyond the dreams of most performing musicians who, in that they are not music writers, never benefit from the awesome power of performing rights and compound interest. Mick and Keith, along with running mates Ronnie Wood and Charlie Watts (now a crotchety 61 years old), have indeed approached the geezers-in-wheelchairs stage for most performers. But somehow the Stones defy time and roar forth at the top of their game as the world's greatest rock & roll band.

Cold, Hard Cash

You, of course, don't need to be in the financial league of Mick Jagger and Keith Richards to benefit from the awesome power of compound interest. You do, however, have to have something to compound. It is for this reason that I have been shifting names in the Monster Master List to only investments that pay you cold, hard cash today. I'm referring to either interest from fixed-income securities or dividends from common stocks.

If your portfolio isn't generating income, you should take some time to study the value of dividends and compounding. Visit www.younginvestments.com and download *Dividend Investing: A Primer* from the home page. Read the free whitepaper and put the power of compound interest to work for you today.