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Fresh out of the @mjmauboussin oven is a paper titled "The Impact of Intangibles on Base Rates"

Key finding: Companies with higher intangibles asset intensity tend to have higher growth rates. The dispersion in growth rates is also higher for them.

Link: https://t.co/0u1dk0h0UK

We calculated the median sales growth rate for companies in each of those categories using the constituents of the Russell 3000 from 1984-2020. We also examined the standard deviation, a measure of the dispersion, of the distributions. Exhibit 1 shows the results for the full sample.

Exhibit 1: Base Rates for Sales Growth by Industry, 1984-2020

	Median CAGR				Mean CAGR				Standard Deviation			
Industry	**1-yr**	**3-yr**	**5-yr**	**10-yr**	**1-yr**	**3-yr**	**5-yr**	**10-yr**	**1-yr**	**3-yr**	**5-yr**	**10-yr**
Healthcare	11.5%	10.8%	10.4%	9.3%	52.6%	16.8%	12.6%	9.3%	406.3%	45.9%	30.6%	22.5%
Technology	9.7%	8.4%	7.9%	7.2%	15.4%	10.6%	9.0%	7.3%	49.0%	21.9%	16.5%	13.0%
All	7.4%	6.9%	6.5%	6.2%	16.6%	9.5%	8.0%	6.7%	177.3%	23.2%	16.4%	12.0%
Consumer	6.9%	6.4%	6.0%	5.9%	13.5%	8.9%	7.7%	6.6%	164.7%	18.8%	13.9%	9.5%
Manufacturing	5.4%	5.1%	5.0%	5.5%	9.3%	6.8%	6.1%	6.0%	50.4%	17.5%	13.1%	9.4%
Other	7.6%	7.3%	6.9%	6.3%	16.2%	9.6%	8.1%	6.6%	194.5%	22.5%	15.8%	12.2%

Source: FactSet.
Note: Constituents of the Russell 3000 Index as of year-end; growth rates are based on nominal sales; CAGR=compound annual growth rate.

"The good news is that intangible-intensive companies can grow faster than their tangible counterparts. The bad news is they can also become irrelevant and shrink fast. As a consequence, we should see two effects in the data: higher growth and more dispersion in the outcomes."