Fourth Quarter 2020 – January 11, 2021

The performance of securities mentioned within this letter refers to how the security performed in the market and does not reflect the performance attributed to the core equity portfolio. Please see the chart at the end of letter, which reflects the full list of contributors and detractors based on each security's weighting within the core equity portfolio.

For a copy of Ensemble Capital's equity strategy performance track record, please email a request to info@ensemblecapital.com.

We want to begin this letter by saying thank you to our long-time clients who stuck with us this year and our new clients who saw fit to invest with us in the midst of a pandemic. While we are pleased with how we navigated the unprecedented events of 2020, we know that it is the trust our clients place in us and their willingness to maintain that trust through panic inducing times like those witnessed in March, that allows us to pursue our long-term oriented investment strategy. We know that trust is hard earned and can be easily lost, so we appreciate the role that our clients play in enabling us to succeed.

Every year offers lessons for investors who are open to learning them. The lesson this year was a reminder of just how unpredictable financial markets can be. In mid-February, just weeks before the Coronavirus began killing Americans by the thousands on a daily basis, the market was trading at what was then all time highs. On March 23rd, the US stock market bottomed, after a sickening 34% decline, as the Federal Reserve and Congress began to make clear that they would provide a level of financial support to the economy that dwarfed anything seen in the post WWII era. After an initial strong bounce, the market surprised many investors by continuing to rally for much of the year, turning positive in August and finishing the year with a gain of 18.40%.

If on January 1st of 2020, a crystal ball had revealed that a deadly pandemic would sweep the globe killing nearly two million people and sending every major economy into the sharpest recession ever recorded, not a single informed investor would have suggested that market returns for 2020 would be double the historical average annual return. Understanding why this unexpected result occurred is of critical importance in thinking about the investment opportunities and risks ahead.

At the big picture level, the market displaying very strong performance in the midst of a terrible recession is explained primarily by the fiscal stimulus provided on a bipartisan basis by Congress. The reason recessions are so bad for the stock market is because during recessions, household income declines, people spend less money, and so companies generate less profits. But the Coronavirus recession featured rising household income. While income from employment did decline by approximately $4,100 per household, the direct economic transfer payments authorized by Congress totaled $9,500, leading to a net increase in household income.

So, while the longer-term costs of Congressional action (i.e. potential concerns about debt levels and/or increased inflation) will not be known until later, 2020 actually saw the fastest ever growth in household income.

Now imagine looking at that crystal ball on January 1st and rather than mentioning the pandemic, it had told you that American households, whose spending makes up 70% of the US economy, were going to see their income supercharged to new all-time high levels. The idea that the market might go up wouldn't have seemed so farfetched.

The fact is the stock market is not a barometer of how "good" or "bad" the state of the world is. Rather it is simply a mechanism for estimating the value of the profits various public companies will generate in the future. The market goes up when investors collectively revise up their estimate of future earnings and it goes down when investors are more pessimistic in their outlook. Market moves do not validate any particular moral point of view, they do not pass judgement on the decisions of our political leaders, and they play no role in reflecting the success of a society in organizing itself for the greater good.

The observation that markets reflect only the outlook for future earnings, does not diminish the importance of our society wrestling with complex moral issues, holding our politicians to account, or deciding how to organize the communities in which we live. Rather noting the stock market's nonexistent role in these critically important questions simply puts the onus on us as citizens to grapple with these challenges directly.

But what does matter to the market is that as we enter 2021 the earnings of the companies that make up the S&P 500 appear to be on the brink of fully rebounding to profit levels last reported just prior to the COVID outbreak. And, given the continued fiscal stimulus, accommodative monetary policy, and what appears to be a path towards vaccines effectively ending the pandemic in the US by this coming summer, it appears very likely that the overall economy and corporate earnings, will grow faster than average in 2021.

While there are many ways to estimate the overall valuation of the market, one useful way is to look at the free cash flow yield (the amount of excess cash flow that the companies that make up the market produce divided by the price of the market). Over the very long term, the free cash flow yield has averaged about 4%, which along with 5% growth, has resulted in the 9% return that the market has averaged over the very long term. At the end of 2019, the free cash flow yield on the S&P 500 was 4.6% while it stood at 4.1% at the end of 2020. So, the companies that make up the S&P 500 do not appear to be richly priced compared to the amount of cash flow they produce.

But for many people looking at the nightly news reporting high unemployment, depressed spending and some entire industries being destroyed, it can be hard to comprehend how the companies that make up the S&P 500 can still be producing so much free cash flow.

The key to understanding the market performance this year is to focus on the size of companies that are publicly traded. The S&P 500, the benchmark for our equity strategy, is made up of what is effectively the 500 largest, American public companies. The S&P 400 are mid cap companies that are smaller than the S&P 500 members, while the S&P 600 are small cap companies that are even smaller. While the members of the S&P 600 are far, far smaller than mega cap stocks such as Google, Apple or Amazon, on average these small cap companies are worth over $1 billion, making them far, far larger than the vast number of private businesses that blanket the country and employ over half of all Americans.

Think for a moment about the businesses at which you've spent money this year. One dynamic that has been seen across retailers of all types this year is fewer visits but larger shopping baskets. With many businesses mandated to be closed, consumers wary about spending time around other people, and a premium placed on retailers that can offer delivery, order ahead, curbside pickup – what has come to be known as omnichannel retail – big businesses have been able to capture a far larger portion of consumer spending than normal. And it is these large businesses that make up public companies, with even small cap stocks still being very large businesses.

This segmentation of large companies doing better than small companies was apparent soon after the COVID sell off began. By the time the market bottomed in late March, the S&P 500 (large caps) was down 30% for the year, while both the S&P 400 (midcaps) and S&P 600 (small caps) were down 40%. As the recovery progressed, the divergence to returns grew such that by early September, the S&P 500 was up 12%, the S&P 400 was down 5% and the S&P 600 was down 10%.

During the strong market rally that played out starting the week of the presidential election as positive vaccine news began to break, smaller businesses finally began out outperforming larger ones. For the year, the S&P 500 returned 18% vs the S&P 400 up 14% and the S&P 600 up 11%. But remember, even the small cap S&P 600 index is made up of companies worth over $1 billion on average. The vast majority of US businesses are worth far, far less than $1 billion and it is on these businesses that the economic damage from COVID was so devasting. When thinking about the seeming divergence between the stock market rallying in the midst of a massive recession, it is important not to confuse public companies with the overall business community. Indeed, public companies, in aggregate, appear to be absolutely obliterating their smaller competition as they soak up market share.

This dynamic should not be unexpected. While it has been awe-inspiring to watch the market perform so well in the midst of a global crisis, we pointed to just this market share opportunity in our communication to investors back in April of 2020 just weeks after shutdowns began. We wrote:

> "2020 is going to be a highly unusual year. Exactly how it plays out is not knowable. But for those companies that can get through this year, and we think every one of our holdings is among that group, the years ahead will be unique in the degree to which weaker competitors have been swept aside and the opportunity for market share gains for the remaining, undamaged market leaders will be unprecedented."

Amazingly while it took four years for the revenue of the S&P 500 to rebound to prior highs after the financial crisis, and it took a similar four years for revenue to recover after the Dot Com crash, it currently appears that S&P 500 revenue will recover to its pre-COVID peak sometime next year, or in just one to two years from the start of the crisis.

The Coronavirus Recession was much deeper, and the pain was felt much more broadly, than in past recessions. But big companies have captured significant market share, helping to offset much of the economic headwinds.

While we believe that the overall market is trading at reasonable levels and we feel confident that the stocks that make up our portfolio are undervalued at today's prices, that does not mean that there is no speculative activity occurring in the market. The list of potentially speculative activity is long.

- Software as a service stocks are trading at twice their historical revenue multiple, with new IPOs trading at six times the historical average.
- Cryptocurrencies such as Bitcoin, have traded up to or above the levels they traded at in early 2018, just before they subsequently crashed by 80% or more.
- Companies using a special purpose acquisition vehicle (SPAC) as a backdoor way to go public are seeing great reception in public markets despite many of these businesses seemingly not even having

a business yet. For instance, Nikola a company that purports to be in the business of making electric vehicles, but has not actually generated any revenue, used a SPAC to go public and commanded an eye watering valuation of $30 billion before stories about the "ocean of lies" told by the company started to make the rounds, sending the stock down 80% over just the last six months.

But observing that there appears to be material pockets of speculative activity does not invalidate the long-term promise of Software as a Service, cryptocurrencies and their underlying technologies, or electric vehicles. When people remember the Dot Com crisis, they tend to have the sense that investors were too optimistic about the promise of the internet. But nothing could be further from the truth. Instead, we would argue that the impact of the internet has been far larger than was dreamed of in the late 1990s. Today there are more internet connective devices than there are people. And without the robust internet that exists today, it seems very likely that COVID would have caused a long Depression, major shortages, and even more death.

Rather the mistake that investors made during the Dot Com boom was confusing the promise of a new technology with the prospects for individual companies. While Pets.com failed, today ordering pet food online for delivery is common and profitable. Looking much farther back in time, we can observe that in the early years of automobiles becoming the transportation standard, there were hundreds of car companies, most all of which went bankrupt despite participating in what truly was one of the most revolutionary industries in the history of business.

Stepping back after a wild 2020, we see the following:

- Many public companies are on the verge of fully recovering to pre-COVID business activity levels and yet will likely report elevated growth rates in the years ahead as massive fiscal stimulus continues to flow through the economy and the economic recovery continues.
- Valuations at the market level do not appear to be extreme. While certainly the overall market could be somewhat overvalued, there is not much evidence that it is trading at truly extreme levels. And if the economy continues to rebound quickly, companies that continue to take market share may well be undervalued today. We believe the companies that make up our portfolio are some of these undervalued stocks.
- Yet, there appears to be clear signs of speculative activity in some parts of the market. Stories of new investors gambling their stimulus checks on cryptocurrency, electric vehicle SPACs and Software as a Service stocks are everywhere, yet a collapse (if it comes) in these assets does not need to mean the broader market declines.
- We told clients in our late March 2020 conference call that, "this will be a recession and recovery unlike any other." While the recession is fading, the recovery is ongoing. It is critical to keep in mind that the recovery will continue to be unlike any other. The range of possibilities is much larger than normal.

A bit later in this letter, we will be providing in depth comments about our investments in NVR and Ferrari. But first we'll review some of the stocks in our portfolio that produced the most notable contribution to, or detraction from, our results.

Notable detractors from our performance came from our investments in Home Depot, NVR, and First American Financial, each of which operate in the housing industry. Notable contributors to our performance came from First Republic, Charles Schwab & Co, and Booking Holdings.

Home Depot: Home Depot reported outstanding results during 2020, with the stock outperforming the S&P 500 for the full year. But after strong second and third quarter performance, the stock was down slightly in the fourth quarter, declining approximately 4%. We believe that home improvement spending will remain elevated in the years ahead as housing activity continues to rebound after years of lower than normal rates of Americans moving.

NVR: NVR is unique home builder and is one of our featured companies which we discuss later in this letter. Similar to Home Depot, the stock exhibited strong performance during the second and third quarter, but the share price was almost exactly unchanged during the fourth quarter. We believe that US home builders as a group have underbuilt vs the level of demand over the last decade, after the group overbuilt on their way into the Financial Crisis. With a large opportunity ahead of it to meet high levels of home demand, we are enthusiastic about NVR's potential.

First American Financial: The stock of this title insurance company is our only holding that generated negative returns in 2020. With the company generating revenue from both existing and new home transactions, we think it will benefit greatly from our thesis that home activity has been depressed and will increase significantly in the years ahead. The stock rebounded from the pandemic driven sell off from March to July but has been relatively flat since then. It generated a return of just over 2% in the fourth quarter. While there are some valid concerns about an outstanding legal case related to a cybersecurity breach in 2019, the stock trades at just nine times its pre-pandemic 2019 reported earnings.

On the more positive side, we saw notable performance contribution from First Republic, Charles Schwab & Co. and Booking Holdings.

Charles Schwab & Co: While Schwab is a broker dealer, the most meaningful source of its current and future earnings power is the way it monetizes client relationships via sweeping client cash into Schwab Bank. Like all banks, this means Schwab's earnings power is related to its net interest margin, which is positively impacted by higher interest rates and a steeper yield curve (longer term interest rates being higher than short term interest rates). In recent years, Schwab has grown its asset base dramatically both organically and via acquisitions, but low interest rates and a flat yield curve has minimized their earnings power. So as interest rates rose in the fourth quarter with the yield curve steepening, Schwab rallied 47%.

First Republic: As a bank, First Republic benefits from higher interest rates and a steeper yield curve as Schwab does. But the company manages its balance sheet to minimize the volatility of their net interest margin, which reduces the stock's sensitivity to interest rates. Even so, between the shift in interest rates and very strong recent results in growing their business, First Republic rallied 35%.

Booking Holdings: Booking is the largest online travel agent with hotel bookings being the main source of its earnings power. With the pandemic crushing demand for hotel rooms, the company's revenue is down significantly. But when its started to become clear in early November that vaccines would soon be approved, uncertainty around the length of time before travel would rebound was greatly reduced, sending the stock up 30% for the quarter.

Company Focus: Ferrari (RACE) and NVR (NVR)

Ferrari: "The most difficult part of my job is to say no." – Enrico Galliera, Ferrari Chief Marketing and Chief Commercial Officer

Ferrari's chief marketing officer finds himself in a unique position in his role in that he has to say no to customers who he has successfully persuaded to want to buy Ferrari's product because of supply constraints.

Or its more accurate to say supply restraints since they are self imposed by the company in order to maintain the exclusivity of its products. And this for products that cost anywhere from hundreds of thousands to a few million dollars each at very high gross profit margins. That's quite a bit of restraint!

> "We have much higher demand than the availability. So what we do is identify criteria that is rewarding good customers. The limited edition cars we consider a gift to our best customers."
>
> The idea of a $1.8 million-plus car being a gift may sound arrogant, and may well be arrogant, but there is a logic to it. After drawing up his list for the most recent "special", the LaFerrari Aperta convertible, Galliera posted to 200 prospects a little box containing a Ferrari key and a note asking if they wanted to buy the forthcoming droptop, sight unseen.

Source: drive.com.au

As cited later in the interview, Galliera goes on to say that the $1.8MM LaFerrari Aperta, was "a gift" to Ferrari's best customers. And though that terminology sounds strange, it truly was because shortly after those LaFerrari's landed on the customers' driveways… they were worth double or more!

Through its cars, Ferrari delivers exclusive and unique experiences to its customers. Whether it is in the product itself, derived from its high-performance race cars as it has been since its founding by Enzo Ferrari, or through the privilege of inclusion in an exclusive club offering its members unique driving and racing experiences, all connected by their shared passion, status, and ability to afford the luxury. It's a super exclusive club at a global scale, providing members the opportunity to connect from across the globe. Both of these aspects are important to Ferrari buyers.

Ferrari has two sets of production models, those models called its "range models" produced at a few thousand units over their lives, and its limited "special" series models that number in the hundreds in total. While the range models are the majority of its roughly 10,000 total unit sales per year, they are still priced above $200,000 and can have waiting lists that are 12-18 months long.

The more limited series cars are available to Ferrari's best repeat customers by invitation only. These are the most exclusive, highly desired, and most valuable models, that customers must work their way up the "best customers" list to attain. That distinction also results in invitations to special company hosted events such as exclusive track days and glamorous launch events in the company of peers from around the world. Given the investment to get onto the list for a limited or special series model, with its exclusivity and appreciation potential, customers extended the opportunity tend to be very reluctant to give up their orders, for fear of losing their spot in the future to others nipping at their heels to take their place.

The result of this demand management is a highly predictable, resilient, and profitable business model even during recessionary periods. In fact, during the Financial Crisis of 2008-2009 shipments only dropped 4% amidst an auto industry that saw a 15% fall in demand. In 2020, shipments declined only because of supply constraints due to factory and supplier shutdowns related to the pandemic, while orders have continued to be strong.

As you would expect, this business model is quite unique and can be very valuable if managed well. Ferrari's management has done a great job in handling the delicate balance between maintaining exclusivity while also increasing the size of its customer base, production volumes, and profitability of the business.

Key to their success is always building fewer cars than are demanded in the market, which of course supports pricing of both the new cars as well as used models. These are classic Veblen goods; demand increases with price precisely because they are so hard or expensive to attain. Our own analysis concludes that over the long term, to maintain that exclusivity Ferrari has to manage the pricing for its cars by making sure it is growing pricing fast enough to keep up with the growth of its customers' wealth. That's a unique problem to have, yet as a Veblen good it benefits the customer, the company, and shareholders.

The results of such a unique business model and a complimentary management culture have been a very lucrative investment for its shareholders with the stock nearly quadrupling the S&P 500's performance since its IPO in 2015.

Ferrari is unique in its heritage and appeal to millions of people around the world through its connection to F1 racing, which it has raced since the competition's founding in 1950. This has to do with the roots of its culture, imparted by its founder Enzo Ferrari 70 years ago. He was passionate about racing and in founding his Scuderia Ferrari race team built his reputation by winning often and early in the automobile's history. There is an authenticity in what Ferrari stands for and what it promises its customers.

The result of its very profitable business model means that the company is able to offer its employees a great work environment, benefits, and mission (if you're passionate about cars and racing), including going the extra mile to protect them and take care of their families and communities during the COVID crisis in Italy. Ferrari also helped the communities it operates in and its suppliers, whom the company views as key partners in cutting edge engineering and materials. This approach has been great for shareholders as growth, profitability, and returns attest. It's a win-win-win model, which we love because it represents an entity where all stakeholders want the company to succeed and are willing to go the extra mile to see that it does. The company managed its relationships with stakeholders so successfully during the pandemic that its efforts were made into a case study by the Harvard Business School.

Going forward, we think that Ferrari continues to do well. Their total addressable market has barely been scratched. About 2/3 of its buyers are repeat buyers while their customer base represents less than 1% of our estimate of potential customers.

Of course, many of these potential customers don't care about Ferrari, sports cars, or racing, but still some number would consider buying their first Ferrari for the exclusivity or design. And existing customers will consider buying another if the company can leverage its technical and design expertise to better meet their unmet needs, such as including more practical form factors so that they can drive a Ferrari for more everyday use, or as is the case in China, be chauffeured by their driver. China is the fastest growing market for high net worth individuals and luxury vehicles while Ferrari is underpenetrated in the region. It presents a huge growth opportunity for the right set of products.

Environmental considerations are becoming more important to luxury buyers, especially younger ones, so moving towards offering hybrid and electric vehicles also expands the brand's appeal and renews its relevance while benefiting Ferrari's pricing power. One outcome of electrification is that performance improves and this has allowed Ferrari to introduce higher price points for its first production hybrid, the SF90 Stradale.

Other high end sports car brands – Porsche being the pioneer in the high performance luxury SUV market with the Cayenne and Macan, and Lamborghini more recently with the Urus – have been successful at roughly doubling their volumes after introducing these more practical models, so we are bullish on the prospects of the Puro Sangue Ferrari "utility vehicle" expected to launch in late 2022.

NVR: In late 2019, we started a position in homebuilder NVR. You may know them better by their consumer-facing subsidiary brands, especially Ryan Homes.

At Ensemble, we would not be interested in investing in most homebuilders. The three key attributes that we insist upon for any holding are a competitive moat, strong management, and business forecastability. At first glance, homebuilders don't check off any of these boxes. There's little differentiation between most home builders, their management teams tend to be pro-cyclical, and housing demand is a cocktail of hard-to-predict factors. Nevertheless, we think NVR is an exceptionally well-run business, with strong competitive advantages, and a business model that is far more forecastable than its peers.

NVR doesn't have a traditional moat. Its unique business model is theoretically replicable, but despite NVR's long track record of superior results, its competitors are either unwilling or unable to adjust their operations.

Like another one of our holdings, First Republic Bank, there's a cultural reason why competitors can't fully replicate NVR's strategy. Homebuilders typically start out as land developers and are therefore used to and drawn to the short-term, leveraged returns that the land speculation business can bring. In contrast, NVR plays a slow-and-steady long game.

To play such a game in the homebuilding industry, NVR uses a differentiated business model. Rather than do homebuilding *and* land development like the rest of the industry, NVR only focuses on homebuilding. NVR uses options to control land, which gives them the right but not the obligation to buy a parcel.

Compared to developers who may end up with land no one wants, NVR only exercises the option when there's clear demand to build on the land.

Despite NVR's land-light strategy's success, the industry's use of land options remains lower than it was during the housing boom in 2004-2006. It is really hard for traditional homebuilders resist the land development game.

National homebuilders also enjoy the prestige of having the largest national market share. While there are perks to this strategy, it is inefficient from an operational standpoint. Put simply, they are too spread out. In contrast, NVR focuses just on land east of the Mississippi River and aims to maximize regional market share.

NVR may not have the highest profit margins in a strong housing market, but it also does not see profits crash in a housing downturn. During the housing crisis a decade ago, NVR was the only major homebuilder to make a profit every year.

Breaking apart NVR's return on equity into its three components, we can understand why its strategy is so successful. Most homebuilders report similar profit margins and asset turnover ratios. They then use large amounts of debt to augment their returns on equity.

NVR's operations report higher profit margins and most importantly, they turn their inventory faster than their peers. This allows them to use less leverage to achieve strong returns on equity. By having a healthier balance sheet than its peer group, NVR is better positioned to survive and capitalize on opportunities in a downswing.

An underappreciated part of NVR's business model is its pre-fabrication factory network. NVR has seven factories scattered across its territory, from which it pre-fabricates building materials like framing, panels, doors, and other components for its communities. Roughly 90% of NVR's communities are serviced by its factory network and most of NVR's communities are within 100 miles of its factories.

The pre-fab factories do a few things for NVR. They allow NVR to build off-site in all types of weather, the factories are shipping destinations for suppliers, and rather than have suppliers deliver to hundreds of sites in an area, NVR has them deliver directly to the factories, which increases supply chain and manufacturing efficiency.

We're only just now seeing homebuilders come around to the benefits of pre-fab factories, but NVR has been using them since the 1990s. In addition, NVR has density advantages stemming from its market share strategy that will be hard to match for both upstarts and incumbents looking to make pre-fab factories work for them.

Unlike most homebuilders, NVR broadly avoids competing in top metro areas, instead opting for promising secondary and tertiary metro areas like Richmond, Virginia and Greenville, South Carolina. A key factor in homebuilder profitability is finding cheap but still desirable land. That generally means exurban locations, 25 miles or more away from the metro area, and NVR has shown a knack for identifying cheap but promising land.

Fortunately for NVR, its geographic niche is in high demand right now. COVID related quarantines and the rise of remote work opportunities has made secondary and tertiary cities as well as exurban locations more attractive than they were previously.

NVR has other tailwinds at its back, including the peak millennial cohort entering household formation years, a shortage of existing homes for sale, and low mortgage rates. Single family home starts have yet to recover from the housing crisis after a decade of underdevelopment. As you might expect, homebuilder sentiment is at all-time highs.

We think the current housing cycle has years of expansionary activity ahead, but we take additional confidence in knowing that NVR outperforms its peers in down cycles and indeed gets stronger in them. That's why we increased our holding in March and April. The market sold off all the homebuilders, but we were confident that NVR would capitalize on any industry weakness.

Finally, another important component of our NVR thesis is our confidence in its management team who are proven top notch capital allocators. For example, they do not pay dividends because they believe them to be tax inefficient and return all free cash flow through buybacks. Buybacks also afford them flexibility during market uncertainty while dividends are considered commitments by investors. As mentioned earlier, NVR keeps a conservative balance sheet for the same reason.

We think the homebuilding industry has a number of multiyear tailwinds at its back and that NVR is uniquely positioned to capitalize across the cycle.

Disclosures

2020 Q4 Contributors and Detractors to Absolute Return Data

Description	Symbol	Average Weight	Contribution	Description	Symbol	Average Weight	Contribution
First Republic Bank	FRC	7.86%	2.35%	Mastercard Inc. Class-A	MA	6.87%	0.58%
Charles Schwab Corp.	SCHW	5.03%	1.97%	Illumina, Inc.	ILMN	1.63%	0.55%
Ferrari NV	RACE	6.03%	1.38%	Paychex, Inc.	PAYX	2.84%	0.43%
Booking Holdings, Inc.	BKNG	5.05%	1.35%	Chipotle Mexican Gril, Inc.	CMG	2.92%	0.30%
Alphabet, Inc. Class-A	GOOGL	6.44%	1.16%	Nintendo Co LTD	NTDOY	1.95%	0.25%
Heico Corp. Class-A	HEI/A	2.85%	0.93%	Fastenal Co.	FAST	2.09%	0.21%
Masimo Corp.	MASI	6.36%	0.88%	Landstar Systems, Inc.	LSTR	2.23%	0.16%
Intuitive Surgical, Inc.	ISRG	6.16%	0.86%	NVR, Inc.	NVR	3.33%	0.08%
Netflix, Inc.	NFLX	8.53%	0.77%	First American Financial Corp.	FAF	3.33%	0.07%
Broadridge Financial Solutions, Inc.	BR	4.69%	0.72%	Costco Wholesale Corp.	COST	0.73%	0.05%
Blackline, Inc.	BL	1.78%	0.71%	Home Depot, Inc.	HD	8.13%	-0.27%
Starbucks Corp.	SBUX	2.99%	0.68%				

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