



The performance of securities mentioned within this conference call transcript 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 this transcript, which reflects the full list of contributors and detractors based on each security's weighting within the core equity portfolio.

Sean Stannard-Stockton:

Good afternoon. I'm Sean Stannard-Stockton, the president and chief investment officer of Ensemble Capital. Thank you all for joining us today.

We are living through an unprecedented event. While there have been many past viral outbreaks and other worldwide pandemics over the course of history, today the human species lives as part of a highly interconnected global community. Pandemics have never respected national borders, but only in our era have the people of earth circled the globe, engaging in business, visiting family, meeting people from different cultures, and in the process knitting all of us together into a tightly woven global economy, at the rate of 4.5 billion airline passengers per year, of which 2 billion represent international travelers.

These people have carried with them knowledge, ideas, business plans, and works of art such that today the people of London, and Shanghai, Dubai, and San Francisco share many of the same interests, wear clothes made by the same companies, watch the same shows on TV, and share so many of the same hopes and dreams. It is this tying together of our global shared interests that has driven the global economy to grow by 15-fold since the end of World War II, bringing a level of abundance to much of the developed world that is simply beyond the imagination of the people who fought to save the world from tyranny. And while our society now wrestles with complex and necessary questions about equality, during that same time period the share of humans living in extreme poverty has fallen from over 70% at the end of the war to less than 15% today. But with all of the good this interconnectedness has brought us; it has also provided the Coronavirus with the means to circle the globe at a speed that has no precedent.

We live in exceptional times.

During our call today, I'm going to be discussing how we at Ensemble Capital are doing our best to process the events that are unfolding, the impact this crisis may have on the economy, and why we believe that despite our expectations that a cataclysmic economic event is unfolding, investors in exceptional businesses, but not all businesses, are likely to be well rewarded for making a thoughtful, rational decision to continue to hold or even buy stocks during this time of panic.

Webster's dictionary offers three definitions of the word panic. So I want to make clear about which of those I'm referring to. I do not mean what Webster's defines as "a sudden unreasoning terror." There is nothing unreasonable about the entire state of California, where I live, hiding in their homes right now and New York announcing the same this morning. It isn't just reasonable; it is the only known way to attempt to prevent the Coronavirus crisis from turning into one of the worst-case scenarios we are all worried about.

But Webster's also defines a panic as "a sudden overpowering fright" and as "a sudden widespread fright concerning financial affairs that results in a depression of values caused by extreme measures for protection of financial assets." It is to these latter definitions that I am referring.



Now before I go on, I want to acknowledge explicitly that this crisis is not just an economic or financial market crisis. It is a crisis of human health and suffering. In the hour after we first announced this call, we had more people register than we've ever had in total attendance on any of our past calls. Based on the number of people they told me a few minutes ago are listening in, I know that at least some of you, and quite possibly many of you will experience Coronavirus first hand through sicknesses and even death in your network of friends and family. Some of you may lose your job, or the business you worked so hard to build. So when I talk about the way in which this crisis will affect the economy and why exceptional companies will be the ones to thrive in an environment in which many competitors are no longer in business, please know that I don't describe this potential outcome for other businesses in a flip or casual way. I recognize that the very characteristics of this crisis that may help preserve the value of exceptional businesses, at least over the medium to long term, are outcomes that may cause personal pain and suffering in the families of people on this call.

But you've joined this call because you want to know what we think will happen to the economy, to businesses, and how investors can best navigate this treacherous landscape. And so, I ask you to forgive me for setting aside the suffering this event will cause in ways unrelated to money.

As investors who invest across a range of different types of companies, we are what our industry refers to as "generalists". The members of our research team have a range of specific domain expertise, but none of us claim to be epidemiologists. We do not believe that we have any special ability to predict how this particular virus will run its course.

But we also know that while expert epidemiologists are clear that this virus is incredibly dangerous and nearly certain to grow rapidly into the worst pandemic since at least the Asian Flu of the 1950s or may even exceed that to draw comparisons to the Spanish Flu of 1918 and 1919, that viral outbreaks are a type of event that generally defy humanities deep desire to predict the future. While we realize that recognizing unpredictability can seem like we are uninformed, or even hopelessly optimistic, we would point out that there is nothing about observing the reality that viral outbreaks are unpredictable that suggests we think that this outbreak is not as dangerous as other people do. To provide a simple example, if I tell you that the stock market is unpredictable, you would make no assumption that means I think it is going up. In fact, unpredictability is the core feature of risk.

When Coronavirus became widespread in Italy less than four weeks ago, it became clear for the first time that this virus had made the jump from a localized outbreak of severe proportion to a potential pandemic. It is true that in retrospect it seems self-evident to us all that the conditions we are now experiencing were inevitable. When we first started writing about the risks of the Coronavirus we highlighted the limited ability that even experts recognize we have to predict pandemics.

More recently we read a 2017 article in The Atlantic titled "Is It Possible to Predict the Next Pandemic?" in which they profiled the challenges faced by the eight year, \$100 million PREDICT Project with the goal of forecasting the next pandemic. Which said in part,

"Such work is based on past epidemics—events that are relatively rare, and so difficult to draw reliable patterns from. We're trying to predict really, really rare events from not much information."



The article then quotes Jennifer Gardy, now the deputy director of epidemiology at the Bill & Melinda Gates Foundation, “Within each of these categories, there are so many variables that could influence disease emergence. It’s hard enough to model the effect of any one, and these factors likely interact in ways that we can’t possibly understand just by looking at each of them discretely.”

And yet while experts recognize the wide range of potential outcomes even today, Dennis Carroll, the director of the PREDICT Project was quoted in Kaiser Health News this past Monday saying “Don’t wait for it to kick your door in when you understand it is in your neighborhood. Step up and act on it now.”

So this is where we find ourselves today. One week ago, Americans had the freedom to fly around the world, to travel across the country, to go to work, to visit friends, to move about as they saw fit. Five days ago, the San Francisco Bay Area ordered all residents to shelter in place. To not leave our homes, to not go to work or school. Last night the state of California ordered its over 40 million residents to do the same. The population of California is nearly as large as the population of Wuhan subject to the initial Chinese lockdown. California represents over 10% of the American population compared to the less than 5% of the Chinese population living in the Wuhan area.

And yet the American response is likely not yet enough.

A month ago, most Americans, myself included, thought the potential for the Land of the Free to be subject to a mandatory month long government order to shelter in their homes leaving only for absolutely essentially activities was inconceivable. Today, it is quickly gaining acceptance as the critical step we may need to take to stop the virus. While the Coronavirus outbreak and the response in China was unique in many ways compared to how things are playing out in the US and Europe, and the unpredictable nature of viral outbreaks means we cannot confidently predict a similar outcome to what was seen in China, it is the only country where we have seen at least the initial outbreak run its course.

On January 23rd, China declared a lockdown in Wuhan, multinational companies such as Starbucks and Apple began closing their stores across the country shortly thereafter. 13 days later on February 5th the number of daily new cases began to drop. On February 17th, three and a half weeks after the shutdown started, the number of currently infected people, peaked and has been in decline ever since with recent days seeing little to no new cases.

Now I recognize that Chinese government statements are viewed with skepticism by many people. So it is important to not fixate on the official case counts and observe the behavior of the multinational corporations operating in China.

On February 27th, just over a month after the shutdown in Wuhan, Starbucks reopened almost all of their stores. In talking about Apple’s decision to re-open all of their stores, CEO Tim Cook said in a Fox Business interview, “It feels to me that China is getting the coronavirus under control. I mean you look at the numbers, they’re coming down day by day by day. And so I’m very optimistic.” Cook does not appear to have been being naively optimistic. While he may have been convinced of the success of China’s lockdown, this past Tuesday he ordered the closing of all Apple stores globally outside of China.

Shutdowns appear to be the best approach available to stop the virus. So what’s going to happen to the economy?



A shut down of the California and New York economy, let alone the national economy of the United States, is without precedent. In the financial crisis, the worst recession since the Great Depression nearly a century ago, GDP declined at an annualized rate of 8.2% in the fourth quarter of 2008 after Lehman Brothers failed. The first quarter of 2009 saw an annualized decline of 5.4%. But during that time, it was legal for people to go outside and shop, to go to work. 90% of Americans remained employed.

But the financial crisis had its roots in an economic slowdown that started as early as 2005. Like every recession experienced in the past, during the Great Recession the economy behaved like a massive battleship, beginning to change directions before it was noticeable to most people and then accelerating with compounding speed into a recession until it re-stabilized again and sailed ahead on what we know now was the longest economic expansion in American history. Starting on March 9th 2009, less than six months after the failure of Lehman Brothers and three months before the end of the recession, the US stock market began a historic rally, generating gains of 528% or 18.3% per year for over a decade before we arrived at this past February and signs began to emerge of the Coronavirus beginning to spread globally.

This time the economy is not going to go through a multiyear slowdown in growth before slipping into a recession. The good news is that while the economy leading up to the financial crisis was built on the back of a housing bubble, and American consumers which power 70% of the American economy, were carrying more debt compared to their income than at any point in American history, as of last month, the American consumer had less debt compared to their income than at any point in the last twenty years. Taking into account today's ultra low interest rates, Americans devote less of their income to debt service payments than at any point in half a century.

Just last month, the unemployment rate was at a record low, the country created more than a quarter million new jobs, the highest monthly amount in over a year and the second best monthly result in nearly four years. Home sales have been accelerating and in February grew at the fastest rate since before the financial crisis. Just last week, unemployment claims, representing the number of people who newly filed to claim unemployment benefits, meaning that they've recently lost their job, continued to trend at levels last seen in the 1960s when the labor force was less than half the size it is today.

But this time the economy will not act like a battleship. It will not slow down over a multiyear period. It is coming to a full stop in a manner never before seen. With the states of California and New York in shutdown, and other parts of the country sure to follow, with even a national shutdown being a very real possibility, we are likely to see the most abrupt decline in US economic activity since World War II.

And yet, unlike during all past recessions, where the economy slowly eroded and crumbled into contraction before rebounding over the course of a year or more, if we are successful in stopping the spread of the Coronavirus, as China has already demonstrated is possible using means similar to what we are in the process of attempting, then in weeks or maybe months, the economy will be switched back on.

In China, we know that American multinationals went back to work a month after the shutdown started. After car sales in China registered an unprecedented 80% decline in the month of February during the shutdown as 70% of auto dealers closed for business, as of yesterday Automotive News reported that 90% of dealerships have reopened and the China Passenger Car Association is forecasting that after a terrible first half of 2020, auto sales will return to previous levels by the second half of the year.



It is true that China has a very different economy and it may be that in this unprecedented circumstance, their command and control style economic system and society is simply better suited to the task of effectively managing an urgent and immediate halt to economic and social activity and then throwing the economy back into gear and restarting again.

But remember, China went into the Coronavirus epidemic already suffering through its worst economy in decades, while the US economy has powered its way forward even as most other global economies lagged and our economy has been accelerating going into this crisis.

This will be a recession and recovery unlike any other. We cannot know how it will go or what unique features it will have. If our economy takes enormous damage in the coming months but then is able to rebound swiftly with the help of the unprecedented fiscal and monetary stimulus that is already starting, then we may see the stock market behaved somewhat similar to the Chinese market, which hit bottom the day after the Wuhan shutdown was declared, fully recovered all of its Coronavirus related decline, and hit a new 52-week high on March 5th. To us a recovery in the US stock market that quickly seems extremely unlikely, we are just making note of what actually did play out in the one country that has gone through this before us.

But what only today might be called an optimistic scenario that seems more plausible is what happened to the US stock market in the wake of the 1987 crash. While that crash is famous for its one day decline of 20%, the total decline over the course of two months was 34%, the same amount we've declined in just the last month. In the wake of the 1987 crash, the destabilized financial market careened up and down by 15% or more for two months before investors became convinced that the underlying drivers of the economy, of the corporate earnings that give value to stocks in the first place, were stable and would continue to grow in the years ahead. From that point on the market rallied 60% over the next two years.

But it is also absolutely possible that we will be unable to restart the economy quickly enough to avoid harming the underlying growth drivers to the extent that we roll into a prolonged and possibly quite severe recession. If that is the case, then rather than following a rapid rebound scenario the shutdowns coming to our country may mark our Lehman Brothers moment of this period. During the financial crisis, the market had already declined approximately 20% by the time Lehman Brothers failed. And then it fell even more over the next five months before completing a 56% decline from the 2007 high as the economy entered the worst recession in nearly a century.

But then we recovered. As mentioned earlier, that recovery, starting just five months after the Lehman bankruptcy, was a monster, decade long rally in which investors in US stocks generated outstanding performance of nearly twice the long-term average rate of return. It was a horrifying five months. I know. I was here at Ensemble investing our clients' assets and doing my best to help them navigate the crisis.

If you had bought the S&P 500 on October 6th, 2008, the day the market was first down by 30% or approximately the amount the market is already down over the last month, you would have had a sickening ride lower, but the recovery was so violent that you would have had positive returns after just one year. Within two years, you would have been up 15% for a solid but not great 7% annual return. Within four years you would have been up 51% for an excellent 11% return per year.



If instead you had sold out of the market, maybe recognizing correctly that a financial crisis and large market decline was still to come, you would have locked in an epic loss to the value of your portfolio and for the vast majority of people permanently compromised your standard of living for the rest of your life. The only other option would be if you had had displayed the bravery and presence of mind to actually buy back in at lower prices before you missed the recovery.

That would have required you to buy back when the news was even more terrible, the unemployment rate was twice as high as it is today and rising every month on the way to reaching a sickening 10%. That is a strategy that many people have hoped to take during downturns. In my career I have seen people correctly get out of the market ahead of a big decline. But it is the rarest of investors, amateur or professional, who have ever managed to jump out and then back into the market to successfully dodge a decline while catching the recovery.

The huge recovery and rebound in less than a year was not true for every stock. It was not true for the home builders, or mortgage brokers, or Wall Street banks that went bankrupt. In order to generate strong long-term returns, you must make it to the long term. You must own robust and healthy businesses, led by outstanding management teams, and which exhibit strong competitive advantages that let them fend off rivals who want a share of their profits.

This will be particularly important during this unprecedented attempt to halt and then rapidly restart our economy. I'll give you an example. In our strategy we currently own Starbucks. During the very large recession related to the financial crisis, same store sales, or the amount of revenue each store generated compared to the prior year, was down 3% in 2008 and then 6% in 2009. This was considered a very bad outcome. But if stores are closed globally due to say a two-month shutdown, that's a 16% hit to same store sales even if there was zero impact on either side of the shutdown.

When we invest in stocks here at Ensemble, we run every company through a set of stress tests to analyze their ability to get through a recession. We only ever own companies we believe will survive even a severe recession because we know we need to get to the long term in order to earn strong long-term returns.

But previously we never would have contemplated a scenario where the US government ordered Americans to not leave their homes. We never imagined that sort of event was possible. But we do now. Yet after spending the last two weeks running all of our holdings through downside scenarios that contemplate an extended shutdown followed by the severe and prolonged recession we recognize is possible, we think Starbucks can get through all of this.

It seems management does too as despite already operating in a to-go only model to support our nations efforts to stop the Coronavirus. On Tuesday they announced a dramatic expansion of sick and catastrophe paid leave benefits and mental health services for their employee partners, while also increasing the amount of shares they are buying back at this intensely discounted share price. Having paid all of their staff in China for scheduled hours even while stores there were closed, the company announced it will make a \$130 million investment in a China based Coffee Innovation Park as part of a multiyear infrastructure investment. Starbucks is operating from a position of strength. Its sales results in the US and China were accelerating in recent quarters prior to the Coronavirus. We think they make it through and the management team is acting



as if they think so too, despite having recognized the Coronavirus threat and been one of the first stores, in China and then in the US, to close down or shift to delivery only.

But does Peets make? Does the local coffee shop? I don't know. We are already seeing small restaurants go out of business. Many businesses cannot operate without revenue for even a very short time and certainly can't operate during the most dramatic halt to economic activity in the post-World War II era. So we're certain that when Starbucks come out the other side of this crisis, whether that is at the end of 2020 or not until later, they will face far less competition even while people will be desperate to get out of the house and return to cherished personal experiences like their favorite Starbucks drink and a treat. In the meantime, they are doing delivery and to-go pickups using their mobile app, which is the single most popular retailer payment app in the United States, passed only recently by Apple Pay as the most popular payment app of any kind.

And it's not just Starbucks we believe in.

Mastercard: This business is unlikely to be impacted nearly as much as the stock price implies right now. During the financial crisis, the worst year over year decline in consumer spending was 2%. Mastercard's revenue grew in 2009 in the heart of the deep recession because it is driven by spending but also the shift from cash to digital transactions. Obviously, all of us locked in our homes means the use of credit cards online will surge as a percent of consumer spending.

Google: In a world where businesses and consumers are stuck in their homes unable to leave, online advertisements will be one of the very few ways for business to gain the attention of customers and continue generating revenue. While we would expect an initial decline, quite possibly a very severe one, we know from Chinese online giant Tencent that after an initial dip in online ads in China, activity quickly returned to robust double-digit growth. This makes perfect sense. Whether you are a retailer who has all their stores closed and thus must sell as much as possible online, or you are in an industry like housing where you must retain the attention of your customers until they are released and you face a backlog of housing demand that is unprecedented, you will turn to online ads. We have no doubt that Google will get through this crisis. In addition to high profit margins and the ability to continue to produce positive cash flow even in the face of severe revenue declines, the company has \$120 billion of cash on its balance sheet. To put in perspective how cheap stocks have gotten today, over 15% of the value of Google's stock is attributable only to their cash pile.

Broadridge Financial: This company is responsible for sending out monthly statements and trade confirms for most of the large banks and brokers. It would be in violation of financial service regulations for their customers to stop sending this information. Broadridge also processes financial market transactions, which have exploded in volumes over the last month. And they are responsible for running the process by which the shareholders of public companies vote for boards of directors and important corporate resolutions. These votes must continue by law. While this proxy season will need to be conducted via remote conferencing, this does not in any way change the need for Broadridge's services and in fact, we would expect to see huge uptake of the company's virtual shareholder meeting solution. In a memo sent to Broadridge customers earlier this week, the company stated, "we do not anticipate any scenarios that could significantly impact critical client operations in large part because our data centers are built with redundancy and can operate and be managed remotely from numerous geographic locations. With operations and technology redundancy across regions, Broadridge can shift critical services to multiple geographic locations in the event



of significant business disruption. In addition, we have built and maintain a secure infrastructure that enables our associates to perform critical functions from home.”

There are also companies in our portfolio that we believe may well be impacted sharply by this crisis. But in choosing to hold them or buy more at these extremely cheap prices, we are acting only after having completed a deep stress test of their ability to get to the other side where we believe they will thrive.

Landstar Systems: This business is a trucking logistics company, a bit like an Uber for companies looking to ship goods across the country. Trucking cannot and will not stop. It is the life blood of the system by which Americans get everything they need including food. Amazon is right now hiring 100,000 people to try to keep up with the surge of demand they are seeing as people retreat from shopping outside. Yet many truckers, whose average age is in their 50s, are heading home not wanting to risk being out and at risk of getting sick. Landstar provides trucking in the spot market, meaning they are booked at the last minute to move loads immediately and is excellent at handling surges of demand. In fact, it is during periods of rapid changes in supply and demand that Landstar’s business model shines. Revenue jumped 10% for them after Hurricane Katrina hit because FEMA hired them to help get disaster supplies to New Orleans. They don’t own trucks themselves, so they have a super flexible cost structure.

Paychex: This is far and away the leading payroll processor for small businesses. Small businesses are going to be hit really hard. They also got hit hard in the financial crisis although we fully recognize this situation is very different as I’ve been explaining. But Paychex’s worst annual revenue result during the financial crisis was when it declined just 4%. Remember unemployment hit 10% at that time, the highest rate of unemployment since World War II except for a brief moment in heart of the early 80s recession when the Fed raised interest rates into the high teens in order to stop runaway inflation. In an interview on CNBC yesterday, Paychex’s CEO spoke about their ability to work with the US government to very quickly distribute money to the employees of small businesses who will need help as the economy halts and then attempts to restart. Profit margins are in the 40% range. They were also in the 40% range at the bottom of the financial crisis. This is a very robust business model.

They have also recently acquired a professional employer organization, a PEO, to add to their existing offering in this area to allow small businesses to gain access to benefit plans generally only available to large companies. For multiple reasons we think small businesses will have an increased interest in joining a PEO after all of this is over. Ensemble began utilizing a PEO structure ourselves several years ago. As an example of the big company benefits that a PEO can bring to small businesses, this morning our PEO partner sent us alerts with details about the telemedicine service, remote health care, that is a feature of our plan.

We also have investments in our portfolio that will directly benefit financial and competitively in this crisis.

Masimo is a health care company that is the dominant provider of pulse oximeters, the little clip they put on your finger every time you go to the hospital that measures the oxygen levels in your blood. This is a razor and razor blade type business model where Masimo makes money selling the sensors used in this device which needs constant replacement. Obviously with an overwhelming number of people going to the hospital, they will be able to sell as many sensors as they can make. But it is not just their core business that will thrive. This morning, they announced Masimo SafetyNet, a new remote patient management solution designed to aid the Coronavirus response. Importantly the system can be used to remotely monitor patients with



congestive heart failure and other medical issues unrelated to this crisis without them needing to enter a hospital and risk being exposed to Coronavirus. And in an example of how luck happens to people who are prepared, Masimo just closed the acquisition of a ventilator company that it had begun last year. As you likely know, there is expected to be a severe shortage of ventilators which are a critical piece of equipment for people who are hospitalized with the virus.

And lastly, I'll talk about,

Booking Holdings: This is our stock most directly in the cross hairs of this crisis. They are the leading global online travel agency responsible for sending hotels nearly 850 million nightly hotel room reservations last year. But they too have 40% profit margins (we rather like hyper profitable businesses here at Ensemble) and 60% of their cost structure is demand generation, the ads they buy to advertise their partner hotels to travelers. The management team are hyper return on investment focused and if there is not demand for hotel rooms, which there will certainly not be this year, they will slash ad spending more or less dollar for dollar with revenue declines.

They have \$6 billion of cash on their balance sheet and \$2 billion available on their already in place borrowing facility. Airbnb on the other hand, their most aggressive competitor, is barely breakeven. Airbnb might be crippled by this event as reported in the Wall Street Journal this morning, although I personally sure hope not as I have personal friends who work there and as a customer I love their service. They likely will make it through however but will come out the other side having been dealt a huge setback in their battle against Booking.

But the travel world is populated by a huge number of small firms. We are already hearing reports of small online and offline travel agencies going out of business. Yes, a ton of hotels will also go bankrupt, but humans are a traveling species and travel will return. When it does, hotels are going to be desperate to fill rooms and Booking is the #1 channel for hotels to source reservations. In a world in which hotels have been deeply damaged economically by the crisis and occupancy remains low as people slowly regain comfort that it is safe to travel, Booking's unmatched ability to source customers and deliver them to hotels on a commission basis will be more valuable than ever.

So as we move forward know this. We believe the economic events about to unfold are of historical significance. Our children and our grandchild will learn about this time in history in school. We recognize that we do not know how it will play out. In addition to the two primary scenarios I've described, the full range of potential outcomes includes better and worse conditions. Like all forecasts, you must recognize that there is some probability that events will be even worse than your most pessimistic outlook, as well as some probability they will end up better.

I promise you that we will immediately exit any company that we do not feel confident can make it through to the other side. We know that many companies will not. We manage a focused portfolio of approximately 20 companies. We have little opinion about the fates of companies outside our focused portfolio but we are sure that many companies will not make it and we know that the strong long term return to stocks does not apply to companies that do not make it to the long term.

CORONAVIRUS CONFERENCE CALL

Conference Call Transcript: March 20, 2020



In closing, I'd like to ask you to do whatever you can to help our country and the global community get through this crisis. As past generations were called to war, we are being asked by this moment in time to take unprecedented actions to attempt to thwart the most dangerous threat to human life and by extension to our economy in a very long time.

Everyone at Ensemble Capital is currently safe and well. I dearly wish the same is true for you and your family.

We will be hosting our next regularly scheduled quarterly conference call on April 7th. If you would like to follow along with your thinking on this topic, you can visit www.IntrinsicInvesting.com where we regularly share our investment analysis.

Thank you for your time today.



Disclosures

2019 Q4 Contributors and Detractors to Absolute Return Data									
Description	Symbol	Average Weight	Contribution (Gross)	Contribution (Net)	Description	Symbol	Average Weight	Contribution (Gross)	Contribution (Net)
First Republic Bank	FRC	7.39%	1.51%	1.49%	Intuitive Surgical, Inc.	ISRG	2.04%	0.31%	0.30%
Netflix, Inc.	NFLX	6.42%	1.22%	1.20%	Paychex, Inc.	PAYX	6.14%	0.22%	0.20%
Charles Schwab Corp.	SCHW	7.68%	1.01%	0.99%	Masimo Corp.	MASI	1.70%	0.17%	0.17%
Fastenal Co.	FAST	5.57%	0.78%	0.77%	Landstar Systems, Inc.	LSTR	6.13%	0.13%	0.11%
Tiffany & Co.	TIF	0.54%	0.78%	0.78%	Starbucks Corp.	SBUX	2.79%	0.13%	0.12%
Alphabet, Inc. Class-A	GOOGL	7.31%	0.68%	0.66%	NVR, Inc.	NVR	1.74%	0.11%	0.11%
Mastercard Inc. Class-A	MA	6.32%	0.61%	0.59%	Blackline, Inc.	BL	0.97%	0.07%	0.07%
Ferrari NV	RACE	7.47%	0.53%	0.51%	First American Financial Corp.	FAF	6.28%	0.00%	-0.02%
Sensata Technologies Holdings PLC	ST	5.87%	0.42%	0.41%	Home Depot, Inc.	HD	0.34%	0.00%	0.00%
Booking Holdings, Inc.	BKNG	8.26%	0.37%	0.35%	Broadridge Financial Solutions, Inc.	BR	6.45%	-0.01%	-0.03%
TransDigm Group, Inc.	TDG	2.35%	0.36%	0.35%	Oracle Corp.	ORCL	0.14%	-0.17%	-0.17%

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All investments in securities carry risks, including the risk of losing one's entire investment. Investing in stocks, bonds, exchange traded funds, mutual funds, and money market funds involve risk of loss. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will be profitable or suitable for a particular investor's financial situation or risk tolerance. Some securities rely on leverage which accentuates gains & losses. Foreign investing involves greater volatility and political, economic and currency risks and differences in accounting methods. Future investments will be made under different economic and market conditions than those that prevailed during past periods. Past performance of an individual security is no guarantee of future results. Past performance of Ensemble Capital client investment accounts is no guarantee of future results. In addition, there is no guarantee that the investment objectives of Ensemble Capital's core equity strategy will be



met. Asset allocation and portfolio diversification cannot ensure or guarantee better performance and cannot eliminate the risk of investment losses.

As a result of client-specific circumstances, individual clients may hold positions that are not part of Ensemble Capital's core equity strategy. Ensemble is a fully discretionary adviser and may exit a portfolio position at any time without notice, in its own discretion. Ensemble Capital employees and related persons may hold positions or other interests in the securities mentioned herein. Employees and related persons trade for their own accounts on the basis of their personal investment goals and financial circumstances.

Some of the information provided herein has been obtained from third party sources that we believe to be reliable, but it is not guaranteed. This content may contain forward-looking statements using terminology such as "may", "will", "expect", "intend", "anticipate", "estimate", "believe", "continue", "potential" or other similar terms. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from those expressed in the forward-looking statements. Such statements involve risks, uncertainties and assumptions and should not be construed as any kind of guarantee.
