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.

Over the first seven quarters after COVID began, from March 31, 2020, to the end of 2021, the S&P 500 returned 89% with positive returns reported in every quarter. Over this same time period, the Ensemble Equity Composite returned 100%, also generating positive returns in each quarter. But the first quarter of 2022 saw an abrupt shift in fortunes with the S&P 500 declining 4.60% while the Ensemble Equity Composite declined an estimated 15.50% (final composite calculations will be available at the end of this month).

In this letter, we will lay out the drivers of the market pullback, the reasons we believe our strategy has underperformed so sharply, the attributes of our portfolio holdings that we think mean they are well positioned to navigate the uncertain economy ahead, and provide a profile of Google and Chipotle, two companies that characterize well the robust way that so many of our holdings have navigated the COVID era.

But first we want to put our sizeable underperformance this past quarter in context. Like every investment manager with a strong, long term track record, we have endured numerous periods of underperformance along the way. Our focused portfolio is designed to attempt to outperform the market and doing so requires that our investment performance be different than the market.

While over the 18 year period from 2004 to 2021 we outperformed the S&P 500, we have underperformed in half of all quarterly periods. While this recent quarter represents our largest degree of underperformance in such a short time period, so too did our 2020 results represent our largest degree of outperformance. It is clear to us that the pandemic has caused much larger and more rapid relative swings in asset pricing as investors struggle to grapple with the implications of an economic event of an unprecedented nature.

But while the abruptness of our underperformance this quarter is unique, its magnitude is not. In late 2006 we underperformed by 7.9% over the course of a few quarters. From mid-2012 to early 2013, we underperformed by 13.8%. Then from the end of 2015 to the middle of 2016, we underperformed by 8.9%. In this context, you can see that our first quarter underperformance of 10.9% is clearly a bad outcome, and yet is not inconsistent with other periods of weak performance that have occurred in the context of our long term track record of outperformance.

Each of these prior periods was unique in its own way. But each time, we stayed focused on our long term strategic priorities, maintained conviction in our core process, made adjustments to our portfolio as needed, and were rewarded for staying the course with an 18 year track record of successful outperformance.

We have every intention of reacting to our most current bout of underperformance in the same way that has served us so well during past periods of disappointing results.

There are many times when market volatility is caused by somewhat esoteric financial market issues that may not be the subject of mainstream news coverage. But the market volatility seen in the first quarter, during which the S&P 500 fell as much as 13% from its highs, marking the first correction since the March 2020 COVID bottom, was driven by the news events that are on the front page of every newspaper. Inflation worries and the Russian invasion of Ukraine combined to trigger a panic over the potential for stagflation, the term for an economy that exhibits slow or negative real growth, in the face of high inflation. These worries sent stock prices lower, even as the prospect of inflation driven Federal Reserve interest rate increases drove down the price of bonds, with the Bloomberg US Aggregate Bond Index, a broad measure of intermediate term corporate and government bonds, falling 5.93%.

Worries about inflation are not new. We wrote in depth about heightened inflation pressures in our essay describing how to invest in a high pressure economy, published in June of 2021. Year over year CPI, which measures consumer price inflation, jumped above the Federal Reserve's 2% target as far back as March 2021. By May it was over 5%. And during the fourth quarter of 2021, as the S&P 500 rallied by 11%, inflation was running at well over 6%. But during this time period, financial markets assumed that the high levels of inflation were a function of the slow restart of the supply side of the economy, as seen in snarled supply chains and a shortage of workers relative to the number of people who were working prior to COVID.

In the middle of January of this year, the CPI measure of inflation was reported at 7% for the first time and during that same week, Russia and US diplomatic talks regarding Ukraine were ended with no resolution. It was at this point that the selloff began in earnest as investors began recalibrating their expectations for inflation, interest rates, and economic growth.

With inflation related to the slow restart of the US economy already lasting longer and rising to a higher level than expected, the Russian invasion of Ukraine and the associated big increases in the price of energy, steel, wheat, and other commodities was like striking a match in a room full of inflation fumes. Most economists continue to believe that as COVID restrictions on commerce ease, supply chains will heal, and Americans will go back to work. Most economic analysts would also support the idea that the war related spike in energy and commodity prices by themselves would not likely drive inflation up substantially and persistently. After all, the price of oil today is not much different at all from where it was from 2011-2014 and there was very minimal inflation during that time period.

It is already easy to forget that for the decade prior to COVID, inflation was actually too low with many commentators arguing that technology was a massive deflationary force, and the US would never again see meaningful inflation or associated higher interest rates. This New Normal thesis was something we disagreed with at the time. We have long expected economic growth, inflation, and interest rates to return to the higher levels that characterized the entire US post World War II economic history until the financial crisis of 2008-09. The crisis triggered a need for households to pay down debt, rather than increase spending, even once the recession ended, and this deprived the economy of needed demand. Although, importantly, it also left American households on the eve of COVID with the lowest level of debt to disposable income in a quarter century and the lowest level of debt service payments to disposable income in at least half a century.

Prior to COVID, the US was stuck in a low growth trap. GDP growth was low, wage growth was low, inflation was low, interest rates were low. There were worries that we were headed towards a future like Japan, where the fallout from their own real estate bust in the late 1980s set the stage for a generation of low growth, low inflation and near zero interest rates that persists to this day.

But the government stimulus programs during COVID generated a massive demand shock. The most recent economic data shows that the US economy has been growing at its fastest rate in 40 years. Real GDP, which excludes the impact of inflation, grew at 5.7% in the fourth quarter of 2021. This is nearly three times faster than the rate of real GDP growth seen in the decade prior to COVID. The US economy added an average of 560,000 new jobs per month in 2021, three times higher than the 190,000 jobs per month added in the years prior to COVID. During the first quarter of this year, despite the Omicron Wave shutting down some commerce in January, monthly new jobs continued to be created at this same 560,000 a month average.

But while the stimulus programs super charged the economic recovery, there is not much that can be done to accelerate the healing of supply chains or convince people who have exited the workforce during COVID to return to work. At the end of the day, it will take time and the ongoing retreat of the virus for the supply side of the economy to catch up.

And so it was into this supercharged economic environment that the Russian invasion of Ukraine triggered spike in energy and commodity prices was dropped. While the Federal Reserve had previously planned to start raising interest rates this year, the Ukraine invasion has now caused them to believe they need to raise interest rates by more and faster, as they seek to ward off the bigger than anticipated inflation pressures. To do so, they will attempt to slow economic demand to give supply chains and labor markets more time to recover and offset at least some of the drop in supply of Russian and Ukraine related commodities.

In seeking to slow economic demand, there is a risk that the Federal Reserve could go too far and trigger a recession. Yet at the same time, even falling demand might not mitigate high energy and commodity prices, since these are related to the war in Ukraine, which Federal Reserve policy has no influence over. Thus, rather than worrying about inflation or a recession as has typically been the case over the last 40 years, the market is currently worried about the rare economic condition known as stagflation, an economic environment characterized by weak or negative real growth and high inflation occurring at the same time.

But despite all these economic events and the start of a war that could escalate dramatically, the US stock market ended the first quarter down just 4.6%. Despite worries about persistently high inflation, the 10-year treasury bond still yielded just 2.34% at quarter end, implying that while inflation will likely remain elevated for a period of time, bond investors continue to believe that currently high inflation will fade back down towards the Federal Reserve's 2% target over time. So while there are very reasonable worries about both inflation and an abrupt reduction in real economic growth, the overall stock and bond markets are indicating that both of these issues are likely to be mitigated over time as the US economy emerges from COVID.

But there are some classes of stocks that the market sold off very steeply during the first quarter due to these same worries and our portfolio holdings have numerous holdings in these broad categories, which is why we believe we underperformed so sharply.

While some stocks in our portfolio held up better than the market, or are even up so far this year, the majority were down more than the market, with two of our holdings, Netflix and Masimo, down more than 35%. Many of our portfolio holdings trade at premium valuations vs the average company. These premium valuations are awarded by the market in part because many of our holdings offer stronger than average growth opportunities. Stagflation negatively impacts stocks with higher than average growth and valuations in two ways: 1) The weak or negative economic growth limits the growth potential of growing businesses and 2) Inflation makes the profits these companies will generate years into the future less valuable today since future profits will not be worth as much in present value terms if the purchasing power of those profits are eroded by inflation.

But while we understand why other investors have sold off many of our portfolio holdings, we do not agree with their assessment. Inflation only erodes the value of future earnings if a company is unable to inflate their own earnings along with inflation. Companies that have this ability, the ability to raise prices fast enough to offset inflated costs, without negatively impacting demand, are said to have "pricing power." Warren Buffett has said that pricing power is "the single most important decision in evaluating a business," going on to explain, "if you've got the power to raise prices without losing business to a competitor, you've got a very good business."

Seeking businesses with pricing power is at the heart of Ensemble's investment process. In 2017 we wrote one of our most well-read investment essays in which we offered a nuanced discussion of pricing power and why we seek out businesses who earn their pricing power via delighting their customers, rather than by trapping their customers into forced purchases no matter the price. And in February we authored a piece looking at pricing power as a protective force against the current bout of inflation.

Examples of pricing power abound in our portfolio:

Netflix: Our initial investment in Netflix in 2016 was based in large part on the then untapped pricing power we believed the company had. We explored this pricing power, and why it was so valuable to Netflix, in this 2018 essay. Over the last five years, Netflix has raised the average price of their service in the US by 49% even as they successfully increased their number of subscribers by 42%. We believe strongly that Netflix's service remains priced well below the value it offers and that the company will be able to continue to raise prices to offset inflation and enhance their future earnings.

Home Depot: The demand surge for remodeling and home improvement goods sparked by shelter in place orders, remote work going mainstream, and a shortage of homes on the market to buy, ran headlong into the supply chain crisis, triggering surging prices in the products Home Depot sells. But the company has been able to pass nearly all of these increased costs on to customers, with revenue growing 37% over the past two years while gross profits, or the profits the company makes on each item they sell, increased by 35%. Even this small difference appears to be due not to inflation eating away at Home Depot's profits, but rather be a function of the huge increase in revenue the company has been generating in low margin lumber sales.

Illumina: The far and away leader in genetic sequencing equipment, used to develop the COVID mRNA vaccines, has a 90% market share. As the dominant provider of one of the most fundamental tools in genetic research and clinical applications, the company can essentially set any price they choose to for their equipment. However, the company recognizes that the big opportunity is not to squeeze customers today, but rather to relentlessly work to improve their technology and reduce the price in order to spur along massive increased usage. But while their goal is to bring down the cost of sequencing, this is a strategic choice on their part, not something they are forced to do via competition. We are confident that to the degree the company faces increased costs, they can raise prices to fully offset these increases and ensure that their profits are inflated along with the general level of prices across the economy.

Mastercard: This company literally earns a percent based fee on dollars spent. When inflation increases the prices of goods across the economy, Mastercard's revenue increases along with inflation. Thus, the company in some respects is perfectly hedged against inflation with their revenue accelerating automatically when inflation surges.

Ferrari: As we described a year ago in this letter, Ferrari's chief marketing officer's hardest job is not getting people to buy a Ferrari, but to tell some of them no. The company is in the business of selling rare, luxury products and so by design they greatly limited the number of vehicles they sell. This extreme constraint has led to a wait list of well over a year with a customer base so devoted to the company that even in the midst of the Financial Crisis of 2008-09, the number of vehicles they sold only declined by 4%. Their customers are so price insensitive, that the company often sells out of their limited edition super cars that sell for millions of dollars before they even announce the price. For a Ferrari collector the high prices are a feature, not a bug, as it is the price that makes Ferrari ownership so exclusive.

Later in this letter, we will describe our investments in Google and Chipotle in depth. Both of these companies also exhibit very strong pricing power. Collectively, these seven investments make up nearly half of our total portfolio by weight. We believe the balance of our portfolio holdings also enjoy strong pricing power and deep competitive advantages. As we navigate the current surge in inflation, whether it lasts for a few more quarters or a few more years, we believe these holdings are some of the best positioned companies in the world in terms of their ability to preserve their profits even in the face of inflation.

But in the first quarter of this year, the market did not agree. Instead, we are seeing what in our opinion is indiscriminate selling across all types of growing companies with no differentiation between those that command pricing power vs those that are beset on all sides by aggressive competitors.

We know that we cannot forecast the details of the near term economic cycle. But this is always the case, not an issue that is unique to today's economic situation. Because we know that the future is always uncertain, we always focus on owning companies that have strong competitive advantages, highly capable management teams, products and services that customers strongly desire or count on, and pricing power. Seeking out these attributes in the companies we invest in has served us well over the long term and we expect it will continue to serve us well in the years ahead.

Company Focus: Google (GOOGL) and Chipotle (CMG)

Google: Google is one of the most extraordinary businesses of the digital age. Its mission is "to organize the world's information and make it universally accessible and useful." This is such a broad organizing principle for a company whose value is built on doing just that. When you think about the mass adoption of the Internet, smartphones, social and digital media, and ecommerce among billions of users every day, and the exponential growth of data that has brought, we all know how valuable Google's role in collecting, organizing, and filtering all that information has become in our daily lives.

NVidia's CEO Jensen Huang put the challenge really well in an interview with Tech Analyst Ben Thompson recently:

> "We know that there are a trillion things on the Internet and the number things on the Internet is large and expanding incredibly fast, and yet we have this little, tiny personal computer called a phone… how do we possibly figure out of the trillion things in the internet what we want to see on our little tiny phone?
>
> Well, there needs to be a filter in between… basically an AI, a recommender system. A recommender that figures out based on the nature of the content, the characteristics of the content, the features of the content, based on your implicit and your explicit [preferences], find a way through all of that to predict what you would like to see.
>
> I mean, that's a miracle! That's really quite a miracle to be able to do that at scale for everything from movies and books and music and news and videos and you name it."

While Huang was talking about the role of artificial intelligence more generally amidst the data explosion, it's hard not to think of Google as most fitting the role of the Internet's leading "recommender system," with its de facto role as the gateway to the Internet. In fact, it's no coincidence that Google is a leader in AI technology, which it applies across most all of its services.

To effectively deliver high performance, relevant information services, it's a requirement to have strong competence in artificial intelligence technology and Google goes far beyond just developing the algorithms and software, as they develop specialized chips that accelerate execution to building the largest scale computing systems comprised of entire data centers. As a result of its success, Google enjoys a 90% share of all searches in the world.

The execution of its mission is demonstrated in the value Google provides to billions of users around the world with not just search but also other massively scaled and easy to use information services that consumers and businesses find uniquely useful, several times each day.

It has 9 services that have over a billion users each - Android, Chrome, Gmail, Google Drive, Google Maps, Google Search, the Google Play Store, YouTube, and Google Photos. It answers billions of search queries a day (over 3 trillion searches per year!), delivers billions of YouTube videos daily, and counts more than half the global population as consumers of its services.

Google makes life easier and better for its consumers, and for the most part for "free" – no one has to use Google's services, but most everyone with an internet connection cannot live without it. That is how essential Google's services are.

Its dominance is what creates its moat. In the information business, the scale of data it can gather from its huge user base encapsulating their daily activities, needs, and desires upon which it can develop and run sophisticated algorithms make it hard for new and old companies to compete. Its data scale allows its algorithmic results to be better, and the better results bring it more users and more data.

This, of course, leaves regulators who worry about a Google monopoly stuck in a bind – consumers and businesses choose to use Google's services bringing it network and scale monopoly advantages, yet it provides huge benefit to its users, mostly for free. Traditionally monopolies are considered "bad" because they can gouge huge profits from their customers if they have no other options. But in Google's case, it's clear that the value it creates is mutually shared and its customers always have other, albeit less effective, options. It has power, but there's little evidence that it's been abused over the past two decades.

Google monetizes the insights from all that data by matching millions of businesses with billions of consumers, creating huge value for both. Merchants compete on Google's auction style advertising platform to reach those consumers, with consumers given the option to click on ads of interest which drives the merchant's return on investment for that spending. In this way hundreds of billions in value are created out of thin air (or more appropriately, from electrons)!

Google's platform of services has been so effective that its revenue has grown nearly 7x from $38 billion to $257 billion over the past decade, with an incredible $75 billion added in 2021 alone. Adjusted profits surged to $84 billion from $12 billion in the decade and nearly doubled in 2021 alone. Adjusted profits exclude certain expenses like spending on incubating companies within the parent holding company Alphabet, referred to as "Other Bets," to better reflect "core" Google profitability. The scale and rapidity of revenue growth in 2021 also demonstrated just how inherently profitable Google's core business can be – about half of every incremental dollar in revenue dropped to the operating profit line.

This rate of growth has been possible because Google reinvests tens of billions every year in R&D and Capex, and tuck in acquisitions to support these services and build new ones. Some of these acquisitions can take years of investment to commercialize and some would have been enviable standalone businesses, yet within Google's platform can come to fruition with its years of patience, financial support, and scale inclusive of its data trove and talent pool.

While the global behaviors around COVID helped 2021 trends, we don't believe there will be much of a reversal as we move forward, though growth will obviously slow from the 41% observed in 2021. Google's services are essential for merchants and consumers. Just as with Mastercard mentioned earlier, nominal spending is benefitted by higher inflation rates. Given the tight link between consumer spending and merchant ROI on advertising, we believe Google will continue to benefit from nominal GDP growth in the US and around the world.

Furthermore, scaling businesses within Google like YouTube and Google Cloud Platform (GCP), have really found their footing in the past couple of years and have reached a size that will see them contribute meaningfully to future growth of the business. YouTube generated nearly $30 billion in 2021 and is expected to grow over 20% in 2022, while GCP generated nearly $20 billion in revenue and expected to grow 30%+ . Interestingly, the challenges of Covid and inflation increased the value of both offerings to customers, providing a natural hedge.

More nascent businesses like Waymo, the self-driving car service Alphabet has been developing for years, is finally heading towards commercialization with San Francisco as its second city launch after Phoenix. While the value of Waymo in relation to Google may seem disconnected, it's not a stretch to see that self-driving cars would free up additional time for people to engage with Google properties while leveraging and contributing to its AI expertise and cloud infrastructure. Our team recently took a couple of Waymo rides in Phoenix and shared the experience on Twitter.

We believe the future continues to be bright for the assets Google has developed and that its opportunities ahead continue to be very strong as information and computing based services innovation continues to drive increasing value globally. Yet despite its long history of innovation and growth and the strong stock performance since 2019, up 100% vs 40% for the S&P 500, valuation is still very reasonable because its earnings (including the losses in the Other Bets division) have more than doubled from $48 in 2019 to $100 in 2021 and $125 estimated for 2022.

Chipotle: In a recent blog post called Great Companies are Forged During Crisis we discussed why companies with economic moats, relevant products and services, and those that create stakeholder value are more resilient in the face of crisis than the average company. Less advantaged competitors, in turn, struggle, which creates opportunities for great companies to get even better.

We think Chipotle navigated the COVID environment better than any major quick-serve restaurant and has consequently gone from strength to strength. Indeed, from March 1, 2020 to March 31, 2022, Chipotle shares gained 106% versus the S&P 500 Restaurants Index's 28% return, including dividends.

To be sure, going into 2020, Chipotle had some recent experience in managing through a crisis. Its self-inflicted foodborne illness crisis that occurred in 2015 and 2016 threatened to permanently impair Chipotle's brand value and damage customer trust. While the company made some changes at the top, bringing in Brian Niccol as CEO, and reorganized its food preparation processes, it did not abandon its mission of providing customers with freshly-prepared, sustainably-sourced food. Even at the nadir of its crisis, the average revenue of a Chipotle restaurant remained in line with the average fast casual restaurant in the US.

When COVID arrived, Chipotle quickly made changes to its strategy. It had planned on doing a marketing push for its new Queso Blanco cheese dip in March 2020 but pivoted to free delivery to ensure its customers could get Chipotle during quarantine. Because Chipotle restaurants are all company-owned (versus most fast-food chains being franchise models), it was nimble amid panic in the restaurant industry. The company continued to build restaurants (161 new stores in 2020) and seized the opportunity to move into prime locations and add more "Chipotlane" drive-thrus.

Chipotle recently surpassed its pre-foodborne illness crisis average unit volume (AUV) levels, despite having nearly twice as many locations today. Its relevance has never been higher, boasting 26.5 million rewards members at the end of 2021 versus 19.5 million a year prior. Chipotle's loyalty program was only launched in March 2019 and quickly became one of the most popular such programs in the US.

Management is pressing its advantage, recently upping its long-term North America store count target to "at least 7,000." Before COVID, management dreamed of 5,000 to 5,500 locations. What changed in just two years was that the COVID period pulled forward customer preference for digital ordering and delivery, which plays well to Chipotle's strengths. As we've discussed in prior communications about Chipotle, most locations have "second-line" food preparation areas where staff can prepare digital orders without disrupting flow for customers ordering in-person. Those second lines at Chipotle are so productive that if they were standalone operations, they would generate over $1 million in revenue per year, on average.

As a result of its digital success, Chipotle has rapidly increased investment in Chipotlane drive-thru locations, which have grown from 16 in June 2019 to 355 in December 2021. You cannot order at Chipotlanes in person – you need to place the order digitally and pick it up at the window. This is not only the highest-margin fulfillment type for Chipotle but is also a more efficient experience for both customer and company.

In addition to Chipotlanes bolted onto traditional store formats that include dine-in space, Chipotle recently rolled out digital-only locations without seating. These smaller, digital-only formats allow Chipotle to move into smaller markets than was previously assumed and add more locations in larger markets with less risk to cannibalization. Management discussed on the most recent call that they believe they can now go into markets with as little as 40,000 residents without sacrificing sales volume. In the coming decade, we believe Chipotle will serve and delight millions more North American customers with freshly-prepared, sustainably-sourced food at a reasonable price. And the ability to deliver on that promise at scale is ultimately what Chipotle does better than any other quick-serve restaurant. No other restaurant is even close.

Beyond North America, where Chipotle has a clear runway to more than double its current store count, we see potential for hundreds of locations in Europe. Chipotle has long held ambitions to expand in Europe but has not to date had much traction. There are currently 11 locations in London, England, five in Paris, France, and two in Frankfurt, Germany. A common denominator among these cities is they have considerable American expat communities and tourist traffic, which help support demand for Chipotle.

But for Chipotle to scale in Europe, it needs to win over customers outside major cities. We believe that European taste for Central American food is growing but is well behind where it is in North America. One metric we track is avocado demand, which tends to find itself included in Mexican recipes. According to Eurostat, Europe increased avocado imports by 53% between 2016 and 2020. While per capita avocado consumption is just a third of what it is in the United States, that type of growth suggests the gap should close. The more that European palates adjust to Central American flavorings, the better positioned Chipotle is to expand.

Encouragingly, Chipotle's food offerings travel well in the delivery format and fast-food delivery in Europe has surged as a fulfillment method, a trend that began before COVID and has accelerated since. The more densely-populated European cities and towns allow for more efficient food delivery than in North America.

Finally, we believe Chipotle has pricing power to offset rising input costs and wages and benefits. Going into COVID, Chipotle already offered top-tier benefits relative to its peer group but pressed that advantage further in recent quarters. To address these incremental costs, Chipotle has increased prices, but the company's scale allows it to keep prices competitive while maintaining its quality standards. In the latest earnings call, Niccol noted that CMG had raised prices by 10% in 2021 but emphasized that raising prices is "really the last thing we want to do, but we're fortunate that we can [raise prices] and we're seeing no resistance to date with the levels we're currently at." He then noted that you can still get Chipotle burritos for $8 in most parts of the country. We believe Chipotle could raise prices even more aggressively to boost near-term margins but has the ability due to its scale to lag industry price increases, which enables it to pick up market share.

Smaller, local restaurants that might compete with Chipotle on freshly-prepared, sustainably-sourced food do not have these scale benefits and we believe Chipotle's pricing will remain relatively attractive against this set of competitors as well as national chains on a food quality-to-price basis.

Disclosures

2022 Q1 Contributors and Detractors to Absolute Return Data

Description	Symbol	Average Weight	Contribution (Gross)	Contribution (Net)	Description	Symbol	Average Weight	Contribution (Gross)	Contribution (Net)
Nintendo Co LTD	NTDOY	4.50%	0.25%	0.24%	ServiceNow. Inc.	NOW	1.91%	-0.41%	-0.41%
Charles Schwab Corp.	SCHW	3.62%	0.18%	0.17%	Intuitive Surgical, Inc.	ISRG	2.59%	-0.43%	-0.44%
Costco Wholesale Corp.	COST	1.95%	0.03%	0.03%	Starbucks Corp.	SBUX	1.83%	-0.44%	-0.44%
Paychex, Inc.	PAYX	1.73%	0.02%	0.02%	Broadridge Financial Solutions, Inc.	BR	2.75%	-0.44%	-0.45%
Mastercard Inc. Class-A	MA	7.46%	-0.05%	-0.07%	Blackline, Inc.	BL	1.51%	-0.48%	-0.48%
Chipotle Mexican Gril, Inc.	CMG	5.24%	-0.07%	-0.08%	Ferrari NV	RACE	5.85%	-0.56%	-0.57%
Booking Holdings, Inc.	BKNG	4.48%	-0.11%	-0.12%	First American Financial Corp.	FAF	3.76%	-0.60%	-0.60%
Heico Corp. Class-A	HEI/A	2.55%	-0.11%	-0.12%	NVR, Inc.	NVR	3.67%	-0.91%	-0.92%
Fastenal Co.	FAST	2.97%	-0.19%	-0.20%	First Republic Bank	FRC	5.72%	-1.18%	-1.20%
Peloton Interactive, Inc. Class-A	PTON	0.78%	-0.20%	-0.21%	Home Depot, Inc.	HD	7.91%	-2.29%	-2.31%
Alphabet, Inc. Class-A	GOOGL	7.00%	-0.25%	-0.27%	Masimo Corp.	MASI	5.12%	-3.15%	-3.16%
Landstar Systems, Inc.	LSTR	2.48%	-0.31%	-0.32%	Netflix, Inc.	NFLX	7.88%	-3.42%	-3.44%
Illumina, Inc.	ILMN	6.13%	-0.37%	-0.38%					

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities listed above. The performance information shown above has been calculated using a representative client account managed by the firm in our core equity strategy and represents the securities held for the quarter ended 03/31/2022. The individual quarterly net contribution to returns are calculated by reducing the gross contribution to return by 1/4 of the weighted average of the firm's highest management fee, which is 1.00% per year. Information on the methodology used to calculate the performance information is available upon request. The performance shown in this chart will not equal Ensemble's composite performance due to, among other things, the timing of transactions in Ensemble's clients' accounts.

ADDITIONAL IMPORTANT DISCLOSURES

Ensemble's Equity strategy is intended to maximize the long-term value of the underlying accounts. The strategy generally invests in U.S. common stocks, but from time to time the underlying accounts may hold cash and/or fixed-income investments in an attempt to maximize capital gains. The strategy holds mostly large and medium-capitalization stocks, although accounts may also hold small-capitalization stocks.

Performance results for the Ensemble Equity composite since the composite's inception on December 31, 2003, are unaudited and are subject to change. The Ensemble Equity composite includes realized and unrealized gains and losses, the reinvestment of dividends and other earnings, and is net of management fees, brokerage transaction costs and other expenses. Taxes have not been deducted. Net of fee performance was calculated using actual management fees. Management fees for an Ensemble Equity account range from 1.00% to 0.50% on an annual basis and are typically deducted quarterly. Fees are negotiable, and not all accounts included in the composite are charged the same rate. Results are based on fee paying, fully discretionary, unconstrained accounts managed with an Ensemble Equity objective and include those Ensemble Equity accounts no longer with the firm. Accounts must exceed $500,000 to be

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