MARKMAN CAPITAL INSIGHT

Risk rewarded.

COMPOUND & CONQUER

The complete portfolio. 70 positions.
Eight years. Every thesis.

70	+40%	8 yrs
POSITIONS	AVG RETURN	TRACK RECORD

CONTENTS

THE 3%

Why Almost Every Stock You Own Is Wrong

The winners are pulling away from the pack. The next eight years will compound faster than the last eight. This is Compound & Conquer.

In 2018, a finance professor at Arizona State named Hendrik Bessembinder published a paper that should have ended most investment careers. He studied every publicly traded U.S. stock from 1926 to 2016. Ninety years. More than 25,000 companies. His conclusion was devastating: just 4% of stocks created all of the net wealth in the entire U.S. stock market. The other 96% collectively matched Treasury bills. They went nowhere.

Narrow it further. Just 86 companies—less than one-third of one percent—created half of all the wealth. The other 97% of stocks? Garbage. Dead weight. Capital destroyers dressed in logos and ticker symbols. Compound & Conquer exists to own the 3% that matter.

Read that again. Ninety years of capitalism, and all the gains came from roughly 1,000 companies out of 25,000. The rest were noise. Some were famous. Some were enormous. GM. Ford. IBM. Sears. They looked like real investments. They had logos and Super Bowl ads and a seat at the Dow. But over time, they quietly destroyed capital. If you bought the wrong 96%, you would have been better off in government bonds.

Now flip it. What if you could own only the 4%? Not a basket of 500 stocks hoping the good ones carry the dead weight. Not an index fund that forces you to own every mediocre utility and struggling retailer alongside the compounders. What if you could walk into any room and name the companies that actually matter? The ones your financial advisor doesn’t mention because they don’t run Super Bowl ads. The ones that would make you the most interesting person at a cocktail party—not because they’re flashy, but because they’re right.

These companies dominate their category. Not compete. Dominate. Copart runs 80% of U.S. online salvage auctions. Rollins controls more pest control market share than the next five competitors combined. Cintas has locked up corporate uniform services so completely that switching costs make their revenue functionally permanent. Cadence Design Systems makes the software without which no semiconductor on Earth gets fabricated. You have never seen these companies on CNBC. You will never hear a pundit pound the table for them. That’s the point.

Compound & Conquer started in August 2017 as a simple premise: find the businesses that belong in the 4%. Not for a quarter. Not for a cycle. For a decade or longer. We called the first version of this portfolio Power Elite. Over the next eight years, we built a 70-position portfolio. We bought companies with dominant market share, recurring revenue, high switching costs, and management teams that think in decades. We held them through tariffs, a pandemic, a rate shock, and two bear markets.

The results are in this document. So are the misses. Broadcom is up +659% from our entry. Medical Properties Trust is down -88%. Both positions are disclosed. Both are verified. What makes this exciting is not the rearview mirror. It’s that the same structural advantages that drove these companies for eight years are accelerating. AI is making the strong stronger. Switching costs are rising. The winners are pulling away from the pack. The next eight years will compound faster than the last eight.

This is the complete playbook. Every position. Every thesis. Every entry price. And most importantly: what to do next.

PART I

The Proof

Between August 2017 and May 2025, we recommended 70 positions across every market condition the last decade could produce. A trade war. A global pandemic that shut the economy for months. The fastest rate hike cycle in 40 years. Two separate drawdowns exceeding 20%.

Here is what happened.

Total positions recommended	**70**
Active holds	**57**
Sold positions	**9**
Acquired (merger/buyout)	**4**
Average return on priced holds	**+40.1%**
Coverage period	**Aug 2017 – May 2025**

Top Performers

Ticker	Company	Entry Date	Entry $	Return
AVGO	Broadcom	May 2021	$45 adj	+659%
COST	Costco	Mar 2019	$219	+357%
CDNS	Cadence Design	Jan 2020	$70	+317%
MPWR	Monolithic Power	Oct 2020	$272	+297%
ROL	Rollins	Oct 2017	$18.71	+202%
CPRT	Copart	Oct 2018	$12.97 adj	+180%
CTAS	Cintas	Sep 2020	$76	+158%
AYI	Acuity Brands	Sep 2020	$108	+154%
TDG	TransDigm	Mar 2020	$503	+152%
ENSG	Ensign Group	Apr 2021	$90	+134%
V	Visa	Mar 2019	$149	+111%
HEI	Heico	Aug 2022	$153	+102%

Ticker	Company	Entry Date	Entry $	Return
AAPL	Apple	May 2021	$130	+100%

Adj = split-adjusted entry price. AVGO adjusted for 10:1 split (Jul 2024). CPRT adjusted for two 2:1 splits (Nov 2022, Aug 2023).

The Losses

We don’t hide the misses. A track record that only shows winners is a track record you shouldn’t trust.

Ticker	Company	Return	Status
MPW	Medical Properties Trust	-88%	Held
MTCH	Match Group	-81%	Held
PYPL	PayPal	-77%	Held
EL	Estée Lauder	-72%	Held
MKTX	MarketAxess	-63%	Sold
ADBE	Adobe	-59%	Held
JJSF	J&J Snack Foods	-57%	Sold
NDAQ	Nasdaq Inc.	-55%	Held

Nine sells in eight years. 13% turnover. Every exit was a broken thesis, not a fallen price. McCormick lost its pricing power when private label surged during COVID. We sold. MarketAxess saw its electronic bond trading moat narrow as competitors adopted the same technology. We sold. The rule is simple: when the structural advantage breaks, we leave. When the price drops but the moat holds, we stay.

Three Case Studies

Numbers prove a track record. Stories explain why it works. Here are three positions that illustrate the thesis in action.

COSTCO (COST) — Entry $219, March 2019. Return: +357%.

We recommended Costco when the entire retail sector was in panic. Amazon had just bought Whole Foods. The narrative was that every brick-and-mortar retailer would die. That narrative was wrong for Costco because Costco is not a retailer. It is a membership business that happens to sell things. Renewal rates have held above 92% for two decades. When they raised the annual fee in 2024, members didn’t flinch. That is pricing power that most SaaS companies would envy.

Today, Costco operates 897 warehouses across 15 countries. Revenue exceeded $254 billion in fiscal 2024. Kirkland Signature alone would be a Fortune 50 brand. E-commerce is growing at 20%+ annually. International expansion is still in early innings. This is not a stock you already understand. The real story is that Costco is a logistics machine disguised as a store.

S&P GLOBAL (SPGI) — Entry $271, March 2020. Return: +61%.

S&P Global runs the same playbook as the best compounders. Revenue rose from $3.76 billion in 2011 to $15.3 billion in 2025—a 10.6% compound annual growth rate sustained across 14 years. Operating margins have expanded every cycle. Shares outstanding keep falling. The business needs almost nothing to operate because its products are data and ratings that the global financial system literally cannot function without.

After merging with IHS Markit in 2022, SPGI became the dominant provider of credit ratings, indices, market data, and analytics. If you issue a bond anywhere on Earth, you need an S&P rating. If you run an index fund, you license their benchmarks. This is infrastructure-grade recurring revenue. The 2025 guidance calls for another 6–8% organic growth with expanding margins. The compounding has not stopped. It has accelerated.

TRANSDIGM (TDG) — Entry $503, March 2020. Return: +152%.

We bought TransDigm during the worst week of the COVID crash. Airlines were grounded. Aerospace stocks were in freefall. The market was pricing in a permanent collapse in air travel. We saw something different: TransDigm does not build airplanes. It makes the small, proprietary components—latches, valves, actuators—that every airplane needs to stay in the sky. These parts are sole-source. They are mission-critical. And they need replacing on a fixed schedule regardless of whether the airline is profitable.

TransDigm’s business model is simple: acquire niche aerospace manufacturers, cut costs, raise prices. EBITDA margins exceed 50%. The installed base is enormous—once a part is designed into an airframe, it stays for the 30-year life of the aircraft. Air travel has fully recovered. The global fleet is growing. Defense spending is rising worldwide. TransDigm's pricing power is untouchable.

BROADCOM (AVGO) — Entry $45 adj, May 2021. Return: +659%.

Broadcom claims that 99.9% of all internet traffic passes through its gear or technologies. That is not marketing. It is architecture. CEO Hock Tan built the company through a decade of acquisitions—LSI, the original Broadcom, CA Technologies, Symantec's enterprise division, and finally VMware for $61 billion in 2023. Each deal added patents, switching costs, and recurring revenue. The patent portfolio now exceeds 20,000 and keeps Apple, Samsung, Dell, Cisco, and AT&T captive to Broadcom licenses.

The VMware acquisition transformed Broadcom from a semiconductor company into an infrastructure software giant. Enterprise customers are converting from perpetual licenses to subscriptions, driving margin expansion. Meanwhile, custom AI accelerators—XPUs built for Google, Meta, and other hyperscalers—represent a multi-billion-dollar growth vector that barely existed two years ago. This is what a +659% return looks like when the thesis is still accelerating.

MEDICAL PROPERTIES TRUST (MPW) — Entry $17, June 2019. Return: -88%.

Not every thesis works. We recommended MPW as a healthcare REIT with a simple model: own hospital buildings, collect rent. It looked recession-proof. It wasn't. MPW's largest tenants defaulted on lease payments. Steward Health Care filed for bankruptcy. The thesis broke. This is the portfolio's worst loss and a reminder: recurring revenue is only as good as the counterparty paying it.

PART II

The Method

First, every business must clear our quantitative screen. That universe is The 70.

We don’t pick stocks. We run an algorithm. Every company in this portfolio passed the same nine tests before we put a dollar to work. The algorithm is repeatable. It is not a gut feeling. It is a process.

1. Category Dominance

The company must be the clear #1 or #2 in its category. Not competitive. Dominant. Copart runs 80% of U.S. online salvage auctions. Cintas controls corporate uniforms. ASML is the sole manufacturer of extreme ultraviolet lithography machines. If a company is fighting for share in a crowded field, it fails the algorithm. We want the company that built the board, not the one playing the game.

The data: Copart processed 4 million vehicles last year across 200+ locations. Its nearest competitor, IAA (now part of RB Global), has less than half the volume. Cintas serves over one million businesses but has penetrated only 5% of its addressable market. ASML has a three-year backlog at $380 million per machine. Dominance is measurable. We measure it.

2. Recurring Revenue

The business must generate revenue that renews automatically. Subscriptions. Contracts. Consumables. Replacement cycles. Costco’s membership fees renew at 93%. Jack Henry’s banking software contracts run 5–7 years. Rollins’ pest control is 80% recurring. One-time sales businesses fail the algorithm. We want companies that wake up on January 1 knowing most of the year’s revenue is already locked in.

The data: Costco’s membership revenue was $4.8 billion in fiscal 2024—pure recurring profit before they sell a single item. Rollins has posted 45+ consecutive quarters of revenue growth. S&P Global’s index licensing and credit rating fees renew automatically as long as bonds exist and funds track benchmarks. Danaher’s consumables and services represent 75%+ of its life sciences revenue. Recurring revenue is not a nice-to-have. It is the first screen.

3. High Switching Costs

Customers must face real pain if they leave. Cadence Design’s EDA software is embedded in every semiconductor design flow. Ripping it out means retraining an entire engineering team and revalidating years of chip designs. S&P Global’s credit ratings are wired into bond indentures and regulatory frameworks. Salesforce’s CRM holds 20.7% of the global market because migrating customer data, workflows, and integrations to a competitor takes years and costs millions. Switching costs are a moat that widens with every year of use.

The data: Jack Henry's average core banking contract runs 7 years. The average bank changes core processors once every 15–20 years. Cadence and Synopsys together hold 60%+ of the EDA market; the cost of switching a chip design flow mid-project is measured in years and nine figures. Intuit's QuickBooks holds 80%+ of U.S. small business accounting; a decade of financial records creates gravity no competitor can overcome with a better interface.

4. Free Cash Flow

Revenue is a story. Earnings are an opinion. Cash is a fact. We want businesses that convert profit into free cash flow at rates that make reinvestment, buybacks, and acquisitions self-funding. A company that grows earnings but burns cash is a company living on borrowed time. The compounders in this portfolio generate cash the way utilities generate electricity—steadily, relentlessly, and in excess of what they need.

The data: Broadcom generated $11.6 billion in free cash flow in its most recent fiscal year. TransDigm converts over 90% of EBITDA to cash. Danaher produced $5.3 billion in free cash flow in 2025 on $24.6 billion in revenue. S&P Global returned $6.2 billion to shareholders in 2025 alone—funded entirely by cash generation. We don't buy companies that need capital markets to fund growth. We buy companies that fund themselves.

5. Customer-Centric Philosophy

The best compounders are obsessed with their customers. Not in a platitude-on-the-wall way. In a restructure-the-entire-business-around-them way. Costco exists to delight members so completely they never question the annual fee. Home Depot spent $1.2 billion rebuilding its distribution network so that 90% of the U.S. population gets next-day delivery. Copart's entire virtual bidding platform was built because sellers got better prices when more buyers could participate. Customer obsession is not a soft metric. It shows up in renewal rates, Net Promoter Scores, and revenue per customer that rises every year.

The data: Costco's membership renewal rate has held above 92% for two decades. When they raised fees, members didn't leave. Cintas designs its laundry and delivery routes around customer convenience—that operational investment is why revenue is 95% recurring. Rollins invested in BOSS technology not because analysts asked for it, but because customers needed faster, more reliable service. The companies that put customers first end up with the highest switching costs. It is not a coincidence.

6. Early Adopters of Technology

The best operators don't wait for technology to disrupt them. They adopt it first and weaponize it. Copart killed live auctions in 2003—before most companies had a functioning website—and moved 100% to internet-based virtual bidding. Home Depot launched its One Home Depot digital integration plan in 2016, connecting online inventory, in-store pickup, and mobile apps into a single seamless experience. Rollins deployed proprietary routing and scheduling software across its fleet and extracted 500 basis points of margin improvement. These are not tech companies. They are old-economy operators that used technology to widen the gap between themselves and everyone else.

The data: Copart's VB3 platform now reaches 750,000+ members in 190 countries. Intuit's AI-powered tax assistants are converting free users to paid at accelerating rates. Danaher's Cepheid acquisition brought the GeneXpert molecular diagnostics system—now deployed in 35,000 locations globally. Broadcom's entire acquisition strategy has been to buy companies whose technology becomes infrastructure. Early adoption is not about being trendy. It is about building an advantage competitors cannot reverse-engineer.

7. Vertical Integration

The best businesses own their supply chain. Not because it's fashionable. Because it eliminates dependencies, protects margins, and controls the customer experience. Copart owns the lots, the tow trucks, the processing centers, and the auction platform. It does not depend on any third party to deliver its core service. Costco's Kirkland Signature brand controls production, packaging, and pricing—cutting out middlemen and passing savings to members while keeping margins. Broadcom owns the patents, the chip designs, and now the enterprise software stack (VMware). Vertical integration is how these companies stay insulated from the supply chain shocks that destroy competitors.

The data: Costco's Kirkland Signature alone would rank as a Fortune 50 brand by revenue. Ferrari controls its own manufacturing, refusing to outsource any part of the production process—that scarcity is the moat. TransDigm acquires the niche manufacturers that make its sole-source parts, ensuring no competitor can replicate the supply chain. Danaher's acquisition playbook is vertical integration by another name—buy the consumable, the instrument, and the service contract. Own the stack. Control the outcome.

8. Expanding Margins

Revenue growth is necessary. Margin expansion is the proof that the moat is real. A company that grows revenue while margins shrink is buying growth, not earning it. Broadcom's operating margins have expanded from 30% to over 60% across a decade of acquisitions. Monolithic Power has pushed gross margins above 55% while doubling revenue. Acuity Brands went from a lighting company to an intelligent-spaces platform, and margins followed. We want the operating leverage that comes from dominance.

The data: Broadcom's gross margins hit 73.5% in its most recent fiscal year. TransDigm's EBITDA margins exceed 50%. Costco's membership model generates 70%+ gross margins on the fee revenue while running retail at near breakeven. Intuit grew operating income 36% year-over-year in fiscal 2025 on 16% revenue growth. Margin expansion at scale is the signature of a true compounder.

9. Management That Sticks to the Knitting

Founder-led or founder-mentality management. Long tenures. Insider ownership. And above all: discipline. The best managers stick to their knitting. They do not chase adjacent markets, make vanity acquisitions, or dilute focus with me-too strategies. Rollins has done one thing since 1964: pest control. Danaher's Rales brothers have run the same playbook for 40 years—buy niche life sciences leaders, apply DBS, expand margins. Heico's Mendelson family has compounded the business for three decades without once straying from aerospace parts. We avoid companies run by hired-gun CEOs with three-year tenures and restructuring playbooks. The moment a management team announces a "strategic pivot" into an unrelated business, the thesis is in trouble.

The data: Danaher's Rales brothers named the company after a fishing river in Montana and built it over 40 years using their proprietary Danaher Business System. Steven Rales still serves as chairman. Heico's Mendelson family controls 20%+ of shares and has compounded book value for three decades. TransDigm's Nick Howley built the business from a single acquisition in 1993. Copart's Jay Adair took over from founder Willis Johnson and has never deviated from the auction model. These are not managers. They are owners. And they don't get bored.

PART III

The Universe

This is the product. Twenty-three companies across three tiers. Each one passed the algorithm. Each one is a live, active position in the portfolio. And each one still has a reason to own it today.

TIER 1 — The Category Killers

These are the names your broker doesn't know. They don't make headlines. They make money. Each one is the undisputed leader in a category that most investors have never examined closely. This is where the edge is.

CPRT — Copart

Every totaled car in America passes through one company's auction platform.

Copart runs the largest online vehicle auction platform in the world. It processes over 4 million vehicles per year across 200+ locations in 11 countries. Insurance companies, fleet operators, and dealers send their totaled and surplus vehicles to Copart, which auctions them to 750,000+ registered buyers in 190 countries. The platform is purely transactional. Copart collects fees on every sale—towing, storage, processing, auction commission. Entry: October 2018 at $12.97 split-adjusted. Return: +180%.

Why it's exciting today: Total loss frequency is rising as cars get more expensive to repair and ADAS sensors push repair costs above vehicle values. More totals means more Copart volume. International expansion into Europe and the Middle East is in early innings. This business gets stronger every time a car gets smarter.

POOL — Pool Corp.

Five million pools. One distributor. Every chemical, every pump, every filter.

Pool Corp is the largest wholesale distributor of swimming pool supplies, equipment, and related products in the world. It operates 430+ sales centers across North America, Europe, and Australia. The installed base of 5.4 million in-ground pools in the U.S. requires constant chemical treatment, equipment replacement, and maintenance. Entry: July 2019 at $193. Return: +8%.

Why it's exciting today: Pool's stock has pulled back significantly from its 2022 highs as new pool construction cooled. But the recurring maintenance revenue—chemicals, pumps, filters—is non-discretionary for every existing pool owner. The installed base only grows. This is a compounding annuity disguised as a distribution company, and it's trading at the cheapest valuation in years.

ROL — Rollins

Rats and roaches don’t read the Wall Street Journal. Rollins counts on it.

Rollins owns Orkin, HomeTeam, and Western Pest Services. Pest control is 80% recurring revenue. Rats and roaches don’t read the Wall Street Journal, as the CEO once put it. Rollins has posted 45+ consecutive quarters of revenue and earnings growth—through the Great Recession and COVID alike. Entry: October 2017 at $18.71. Return: +202%.

Why it’s exciting today: The pest control industry is still massively fragmented with thousands of mom-and-pop operators. Rollins acquires them at 4–6x earnings, plugs them into its BOSS technology platform, and extracts 500+ basis points of margin improvement. Climate change is expanding pest ranges. Urbanization creates density. The acquisition runway is enormous.

HEI — Heico

The same part. Half the price. FAA-approved. No one else does this.

Heico is the largest independent manufacturer of FAA-approved aircraft replacement parts. Airlines and MRO shops buy Heico parts because they are functionally identical to OEM parts at 30–50% lower cost. The Mendelson family has run Heico for three decades. They acquire niche aerospace and electronics manufacturers, keep the existing management, and let them operate with autonomy. Entry: August 2022 at $153. Return: +102%.

Why it’s exciting today: Global defense budgets are surging. Commercial air travel is at record levels. Aircraft maintenance spending is rising as the fleet ages. Heico’s acquisition pipeline has never been deeper. The company just raised its dividend for the 91st consecutive semi-annual period. This is a compounding machine with decades of runway ahead.

CDNS — Cadence Design Systems

No chip gets fabricated on Earth without Cadence software. None.

Every advanced semiconductor on Earth is designed using electronic design automation software. Cadence and Synopsys are a duopoly. There is no third option. Cadence’s tools are embedded in the design flows of every major chipmaker—TSMC, Samsung, Intel, Nvidia, AMD. Switching costs are measured in years and hundreds of millions of dollars. Entry: January 2020 at $70. Return: +317%.

Why it’s exciting today: The AI buildout is driving explosive demand for custom silicon. Every hyperscaler is designing its own chips. Every auto OEM needs semiconductor expertise. More chips means more Cadence licenses. Cadence is also expanding into computational fluid dynamics and molecular simulation—new markets where its core simulation expertise applies. The TAM is growing faster than the stock.

TDG — TransDigm

One latch. One valve. One supplier. For the life of the aircraft.

TransDigm makes the small, proprietary components that keep airplanes flying—latches, valves, actuators, hydraulic systems. Most are sole-source. Once designed into an airframe, they stay for the 30-year aircraft life. EBITDA margins exceed 50%. Entry: March 2020 at $503. Return: +152%.

Why it's exciting today: The commercial aftermarket is booming. Boeing and Airbus backlogs stretch years into the future. Defense spending is accelerating globally. TransDigm continues to acquire niche sole-source manufacturers. Each acquisition adds another stream of irreplaceable, high-margin recurring revenue.

MPWR — Monolithic Power Systems

Every AI server needs power delivered. MPWR puts the entire circuit on a single chip.

Monolithic Power designs power management semiconductors used in data centers, automotive, industrial, and consumer electronics. Its integrated approach—putting the entire power conversion circuit on a single chip—reduces size, cost, and heat. Gross margins exceed 55%. Entry: October 2020 at $272. Return: +297%.

Why it's exciting today: AI data centers are the most power-hungry buildings ever constructed. Every GPU rack needs sophisticated power delivery. MPWR's data center revenue is growing 100%+ year-over-year. The company is also winning automotive design wins as EVs proliferate. This is a picks-and-shovels play on every electrification trend simultaneously.

AYI — Acuity Brands

The market thinks it sells light bulbs. It sells the operating system for buildings.

Acuity evolved from a commercial lighting manufacturer into an intelligent-spaces technology company. Its Atrius platform integrates lighting, sensors, and software to manage building environments. Margins have expanded dramatically. Entry: September 2020 at $108. Return: +154%.

Why it's exciting today: Smart buildings are becoming the norm, not the exception. Energy efficiency mandates are tightening globally. Acuity's shift from hardware to recurring software revenue is still in early stages. The stock is underappreciated because the market still thinks of it as a lighting company. It isn't anymore.

RSG — Republic Services

Trash is the only product with perfect demand visibility.

Republic Services is the second-largest waste management company in the U.S. It operates landfills, recycling centers, and hauling routes that serve 14 million customers. Waste is the definition of recession-proof recurring revenue. Entry: January 2022 at $133. Return: +68%.

Why it's exciting today: Republic is investing heavily in renewable natural gas captured from its landfills and advanced recycling technology. Environmental regulation only tightens. Permit scarcity for new landfills gives existing operators a widening moat. Revenue visibility extends years into the future through municipal contracts.

ICE — Intercontinental Exchange

If money moves, it probably crosses an ICE platform.

ICE owns the New York Stock Exchange, multiple futures exchanges, and a data and analytics business that provides pricing information across fixed income, equity, and commodity markets. It also owns the dominant mortgage technology platform (Ellie Mae). Entry: February 2020 at $93. Return: +74%.

Why it's exciting today: ICE's mortgage technology segment is poised to benefit from any uptick in housing activity as rates normalize. The core exchange business throws off enormous free cash flow with minimal capital requirements. Volatility is good for exchanges. Every market shock drives trading volume through ICE's platforms.

BAH — Booz Allen Hamilton

The government's most classified problems land on one company's desk.

Booz Allen is the largest pure-play government consulting firm in the U.S. It serves defense, intelligence, and civilian agencies with analytics, cybersecurity, and AI capabilities. Contracts are multi-year. Client relationships span decades. Entry: December 2019 at $72. Return: +7%.

Why it's exciting today: Federal defense and intelligence spending is accelerating. AI adoption across government agencies is in the first inning. Booz Allen is the trusted integrator. Its recent underperformance has created a valuation opportunity at a company with 95%+ revenue visibility and a growing addressable market.

CTAS — Cintas

One million businesses. Locked-in laundry routes. 95% recurring revenue.

Cintas provides uniforms, facility services, and safety supplies to over one million businesses across North America. Once a company signs a Cintas contract, switching is painful. The laundry routes, uniform inventory, and service schedules create deep operational lock-in. Revenue is 95% recurring. Entry: September 2020 at $76. Return: +158%.

Why it's exciting today: Cintas has penetrated only about 5% of its total addressable market. There are millions of small and mid-size businesses that still manage their own uniforms and facility supplies. Every new customer is a multi-year annuity. Cintas is a compounding machine hiding in plain sight behind work pants and floor mats.

TIER 2 — The Moat Builders

Institutional-quality companies that most retail investors underestimate or overlook. Each one has a structural advantage that the market is not fully pricing. Your action item: research these names, understand why they're here, and decide which ones deserve a position in your portfolio. We publish detailed updates on these companies 1–2 times per month to help you act.

ASML — ASML Holdings

> ***There is exactly one company on Earth that makes the machines that make advanced chips.***

ASML is the only company on Earth that makes extreme ultraviolet lithography machines. Without EUV, no one can manufacture advanced semiconductors below 7nm. Not TSMC. Not Samsung. Not Intel. ASML machines cost $380 million each and have a three-year backlog. This is the purest monopoly in the semiconductor supply chain. Entry: August 2021 at $770. Return: +81%.

Why it's exciting today: The AI chip buildout requires the most advanced lithography. Every new semiconductor fab needs more ASML machines. Global chip sovereignty initiatives in the U.S., Europe, Japan, and India are creating additional demand. ASML's High-NA EUV machine—the next generation—will cost even more and face even less competition.

V — Visa

> ***A fraction of a cent on every swipe. Two hundred billion times a year.***

Visa processes over 200 billion transactions per year across 200+ countries. It does not lend money. It does not take credit risk. It operates the rails on which global commerce flows and takes a fraction of a cent on every swipe. The network effect is self-reinforcing: more merchants accept Visa because more consumers carry it, and vice versa. Entry: March 2019 at $149. Return: +111%.

Why it's exciting today: Cash-to-digital conversion is still in the early innings globally. Cross-border payments are the fastest-growing segment. New flows—B2B payments, real-time disbursements—are expanding the total addressable market beyond traditional card swipes. Visa is evolving from a card network into the operating system for global money movement.

SPGI — S&P Global

> ***Issue a bond. License an index. Run a credit check. The toll collector never sleeps.***

Covered in the case studies above. Revenue grew from $3.76B (2011) to $15.3B (2025) at a 10.6% compound rate. Credit ratings, indices, and market data are infrastructure the financial system cannot function without. Entry: March 2020 at $271. Return: +61%.

Why it's exciting today: The IHS Markit merger synergies are fully flowing through. AI-powered analytics products are opening new revenue streams. The company returned $6.2 billion to shareholders in 2025 alone. Guided 6–8% organic growth with margin expansion for 2026.

CRM — Salesforce

Twenty percent of every CRM dollar on the planet flows through one platform.

Salesforce commands 20.7% of the global CRM market—more than Microsoft, Oracle, SAP, and Adobe combined in several categories. It has held the #1 position for 12 consecutive years. Revenue reached $37.9 billion in fiscal 2025. The business runs on multi-year enterprise subscriptions with deep integrations that take years to replace. Entry: February 2021 at $238. Return: -18%.

Why it's exciting today: Salesforce's Agentforce AI platform is opening a new product cycle. Operating margins have expanded dramatically as discipline replaced the growth-at-all-costs era. The stock has underperformed for three years, which means the entry point is better now than at our original recommendation. The moat is wider. The business is more profitable. The price is lower. That is rare.

JKHY — Jack Henry & Associates

Seven thousand banks. One technology backbone. Average switching cycle: never.

Jack Henry provides core processing technology to over 7,500 U.S. banks and credit unions. Switching core banking systems is one of the most painful technology transitions in any industry. Contracts run 5–7 years. Revenue is 80%+ recurring. Entry: August 2019 at $139. Return: +23%.

Why it's exciting today: Community banks are the backbone of American lending and they are finally modernizing their technology stacks. Jack Henry's cloud-native platform positions it to capture this upgrade cycle. The company is the anti-hype fintech play—boring, profitable, and essential.

SYK — Stryker

The robot does the surgery. Stryker built the robot.

Stryker makes surgical robots, orthopedic implants, and medical devices used in hospitals worldwide. Its Mako robotic surgery platform has changed how knee and hip replacements are performed. Once a hospital installs a Mako system, the consumable and service revenue stream lasts for years. Entry: October 2019 at $215. Return: +68%.

Why it's exciting today: An aging global population drives orthopedic procedure volume. Robotic surgery adoption is still in single-digit penetration. Each new Mako placement creates a recurring revenue stream. Stryker's innovation pipeline in spine, trauma, and neurotechnology is the deepest in its history.

RACE — Ferrari

They could sell more cars. They won't. That's the moat.

Ferrari is not a car company. It is a luxury brand that happens to make cars. Production is intentionally limited to preserve scarcity. Average selling price exceeds $370,000. Waiting lists stretch years. EBIT margins top 27%. Entry: January 2022 at $255. Return: +37%.

Why it's exciting today: Ferrari's order book extends through 2026. Personalization revenue is growing as ultra-high-net-worth buyers spend more customizing their vehicles. The upcoming electric Ferrari will command an even higher price point. This company has pricing power that luxury goods peers can only envy.

DHR — Danaher

Buy the niche leader. Apply the system. Expand margins. Repeat for 40 years.

Danaher is a life sciences and diagnostics conglomerate built on a single operating philosophy: the Danaher Business System. DBS is a continuous improvement framework rooted in lean manufacturing that the Rales brothers have applied to every acquisition for 40 years. The playbook: buy a niche leader in life sciences or diagnostics, apply DBS to expand margins 500–1000 basis points, then let the recurring consumables revenue compound. Revenue reached $24.6 billion in 2025 with free cash flow of $5.3 billion. Entry: August 2019 at $139. Return: +41%.

Why it's exciting today: Danaher spun off its environmental and industrial segments (now Veralto) in 2023, leaving a pure-play life sciences and diagnostics company. The bioprocessing business is inflecting as biopharma R&D spending recovers. New product revenue grew 25% year-over-year in Q4 2025. The company guided 3–6% core revenue growth for 2026 with margin expansion. After two years of post-COVID destocking headwinds, the compounding engine is restarting.

HD — Home Depot

Not a hardware store. A logistics platform for the $600 billion remodel market.

Home Depot is not a hardware store. It is a logistics and distribution platform for the $600 billion U.S. home improvement market. Revenue exceeded $157 billion in fiscal 2024. The professional contractor segment—which generates higher tickets and recurring orders—is the key growth engine. Home Depot has onboarded over one million pro customers to its digital platform since 2019. One-day delivery now reaches 90% of the U.S. population. Entry: May 2019 at $201. Return: +79%.

Why it's exciting today: The U.S. housing stock is aging—median home age is now 40+ years. Deferred maintenance during the high-rate environment is creating pent-up demand. When rates normalize, the remodel cycle will accelerate. The SRS Distribution acquisition (2024) gives Home Depot a direct route into professional roofing, landscaping, and pool supplies—a $50 billion market they barely touched before.

UNH — UnitedHealth Group

More healthcare transactions pass through UNH than any other entity in America.

UnitedHealth is not an insurance company. It is a healthcare operating system. Revenue reached $447.6 billion in 2025—up 12% year-over-year. UnitedHealthcare (insurance) serves 49.8 million members. But the real engine is Optum: a $270 billion division that owns physician practices, runs pharmacy benefit management, provides health analytics, and processes claims. Optum is healthcare infrastructure. Entry: June 2019 at $247. Return: +15%.

Why it's exciting today: UNH went through a turbulent 2024–2025—a CEO transition, the Change Healthcare cyberattack, and political scrutiny on pharmacy benefit management. The stock has underperformed for two years. But the structural position is unchanged: UNH touches more healthcare transactions than any other entity in America. Optum’s data moat widens with every claim processed. At current prices, you’re buying a damaged narrative attached to an undamaged business.

INTU — Intuit

Four products. Four monopolies. TurboTax, QuickBooks, Credit Karma, Mailchimp.

Intuit owns TurboTax, QuickBooks, Credit Karma, and Mailchimp. Four products. Four monopolies. TurboTax dominates consumer tax preparation. QuickBooks holds 80%+ of U.S. small business accounting. Revenue grew 16% to $18.8 billion in fiscal 2025 with operating income up 36%. Cash flow from operations hit $6.2 billion. Entry: September 2019 at $288. Return: +59%.

Why it’s exciting today: Intuit is embedding AI across every product. Its AI-powered tax assistants and bookkeeping agents are converting free users into paid subscribers. The mid-market push—moving QuickBooks upmarket into larger businesses—opens a TAM several times the current customer base. Online ecosystem revenue is growing 20%+ annually. Intuit guided double-digit revenue growth and continued margin expansion for fiscal 2026.

LMT — Lockheed Martin

The F-35 alone is a $1.7 trillion program. Lockheed built it.

Lockheed Martin is the largest defense contractor in the world. It builds the F-35 fighter jet, the most expensive weapons program in history with a lifetime value exceeding $1.7 trillion. It also builds missile defense systems, military satellites, and classified programs that don’t appear in public filings. Revenue reached $71 billion in 2024. Backlog exceeds $170 billion. Entry: August 2020 at $385. Return: +70%.

Why it’s exciting today: Global defense spending is surging. NATO allies are racing to rearm. The U.S. defense budget is at record levels. F-35 deliveries are ramping after supply chain constraints eased. Hypersonic weapons, space defense, and classified AI programs represent growth vectors the market is not fully pricing. Lockheed’s backlog gives it multi-year revenue visibility that no commercial business can match.

TIER 3 — Hidden in Plain Sight

You already know these names. You think you understand them. You're probably wrong. Each one is a fundamentally different business than what the market narrative suggests. Your job is to look past the surface thesis and see the real machine underneath.

AAPL — Apple

2.2 billion devices. The services revenue alone is a Fortune 20 company.

Apple is not a hardware company. It is a services ecosystem with 2.2 billion active devices as the distribution layer. Services revenue exceeded $100 billion annualized in 2025—higher-margin than any hardware segment and growing faster. The App Store, Apple Music, iCloud, Apple Pay, and AppleCare generate recurring revenue from the most affluent customer base on the planet. Entry: May 2021 at $130. Return: +100%.

Why it's exciting today: Apple Intelligence is rolling across every device in the ecosystem. The upgrade cycle is accelerating. Services margins continue expanding. And the installed base only grows. Apple's real product is not the iPhone. It's the lock-in.

AMZN — Amazon

AWS prints the profit. E-commerce acquires the customer. The flywheel never stops.

Amazon is not a retailer. It is a cloud computing company and logistics network that uses e-commerce as a customer acquisition funnel. AWS generates the majority of operating profit. AWS revenue exceeded $100 billion in 2024 and is still growing 17%+. Entry: September 2021 at $170 split-adjusted. Return: +26%.

Why it's exciting today: The AI workload explosion is the best thing that has ever happened to AWS. Every company building AI needs cloud compute. Amazon's custom Trainium and Inferentia chips give it cost advantages over competitors. Same-day and next-day delivery logistics are creating a fulfillment moat that no competitor can replicate at scale.

COST — Costco

Ninety-three percent of members renew. They raised the fee. Nobody left.

Covered in the case studies. Entry: March 2019 at $219. Return: +357%. Membership renewal rates above 92%. International expansion in early innings. Kirkland Signature is a Fortune 50 brand. E-commerce growing 20%+. The compounding continues.

AVGO — Broadcom

99.9% of internet traffic touches Broadcom technology. That's not marketing. That's architecture.

Broadcom is the plumbing of the data center. Its networking chips, custom ASICs, and enterprise software are embedded in the infrastructure of every hyperscaler and major enterprise. The VMware acquisition (2023) transformed Broadcom into an infrastructure software giant with recurring revenue.

Entry: May 2021 at $45 split-adjusted. Return: +659%.

Why it's exciting today: Custom AI accelerators (XPUs) built by Broadcom for Google, Meta, and other hyperscalers represent a multi-billion-dollar growth vector. VMware subscription conversion is driving margin expansion. Broadcom is becoming the most important semiconductor company most investors still don't understand.

PART IV

Building Your Portfolio

You now have the universe. You have the algorithm. You have the thesis behind every position. The question is: how do you put this to work? This section gives you the framework. Not a rigid prescription. A set of principles you can adapt to your own capital, your own risk tolerance, and your own conviction level. Think of it as a choose-your-own-adventure built on a proven foundation.

Position Sizing

No single position should exceed 8% of your total portfolio at cost. Most positions should start at 3–5%. The reason is simple: even the best thesis can be wrong. Medical Properties Trust passed the algorithm in 2019. The thesis broke when hospital operators defaulted on leases. At 4% of a portfolio, that’s a manageable loss. At 15%, it’s a disaster.

Conviction scales with position size. Tier 1 names—the category killers where we have the deepest research and the longest holding periods—deserve 5–8% positions. Tier 2 and Tier 3 positions can start smaller at 3–5% and grow as your conviction builds through our monthly updates.

When to Add

We add to positions on two conditions: the thesis is intact, and the price has dropped 15%+ from our entry or last add. Broad market selloffs are the best opportunities. We added to TransDigm during COVID. We added to Cadence during the 2022 rate shock. Both are up triple digits from those add points. The discipline is critical: add only when the moat is intact and the market is giving you a gift.

The Only Reason to Sell

Nine sells in eight years. 13% turnover. Every exit was a broken thesis, not a fallen price. McCormick lost its pricing power when private label surged during COVID—customers who had never questioned the spice brand suddenly reached for the store brand. We sold. MarketAxess saw its electronic bond trading advantage narrow as Bloomberg and Tradeweb adopted the same technology. We sold. Novanta’s medical laser thesis didn’t scale as expected. We sold.

The rule is simple: when the structural advantage breaks, we leave. When the price drops but the moat holds, we stay. PayPal is down 77%. The thesis that digital payments would displace cash is still playing out. The moat has narrowed but not broken. So we hold. This distinction—between a broken price and a broken thesis—is the single most important discipline in this portfolio.

Three Ways to Start

There is no single right way to deploy capital into this universe. Here are three approaches based on how much you want to build at once.

Approach A: Concentrated Core (8–10 positions). Allocate 8–12% each to the highest-conviction Tier 1 category killers: CPRT, ROL, CDNS, MPWR, CTAS, HEI, TDG, AYI, ICE, RSG. This gives you a focused portfolio of category dominators. You'll know every position deeply. Volatility will be higher. Conviction must be high. Hold 10–20% in cash for add opportunities during market dislocations.

Approach B: Full Universe (20–25 positions). Start with the Tier 1 core above at 5–7% each. Then add Tier 2 names at 3–5% each: ASML, V, SPGI, CRM, DHR, JKHY, SYK, RACE, HD, UNH, INTU, LMT, BAH. Finish with Tier 3 at 3–4% each: AAPL, AMZN, COST, AVGO. Broader diversification. Lower single-stock risk. This mirrors how we manage the portfolio. Use our monthly updates to adjust sizing as conviction evolves.

Approach C: Gradual Build (start with 5, add monthly). Begin with your five highest-conviction names from Tier 1. Our suggestion: CPRT, CDNS, CTAS, HEI, MPWR—each at 6–8%. Hold the rest in cash or your existing positions. Add one new position per month as we publish updates. By month twelve, you'll hold 15–17 names with conviction built through real-time research. This is the lowest-stress path and it works.

There is no wrong door. Pick the approach that matches your capital and your temperament. We'll provide the research to support whichever path you choose.

One thing this portfolio is not: your entire allocation. Compound & Conquer targets the category dominators – the 3% that compound relentlessly.

A significant share of total market wealth, however, is still created by a handful of mega-cap technology platforms and the infrastructure around them: AI, cloud, and the digital economy.

We cover those names in our Digital Creators & Consumers newsletter. If you're building a complete portfolio, C&C and DCC are designed to work together: C&C for the category killers, DCC for the mega-cap platforms and their ecosystems.

You can learn more about Digital Creators & Consumers here: DCC Webpage

THE COMPLETE POSITION LIST

All 70 Positions — August 2017 to May 2025

Every position we have recommended, held, sold, or watched get acquired. This is the full, unedited record. As of March 2026.

#	Ticker	Company	Entry	Return	Status
1	CCI	Crown Castle Intl	Aug 2017	-12%	Hold
2	ROL	Rollins	Oct 2017	+202%	Hold
3	CPRT	Copart	Oct 2018	+180%	Hold
4	NVEE	NV5 Global	Oct 2018	—	Sold
5	SUI	Sun Communities	Dec 2018	+27%	Hold
6	AZPN	Aspen Technologies	Jan 2019	+218%	Acquired
7	CMS	CMS Energy	Feb 2019	+49%	Hold
8	COST	Costco Wholesale	Mar 2019	+357%	Hold
9	FR	First Industrial Realty	Mar 2019	+83%	Hold
10	DRE	Duke Realty	Mar 2019	—	Acquired
11	V	Visa	Mar 2019	+111%	Hold
12	AWR	American States Water	Mar 2019	+5%	Hold
13	WEC	WEC Energy	Mar 2019	+51%	Hold
14	HD	Home Depot	May 2019	+79%	Hold
15	IT	Gartner	May 2019	-1%	Sold
16	UNH	UnitedHealth Group	Jun 2019	+15%	Hold
17	MPW	Medical Properties Trust	Jun 2019	-88%	Hold
18	POOL	Pool Corp.	Jul 2019	+8%	Hold
19	DHR	Danaher	Aug 2019	+41%	Hold
20	JKHY	Jack Henry & Assoc	Aug 2019	+23%	Hold
21	INTU	Intuit	Sep 2019	+59%	Hold
22	WDFC	WD-40 Co.	Sep 2019	+23%	Hold
23	SYK	Stryker	Oct 2019	+68%	Hold

#	Ticker	Company	Entry	Return	Status
24	JJSF	J&J Snack Foods	Oct 2019	-57%	Sold
25	EXPO	Exponent	Nov 2019	+9%	Hold
26	USPH	US Physical Therapy	Nov 2019	-45%	Sold
27	BAH	Booz Allen Hamilton	Dec 2019	+7%	Hold
28	ACN	Accenture	Dec 2019	+1%	Hold
29	CDNS	Cadence Design Systems	Jan 2020	+317%	Hold
30	PLD	Prologis	Jan 2020	+63%	Hold
31	CDW	CDW	Feb 2020	-10%	Hold
32	ICE	Intercont. Exchange	Feb 2020	+74%	Hold
33	SPGI	S&P Global	Mar 2020	+61%	Hold
34	TDG	TransDigm	Mar 2020	+152%	Hold
35	NKE	Nike	Jun 2020	-42%	Hold
36	ROP	Roper Technologies	Jun 2020	-10%	Hold
37	EW	Edwards Lifesciences	Aug 2020	+12%	Hold
38	AYI	Acuity Brands	Sep 2020	+154%	Hold
39	CTAS	Cintas	Sep 2020	+158%	Hold
40	MPWR	Monolithic Power Sys	Oct 2020	+297%	Hold
41	PYPL	PayPal	Oct 2020	-77%	Hold
42	ABMD	Abiomed	Nov 2020	+40%	Acquired
43	NEE	NextEra Energy	Nov 2020	+21%	Sold
44	DSGX	Descartes Systems	Dec 2020	+21%	Hold
45	TYL	Tyler Technologies	Dec 2020	-16%	Hold
46	MSCI	MSCI Inc.	Jan 2021	+23%	Hold
47	CRM	Salesforce	Feb 2021	-18%	Hold
48	MKC	McCormick	Feb 2021	-30%	Sold
49	MKTX	MarketAxess	Mar 2021	-63%	Sold
50	NOVT	Novanta	Apr 2021	-8%	Sold
51	ENSG	Ensign Group	Apr 2021	+134%	Sold
52	AAPL	Apple	May 2021	+100%	Hold

#	Ticker	Company	Entry	Return	Status
53	AVGO	Broadcom	May 2021	+659%	Hold
54	OTIS	Otis Worldwide	Aug 2021	-4%	Hold
55	CARR	Carrier Global	Aug 2021	+6%	Hold
56	ASML	ASML Holdings	Aug 2021	+81%	Hold
57	EL	Estée Lauder	Sep 2021	-72%	Hold
58	AMZN	Amazon	Sep 2021	+26%	Hold
59	NDAQ	Nasdaq Inc.	Oct 2021	-55%	Hold
60	ADBE	Adobe	Nov 2021	-59%	Hold
61	MTCH	Match Group	Nov 2021	-81%	Hold
62	RSG	Republic Services	Jan 2022	+68%	Hold
63	RACE	Ferrari	Jan 2022	+37%	Hold
64	DPZ	Domino’s Pizza	Jan 2022	-19%	Hold
65	EXR	Extra Space Storage	Jan 2022	-24%	Hold
66	MMC	Marsh & McLennan	May 2022	—	Hold
67	HEI	Heico	Aug 2022	+102%	Hold
68	LMT	Lockheed Martin	Aug 2020	+70%	Hold
69	ANSS	ANSYS	Mar 2021	—	Acquired
70	BSX	Boston Scientific	May 2025	-33%	Hold

Returns are based on the most recent portfolio snapshot (May 2025). Split-adjusted where applicable (AVGO, CPRT, AMZN). Acquired positions show approximate gain at acquisition price. — indicates return not calculable due to missing data.

WHAT HAPPENS NEXT

Your Subscription at Work

You've read the thesis. You've seen the data. You now hold the complete portfolio guide for Compound & Conquer. This document is the foundation. Here is what you receive going forward to keep it alive.

Daily Market Update

Every trading day, after the close, you receive a concise market update. What moved. What mattered. What didn't. No filler. No fluff. Terse. Data-first. Bulls versus bears, bunker warfare, no prisoners. It's a professional trader's trade journal delivered to your inbox before dinner.

Compound & Conquer Portfolio Updates

One to two times per month, we publish a deep-dive update on the Compound & Conquer portfolio. New additions. Position changes. Thesis updates on existing holdings. Earnings analysis when our companies report. These updates give you the information you need to act on the names in this document—whether that means adding, holding, or re-evaluating your position sizing.

Your Research Universe: The 70

Alongside this booklet, you have The 70 — the research universe of every business currently clearing our quantitative screen. It is where the monthly letter draws from. Read this booklet to understand the system. Read The 70 to know where we hunt. Read the monthly letter to know what to own now.

> ***The winners are pulling away from the pack. The next eight years will compound faster than the last eight. Compound & Conquer is how you own them.***

This is the starting point. We'll build from here.

One more thing. Compound & Conquer gives you the category killers. But the largest single pool of stock-market wealth still sits in a small group of mega-cap technology platforms and the digital infrastructure around them.

We cover those names in Digital Creators & Consumers, our flagship letter on AI infrastructure, cloud computing, and the digital economy.

If you'd like the complete picture, just reply to any daily update email and ask about DCC. We'll send you the details.