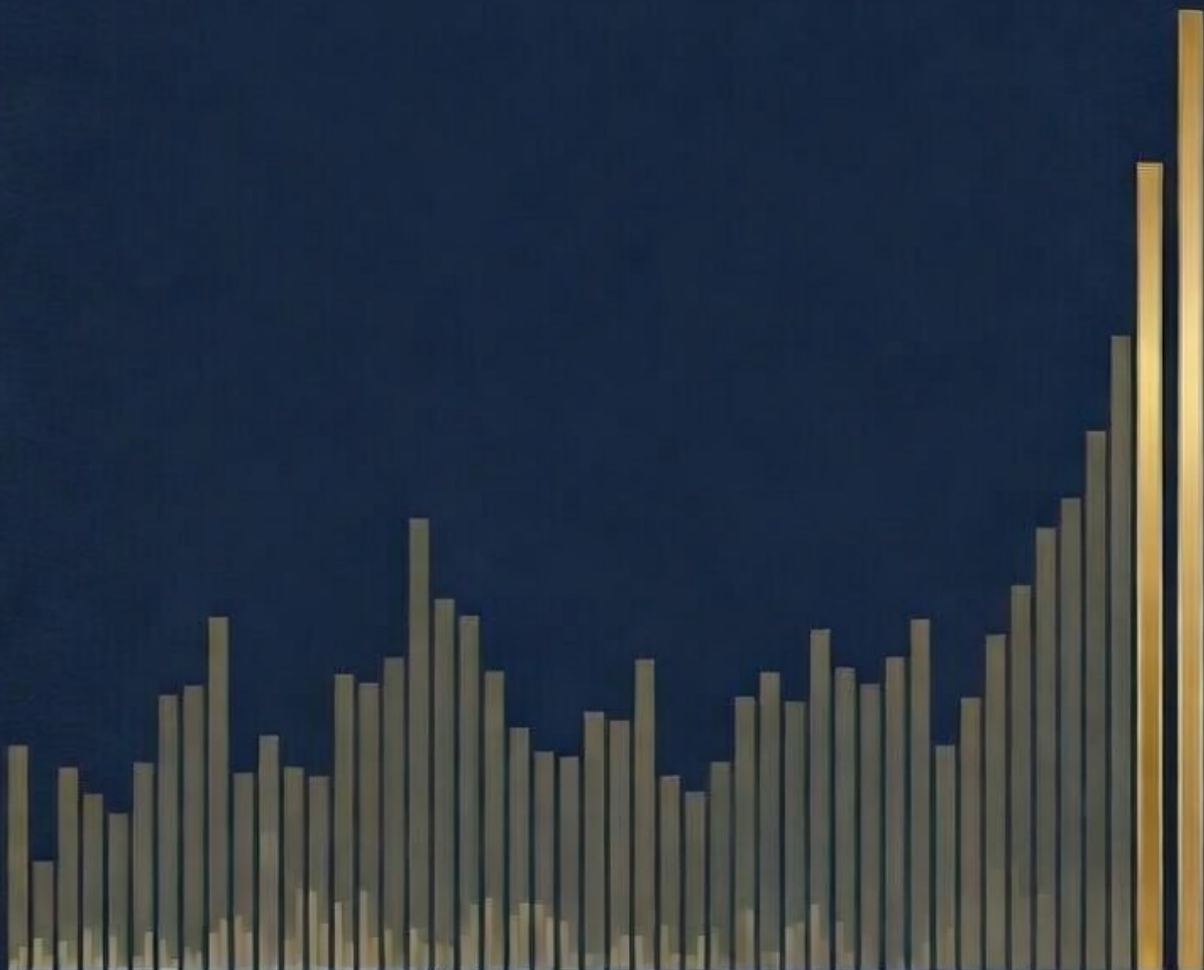


COMPOUND & CONQUER

/ Vol. I, Issue 1 /

The 70 businesses built to Compound & Conquer.

Markman Capital Insight



The First Issue

Seventy businesses, held not traded.

Most investors spent the last fourteen years trying to time Nvidia.

The ones who did nothing made forty thousand percent.

The ones who traded it paid taxes on every move, missed the biggest runs, and told themselves they were being prudent.

Compounding is the only real edge a retail investor has. It does not require timing. It does not require genius. It requires the discipline to own the right businesses long enough for the math to work.

That is the entire premise of this letter. Seventy businesses. Held, not traded. Two new names every month, explained in full, built to sit in your portfolio for a decade.

Most investors will never do this. They will see a twenty percent drawdown and sell. They will see a headline about the Fed and sell. They will see a rival stock rip and swap. Market timing requires being right twice, which almost no one is. It triggers taxes. It pays fees. And it melts the snowball exactly as it starts to roll.

You cannot conquer the market by running away from it.

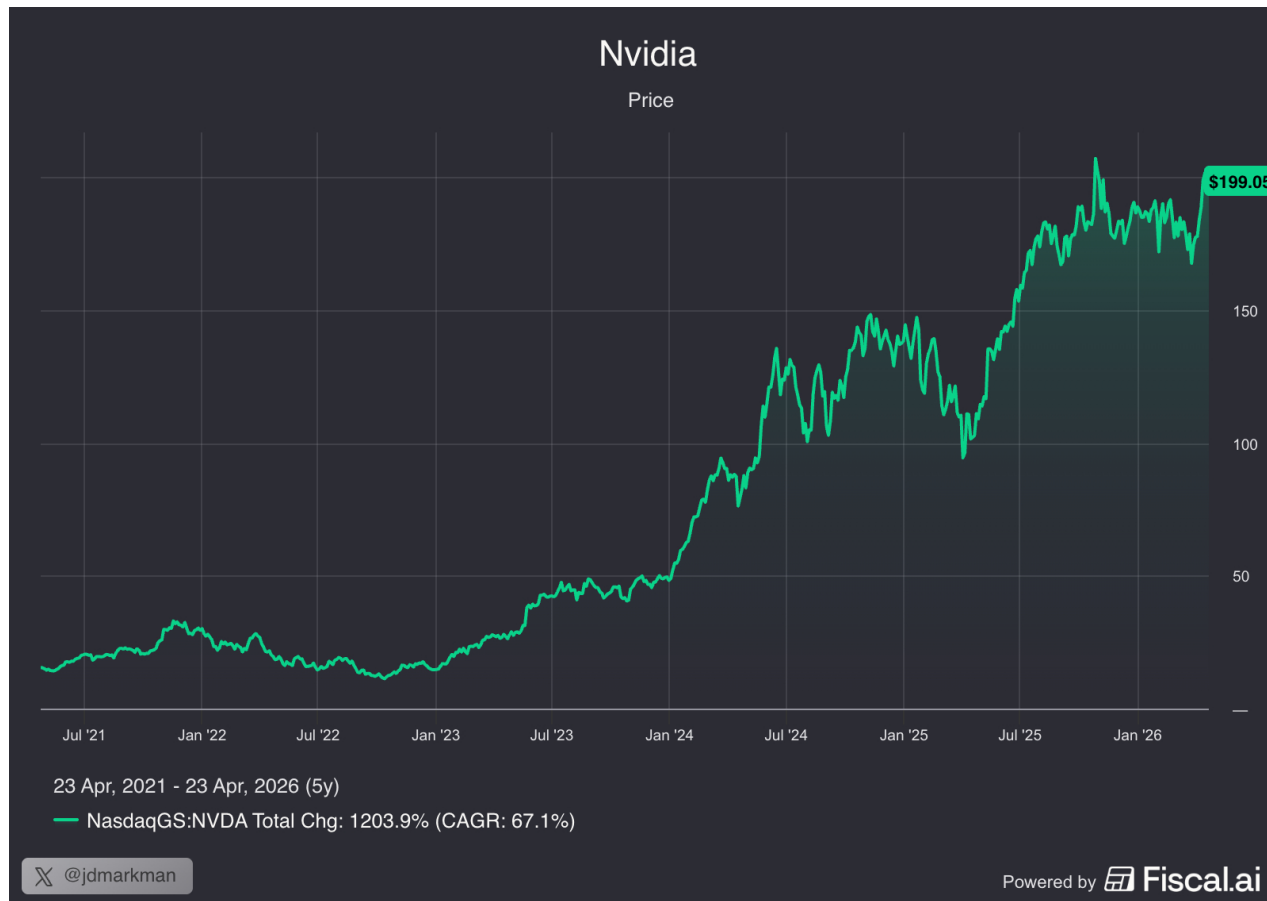
We look for a specific group of businesses to own through the noise. Rule of 40 and Rule of 50 companies, as defined by the Markman Filter. They grow revenue and hold high margins through any economic cycle. They out-invest weaker competitors who are stuck playing defense. They represent the transition from expensive human labor to scalable digital capital. They are the engines of modern wealth.

Every month I will present two of them. Buy them. Hold them. Let compounding do the heavy lifting.

Stay the course.

Nvidia (NVDA)

The Foundry of the AI Economy



Five-year total return: +1,204%. CAGR: 67.1%. Source: Fiscal.ai.

Nvidia began as a company that made electronic parts for video games. Today it is the foundry of the modern artificial intelligence economy. While the stock price may flicker with daily volatility, the underlying business is building a high-margin monopoly that competitors cannot match. It now owns the essential infrastructure that every major corporation requires to remain relevant in a world driven by AI.

The story of this dominance began twenty years ago with a massive, lonely bet. In 2006, CEO Jensen Huang introduced CUDA, a software layer that allowed Nvidia semiconductor chips to perform complex mathematical calculations. At the time, most of the corporate world ignored him. For six years, Nvidia poured billions into this research while its stock price languished. Huang was building a bridge to a future that only a tiny minority of academics could see.

Everything changed in 2012 when a research project called AlexNet used Nvidia chips and CUDA to crush every existing record in computer vision. That was the Big Bang moment for AI, and Huang dutifully bet the entire company on this new reality. At the time, it was a relatively small player with annual revenue of roughly \$4 billion. Huang committed over \$1.1 billion, nearly 30% of total sales, to research and development. This aggressive move turned a niche hardware business into a software-locked ecosystem that is now the global AI standard.

The power of this pivot is visible in the staggering growth of the business. In the most recent quarter alone, Nvidia reported revenue of \$68.1 billion, a 73% increase year-over-year. Profits surged to \$43 billion. These are not merely good numbers; they represent a company growing at light speed from a base that now exceeds the annual GDP of nations like Croatia or Uruguay.

Nvidia is the ultimate example and member of the Rule of 40, and even the more elite Rule of 50. This metric combines revenue growth and free cash flow margins to measure efficiency. Most software companies struggle to hit 40%. It is currently operating at a level closer to 250%. It generates massive free cash flow because its dominance allows it to command software-level pricing for its physical chips.

This integrated approach creates high switching costs for its customers. Once a developer builds a system on Nvidia's platform, it is extremely expensive and difficult to move that work to a rival. It does not only sell a processor; it sells the software, the networking gear, and the data center architecture as a single unit. This captures a massive portion of the value created by the global move toward AI automated productivity.

The story is only beginning. The world is in the very early stages of AI adoption. While the headlines focus on spending at tech giants like Alphabet, Meta Platforms, Amazon.com, and Microsoft, the vast majority of global corporations and sovereign nations have yet to fully integrate AI into their operations. As the world transitions from human labor to scalable, digital capital, these entities will have no choice other than to build on Nvidia's foundation. The runway for growth remains incredibly long.

Nvidia is a core Compound & Conquer holding, not a trade. Huang has the vision. The CUDA moat runs deep. The runway is long.

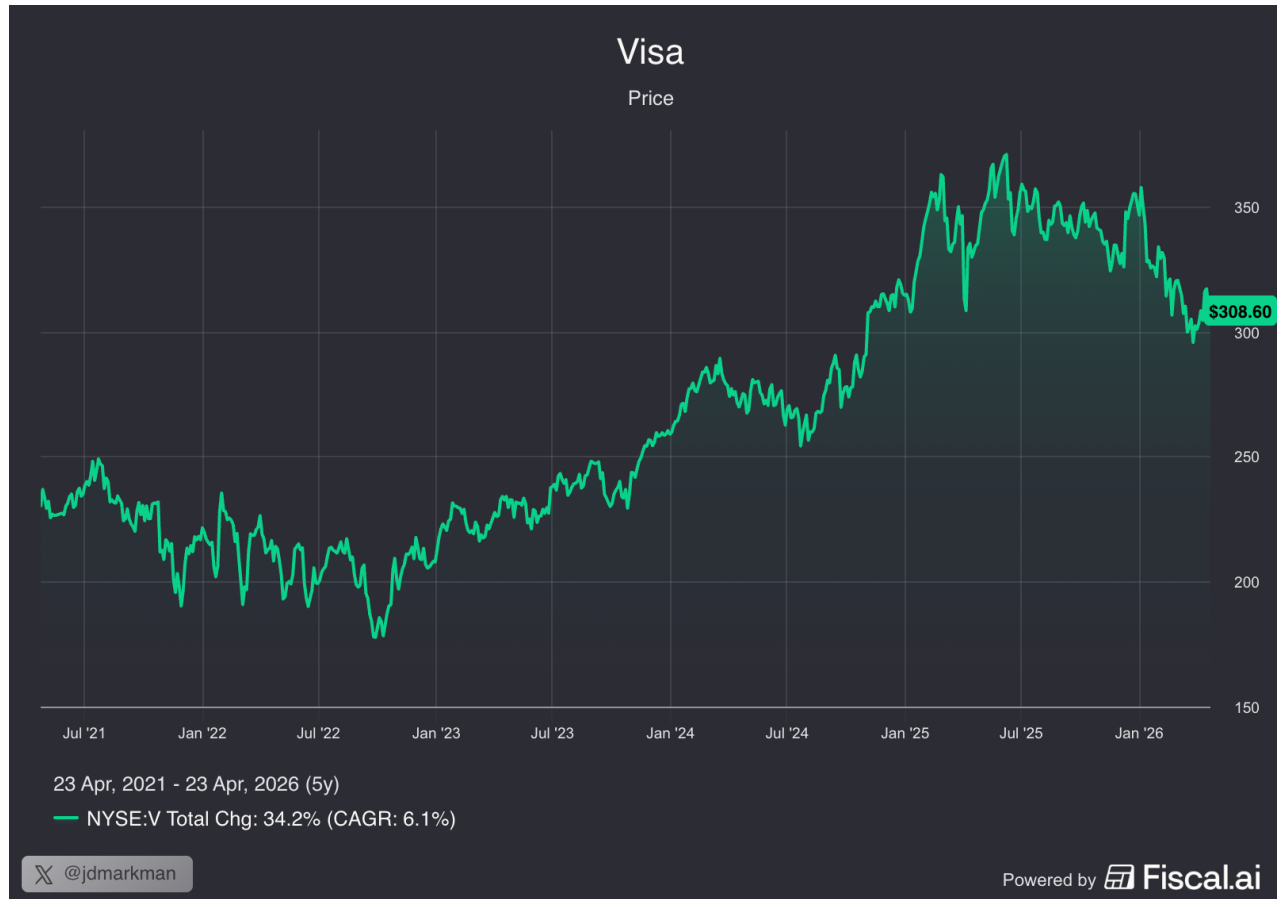
But entry matters. A great business bought at the wrong price is a mediocre return. A great business bought with discipline is a life-changing one. That is the full methodology of this letter, and it cuts both ways.

Stocks like Nvidia are volatile by nature. The trend is up and to the right, but the path is not a straight line. The stock regularly touches its rising 20-day and 50-day moving averages, above and below. Each of those touches is an opportunity to add while the market reacts to noise. The trend is known. The timing is not. Be patient. Add on pullbacks. Ever onward.

Action: Target entry \$153 or below. Ceiling \$180. Core position. Ten-year hold.

Visa (V)

The Ultimate Financial Toll Booth



Five-year total return: +34.2%. CAGR: 6.1%. Source: Fiscal.ai.

Visa is the ultimate financial toll booth. It does not lend money, take credit risk, or worry about interest rate spreads. Instead, it owns the digital rails that connect billions of consumers to millions of merchants across the globe. Every time a card is swiped, tapped, or entered online, Visa collects a small fee. This business model creates a level of profitability that is almost impossible to match.

The company began in 1958 when Bank of America launched the first consumer credit card program. Originally a bank-owned association, it transitioned into a public company in 2008. This shift allowed it to scale without the constraints of traditional banking. Today, Visa operates in over 200 countries, processing roughly 900 million transactions every single day. It is the invisible, high-speed backbone of the global economy.

Visa makes money through a simple, high-margin system. It charges service fees to financial institutions based on payment volume and data processing fees for every transaction authorized on

its network. Because the infrastructure is built, the cost of processing one additional transaction is nearly zero. This creates massive operating leverage. As global spending increases, new revenue flows directly to the bottom line as profit.

The primary competitive advantage for Visa is its massive network effect. Merchants accept Visa because billions of people carry the cards. Consumers carry the cards because they are accepted by almost every merchant on earth. Breaking this cycle is nearly impossible for any competitor. This moat is further protected by a multi-billion-dollar security infrastructure that prevents fraud and ensures total trust in the system.

The most recent financial results demonstrate why Visa is a premier Rule of 40 compounder. In the last quarter, it reported revenue of \$10.9 billion, a 15% increase year-over-year. Even more impressive is its net profit margin, which consistently hovers above 50%. While the average S&P 500 company keeps 11 cents of every dollar, Visa keeps over 50. It is a machine designed to generate cash.

Visa is an indestructible compounder because it grows alongside inflation. When the price of milk or gasoline rises, the transaction value on the Visa network increases automatically. This allows the company to act as a hedge against rising costs without needing to adjust its own pricing. It captures the growth of the global economy while avoiding the capital-intensive headaches of manufacturing, shipping, or physical inventory.

The transition from cash to digital payments provides a long runway for future growth. While developed markets are highly saturated, much of the developing world is moving away from paper currency. Furthermore, Visa is aggressively expanding into new flows, such as business-to-business payments and government disbursements. These markets represent trillions of dollars in untapped volume that will fuel the next decade of compounding.

Visa is the toll booth on global commerce. Digital spending will be higher in ten years. Visa will have the lion's share. That part is not in doubt.

What is in doubt is the entry. Visa is near its 52-week low but still trades above our preferred price. We wait, or we scale in slowly. We do not chase.

Action: Target entry \$275 or below. Ceiling \$295. Core position. Ten-year hold.