

THE 70

/ The Research Universe /

Markman Capital Insight
70 businesses worth owning. 4,430 that aren't.



The 70

The 70 is the Compound & Conquer research universe.

Of the roughly 4,500 publicly traded companies in the US market, 70 currently clear our quantitative screen. The other 4,430 do not. That is not an aesthetic judgment. It is arithmetic.

Bessembinder proved that 97% of stocks fail to beat Treasury bills over their lifetimes. Every serious investor faces the same problem. Which names belong to the 3%? How do you find them before the market does?

The 70 solves that problem at the quantitative layer.

The filter is a Markman original. We built it. We maintain it. It does not exist anywhere else. Three rules, applied in sequence: the Rule of 10, the Rule of 40, and the Rule of 50. Each is defined in the pages that follow. Together they eliminate hype, reject inefficiency, and isolate the businesses whose financial structure makes long-term compounding possible.

That leaves 70 names.

This is the output of the first layer. Every company here cleared the math. Whether any of them is worth owning today requires the qualitative tests covered in the Compound & Conquer booklet, plus a price the market is willing to give us.

The three rules below are the full screen. Each rule is explained in detail, and together they define what it takes for a business to earn a place in the universe.

The Rule of 10 — The Growth Baseline

This is our primary filter for consistency.

To pass the Rule of 10, a company must demonstrate a minimum of **10% revenue growth** for at least 10 consecutive years.

The Logic: Most companies are flash in the pan. They have a few great years, then fade. A company that grows 10% every year for a decade has proven it owns a massive, durable market and has a management team capable of navigating multiple economic cycles.

The Result: This filter eliminates hype-driven startups and focuses on established leaders with true secular tailwinds — trends that last decades, not seasons.

The Rule of 40 — The Efficiency Standard

While Rule of 10 looks at the top line, the Rule of 40 looks at the balance between growth and profitability.

The Logic: It is easy to grow if you spend a fortune to buy customers. The Rule of 40 ensures that a company's growth is healthy.

The Trade-off: A company can grow at 10% with a 30% profit margin, or it can grow at 50% while losing 10%. Both pass. Hyper-growers are as valuable as cash cows, as long as the math balances out.

The Rule of 50 — The Elite Tier

In a high-interest-rate environment, the Rule of 50 is used to identify the top 1% of performers. These are the **high-velocity compounders**.

The Logic: This is a more rigorous version of the Rule of 40. For companies like Nvidia, ServiceNow, or CrowdStrike, the Rule of 40 is too easy.

The Result: Applying a 50% threshold isolates firms with massive pricing power and near-zero incremental costs — where every new dollar of revenue is almost pure profit.

The Universe by Category

The names that pass the screen fall into five functional buckets. Each plays a different role inside a concentrated quality portfolio.

1. The Defensive Ballast (18 Companies)

These are the stabilizers. They provide essential products — healthcare, staples, utilities — that consumers cannot cut, even in a recession. They rarely grow at triple digits, but their cash flows are incredibly predictable. Their primary job: drop less in drawdowns.

- **Abbott Labs (ABT)** — Leader in diagnostics, medical devices, and nutrition.
- **Celsius (CELH)** — Rapidly growing fitness energy drink brand.
- **Chipotle (CMG)** — The gold standard for fast-casual dining unit economics.
- **Coca-Cola (KO)** — Global beverage monopoly with an unmatched distribution moat.
- **Costco (COST)** — Membership-based retail powerhouse with extreme loyalty.
- **Domino's (DPZ)** — Pizza delivery leader driven by a proprietary tech platform.
- **Elevance (ELV)** — Major health insurer with deep clinical data assets.
- **Hershey (HSY)** — Confectionary leader with high, durable pricing power.
- **Home Depot (HD)** — The primary destination for US professional contractors.
- **Johnson & Johnson (JNJ)** — Healthcare titan focused on innovative medicine.
- **McDonald's (MCD)** — Global fast-food leader and massive real estate play.
- **Mondelez (MDLZ)** — Pure-play global snack giant (Oreo, Cadbury).
- **Monster Beverage (MNST)** — High-margin energy drink leader (partnered with Coke).
- **Procter & Gamble (PG)** — The ultimate consumer staples powerhouse (Tide, Gillette).
- **Starbucks (SBUX)** — World's largest coffee chain and digital rewards leader.
- **Stryker (SYK)** — Medical technology leader in orthopedics and surgical tools.
- **TJX Companies (TJX)** — Dominant leader in off-price apparel (Marshalls, T.J. Maxx).
- **UnitedHealth (UNH)** — The largest US health insurer and data provider.

2. The Toll Booths (9 Companies)

These businesses own the digital or physical rails of commerce. They do not take inventory risk or credit risk. They collect a fee every time a transaction occurs. They are natural inflation hedges because their revenue scales as prices rise.

- **American Express (AXP)** — Integrated payments/lending for premium customers.
- **CME Group (CME)** — The world's leading derivatives and futures exchange.

- **FICO (FICO)** — The US standard for credit scoring; a mandatory tax on credit.
- **Intercontinental Exchange (ICE)** — Operator of the NYSE and mortgage data.
- **Mastercard (MA)** — Global payments rail; second-largest network.
- **Moody's (MCO)** — Leader in credit ratings and risk analytics.
- **MSCI (MSCI)** — Provider of indexes and ESG data for global asset managers.
- **S&P Global (SPGI)** — Gatekeeper of global credit ratings and financial indexes.
- **Visa (V)** — World's largest payments network; clips a fee on every digital swipe.

3. Industrial Consolidators (16 Companies)

These are the roll-up kings. They operate in fragmented industries and use their superior scale and cash flow to acquire smaller competitors. By standardizing operations and cutting waste, they turn boring industrial businesses into high-margin compounding machines.

- **Amphenol (APH)** — Designer of essential electronic and fiber optic connectors.
- **Cintas (CTAS)** — Dominant leader in uniform rental and facility services.
- **Ecolab (ECL)** — Global leader in water, hygiene, and infection prevention.
- **Ferguson (FERG)** — Leading distributor of plumbing and HVAC products.
- **Grainger (GWW)** — Leading broad-line distributor of MRO products.
- **Heico (HEI)** — Dominant provider of FAA-approved replacement aircraft parts.
- **Howmet Aerospace (HWM)** — Advanced engineered solutions for jet engines.
- **Old Dominion (ODFL)** — The most efficient LTL shipping firm in North America.
- **Parker-Hannifin (PH)** — Global leader in motion and control technologies.
- **Rollins (ROL)** — Leader in pest control (Orkin); high recurring revenue.
- **Sherwin-Williams (SHW)** — Largest paint company; owns the professional channel.
- **TransDigm (TDG)** — Owns proprietary aerospace parts and patents.
- **Waste Connections (WCN)** — High-margin waste services in secondary markets.
- **Waste Management (WM)** — Largest waste collection and recycling firm in the US.
- **Watsco (WSO)** — The largest distributor of HVAC and refrigeration gear.
- **Pool Corp (POOL)** — Largest wholesale distributor of swimming pool supplies.

4. Secular Growth & Tech (24 Companies)

This is the engine room. These companies are riding massive, decade-long waves like artificial intelligence, cloud computing, and cybersecurity. They prioritize capital over labor and reinvest nearly all profits back into R&D to maintain their wide competitive moats.

- **Alphabet (GOOGL)** — Search monopoly (Google) and leader in YouTube/AI.
- **Amazon (AMZN)** — E-commerce leader and AWS cloud infrastructure provider.

- **AMD (AMD)** — High-performance computing and graphics semiconductor firm.
- **Arista Networks (ANET)** — High-speed networking for AI data centers.
- **ARM Holdings (ARM)** — Architecture used in almost all mobile and AI chips.
- **ASML (ASML)** — Monopoly on machines required for advanced chips.
- **Axon Enterprise (AXON)** — Public safety tech (Tasers, body cams, software).
- **Broadcom (AVGO)** — Semi giant for networking and AI infrastructure.
- **CrowdStrike (CRWD)** — Cloud-native platform for endpoint protection.
- **Dexcom (DXCM)** — Leader in continuous glucose monitoring for diabetics.
- **Eli Lilly (LLY)** — Pharma leader in weight loss, diabetes, and Alzheimer's.
- **Fortinet (FTNT)** — Cybersecurity known for high-performance hardware.
- **Intuitive Surgical (ISRG)** — Dominant leader in robotic-assisted surgery.
- **KLA Corp (KLAC)** — Leader in process control and inspection for chipmakers.
- **Lam Research (LRCX)** — Supplies essential etching equipment for semiconductors.
- **MercadoLibre (MELI)** — E-commerce and fintech leader in Latin America.
- **Meta (META)** — Social media giant and leader in open-source AI.
- **Microsoft (MSFT)** — Global leader in software, Azure cloud, and AI.
- **Natera (NTRA)** — Leader in non-invasive genetic testing.
- **Nvidia (NVDA)** — World leader in AI hardware and data center chips.
- **Palantir (PLTR)** — Data analytics and AI for government and commercial use.
- **Salesforce (CRM)** — The world leader in CRM software.
- **ServiceNow (NOW)** — The operating system for modern IT workflows.
- **Shopify (SHOP)** — Infrastructure for independent online retail.

5. Niche Dominators (5 Companies)

These companies do one highly specific thing better than anyone else on Earth. They operate in invisible markets with high barriers to entry, giving them massive pricing power because their customers literally have no other viable alternative.

- **FirstService (FSV)** — Leader in residential property management.
- **Manhattan Associates (MANH)** — Software for warehouse and supply chain management.
- **Morningstar (MORN)** — Provider of investment research and data.
- **Teledyne (TDY)** — Specialized instrumentation and digital imaging.
- **Tyler Technologies (TYL)** — Software provider for state and local governments.

The Efficiency Elite — Top 20 Net Margins

Within the universe, these twenty operate at margins that signal a true structural moat. They are where the filter finds its sharpest edge.

Rank	Company	Margin	Moat Type
1	Visa (V)	~52%	Network Effect
2	Mastercard (MA)	~45%	Network Effect
3	MSCI (MSCI)	~44%	Switching Costs
4	FICO (FICO)	~41%	Intangible Asset
5	S&P Global (SPGI)	~40%	Legal / Regulatory
6	CME Group (CME)	~39%	Network Effect
7	Adobe (ADBE)	~34%	Switching Costs
8	Broadcom (AVGO)	~33%	Intangible Asset
9	Arista Networks (ANET)	~31%	Cost Advantage
10	ServiceNow (NOW)	~28%	Switching Costs
11	Microsoft (MSFT)	~28%	Ecosystem Moat
12	Alphabet (GOOGL)	~27%	Intangible Asset
13	Meta (META)	~26%	Network Effect
14	Intuitive Surgical (ISRG)	~25%	Switching Costs
15	Waste Connections (WCN)	~24%	Cost Advantage
16	Eli Lilly (LLY)	~23%	Intangible Asset
17	Marsh & McLennan (MMC)	~22%	Switching Costs
18	Moody's (MCO)	~22%	Legal / Regulatory
19	Lam Research (LRCX)	~21%	Intangible Asset
20	Vertex (VRTX)	~21%	Intangible Asset

Moat type indicates the structural reason for the margin. Network effects and intangible assets scale at near-zero marginal cost. Switching costs lock in long-duration revenue. Legal and

regulatory moats are the hardest for competitors to unwind.

What This List Is

The 70 is your research universe. Every name here has cleared our quantitative screen. These are the businesses we consider worth watching, worth studying, and — at the right price — worth owning.

What This List Is Not

It is not a buy list. A company passing our filter at the business level does not mean the stock is cheap today. Price discipline is what separates a good business from a good investment.

How the Monthly Letter Works With It

Each month, we publish two names from this universe as active recommendations. We give you the entry price, the current thesis, and the position sizing. When the market puts a quality business on sale, the letter is where you hear about it first.

Read *The 70* to know the universe. Read the letter to know when to act.

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