



# Ebert Capital Management Inc.

530 F Street Eureka, CA 95501

Telephone: (707) 407-3813 Fax: (855) 407-3815 Email: info@ebertcapital.com

## A Decade of Change

### How Public Markets Changed in the Past Decade and How to Successfully Approach the Next Decade

Written by Benjamin Ebert, CEO of Ebert Capital Management Inc.

Additional research conducted by Tristan Caswell, Blake Callison and Caleb Weiss

The decade that ended in December 2019 was one of massive change for global stock markets as the structure of the market and the indices and the process of investing was transformed. When the decade began in 2010, the world was still recovering from the Great 2007-2009 Recession, and many fundamental facts of the stock market and corporate and investor behavior have changed dramatically since. In 2010 the majority of transaction volume in the U.S. markets was done by humans, whereas today most estimates put the volume of electronic index trading and algorithmic trading at about 80% of total volume. In 2010 active mutual funds still dominated the landscape, though index funds clearly were on a high growth path. Today, according to estimates from Morningstar and Reuters, index funds control roughly half of the U.S. stock mutual fund market. This and the tech transformation of the economy have fundamentally altered how corporations and markets behave. In 2010, tech stocks made up about 20% of the value of the **S&P 500 Index**. Now, tech stocks make up more than 50% of the value of the S&P 500 Index. When I first began my career in 2008, the best performing investing style in history was still value investing, and the best returning asset classes of the recent decade included the Energy sector, emerging markets and small cap stocks. All that has changed and yet there isn't a sign that the trend will reverse to how markets functioned in the 90s or early 2000s. This paper explores these and other fundamental changes of the last decade and shows how to use that knowledge to decide how to invest successfully for the next decade.

#### How Index Funds Have Changed the Market and Corporate Behavior

Much of the change publicly traded markets have gone through over the last decade can be attributed to the evolution of index funds and their unprecedented growth. Index funds have fundamentally changed how equity markets function, how corporations behave, how publicly traded companies are valued, how the public invests, and, most importantly, index funds have dramatically changed who owns corporate America. **John Bogle**, founder of Vanguard, invented the index fund in 1975 (Culloton, 2011). Index funds have been an overwhelmingly positive invention for individual investors, but there are now issues becoming visible as index funds now dominate corporate America and even Bogle agreed that this was concerning before his death in 2019.

Index funds, a relatively simple invention, will simply own all the stocks (or bonds) on an index in the exact proportion to those that are "weighted" in the index. Since there is no stock-picking to do, no valuation research, no decision making regarding when, what and how much to buy index funds have extremely low costs when compared to actively managed funds. **Standard &**

**Poor's (S&P)**, the largest index creator in the world, creates and updates stock and bond indices constantly. The S&P 500 is the most popular and most referenced stock index and it is often thought of a proxy for the entire U.S. stock market. The S&P 500 Index is simply a list of 500 of the largest publicly traded companies. The index is “weighted” based on the aggregate value of the shares of a company, and this is its market capitalization. The higher the market capitalization, the larger the weighting that company has in the index, thus making the S&P 500 and most other indices “market cap weighted indices.” If someone invests in an S&P 500 index fund, they will own 500 stocks, but most of the money is invested in the stocks that are most highly valued in the index.

For example, as of September 21, 2020 the largest 20 holdings of the S&P 500 made up about 36.9% of the value of the index. In fact, just the top 5 holdings by market value weighting – Apple, Microsoft, Amazon, Facebook and Google – made up about 21.96% of the index’s value.

### Components of the S&P 500 as of 9/21/20

Largest 20 Holdings	Largest 50 Holdings	Smallest 450 Holdings
36.90%	54.88%	45.11%

#	Company	Symbol	Weight %
1	Apple Inc.	AAPL	6.48%
2	Microsoft Corp	MSFT	5.54%
3	Amazon.com Inc.	AMZN	4.54%
4	Facebook Inc.	FB	2.21%
5	Alphabet Inc. Cl A	GOOGL	1.61%
6	Alphabet Inc. Cl B	GOOG	1.58%
7	Berkshire Hathaway Inc.	BRK.B	1.53%
8	Johnson & Johnson	JNJ	1.40%
9	Visa Inc.	V	1.25%
10	Procter & Gamble Co.	PG	1.23%
11	NVIDIA Corp.	NVDA	1.11%
12	Home Depot Inc.	HD	1.09%
13	JPMorgan Chase & Co.	JPM	1.08%
14	Mastercard Inc.	MA	1.08%
15	UnitedHealth Group Inc.	UNH	1.04%
16	Verizon Communications Inc.	VZ	0.90%
17	Walt Disney Company	DIS	0.85%
18	Adobe Inc.	ADBE	0.82%
19	salesforce.com Inc.	CRM	0.79%
20	Merck & Co. Inc.	MRK	0.78%

Source: <https://www.slickcharts.com/sp500>

Understanding how index funds are weighted is extremely important given that most invested money in the U.S. is now in index funds – a gigantic change from a decade ago. What this means is that a small number of companies determine the returns of the stock market. The companies

with the largest weightings are monopolistic, high growth tech companies with recurring revenue models. These companies have shown to be mostly recession proof, and the pricing power and recurring revenue models have allowed the companies to consistently grow their revenues and earnings. The combination of these unique, modern business models and the transition to index fund dominance has led to heavier and heavier weighting and reliance on these companies to drive stock market performance. In fact, my research has shown that the majority of the market's growth over the last decade has been due to a small number of companies, mostly with these business models.

The birth of index funds has its roots in an academic theory called the **Efficient Market Hypothesis (EMH)**, which states that asset prices reflect all available information. Thus, per EMH, it's impossible for a stock to be undervalued or overvalued and that it is impossible to "beat the market." EMH is based on the theory that markets are "efficient" in the sense that any information that becomes available to the public is nearly immediately incorporated into the market, thus changing stock prices so quickly that "beating" or outperforming the market is impossible. While U.S. markets are by far the most efficient in the world, the hypothesis that all information is immediately available is wrong and further, it's wrong to assume that investors can all immediately and simultaneously understand and use that information in a uniform way. Also, the mechanics of indices like the S&P 500 are such that not all sectors and stocks perform equally. And as mentioned in the previous paragraph, since a majority of the market's returns are coming from a small group of stocks, clearly investing in a subgroup of the most successful companies can outperform a broad index that by default owns all the winners and all the "losers."

Many investors in market history have shown various methods of outperforming an index. When my career first began in 2008, value investing approaches were still the king of all investment styles. Value investing, in a nutshell, is a process of buying securities that appear to be undervalued by some form of fundamental analysis and waiting for the market to "realize" the true value of a stock. Warren Buffett, and many investors like him, popularized value investing styles by outperforming the market for decades with this strategy. There are many other approaches that have been used successfully in recent years, but value investing as traditionally practiced has underperformed the market over the last decade after outperforming for many decades prior.

It's quite plausible that an investor, breaking the index down into its sum of parts, could invest in the best performing stocks of that group of 500, avoid the worst performers in that group of 500, and then "beat the market" or outperform the index. In practice, this has proven very difficult because trying to beat the market is zero sum game, but it is ignorant of real world examples to suggest stock indices cannot be outperformed by savvy investors.

These academic disagreements aside, what John Bogle, Vanguard and index fund creators have done right is offer a very simple, low cost investment vehicle to the general public. While I disagree with EMH, I do agree that outperforming the market is difficult, and it is not prudent for most investors to attempt to outperform it. The alternatives that investors have had to index funds since the 1970s include some horrible choices such as stockbrokers who charge huge management fees, but largely (and often wildly) underperform the indices; brokers who charge enormous front-end commissions to purchase actively managed mutual funds with high annual fees; and other outrageously expensive and often financially disastrous products such as annuities, master limited partnerships, and other recent financial inventions. Actively managed

mutual funds, the most common index fund alternative, often are glorified index funds themselves. The active managers often buy hundreds of stocks, in much the same proportions they exist in an index fund, in order to avoid big mistakes and the appearance of “screwing up” in the event of underperformance, all while charging fees much higher than what an index fund might charge.

However, for all the great benefits index funds have offered the public, there are some significant problems their growth, and now dominance, has brought to light. The three largest index fund companies, Vanguard, Blackrock and State Street together own about 22% of the typical S&P 500 companies and they hold about 80% of all indexed money (Massa, 2020). The list of potential problems posed by index fund companies owning more of corporate America than any one single group is serious and growing.

Here are just a few of the modern concerns created by index funds owning a majority of publicly traded corporations:

- **Concentrated voting power in the hands of a few index fund companies:** Because the index fund companies own publicly traded companies in higher proportions than any other market participant, they can control corporate behavior, as well as board actions on virtually any topic, and can even influence the business models of the businesses they own – much as any majority owner would do with a business they own. For example, as Bloomberg has cited many times in various articles, there is a lack of oversight by index fund companies over the publicly traded companies they own because the index fund companies’ low fees don’t allow a budget high enough for the index companies to investigate the actions of companies they’re invested in. Also, the index fund companies have an incentive to see stock prices rise above other interests because the index fund companies charge a management fee that increases revenues when the value of the index/market increases. This conflict of interest could cause Vanguard, Blackrock and State Street to focus only on how to increase stock prices vs. focusing on issues such as the environment, equality or fair competition.

Here are a couple specific examples of this behavior:

- Blackrock supported management on M&A related proposals 79% of the time, and Vanguard did so 85% of the time (Massa, 2020).
  - The Big three are spending very little on stewardship. Vanguard’s budget is approximately \$6.3 million compared with trillions under management (Massa, 2020).
- **Price discovery vs. Valuation:** Now that a majority of invested money is invested in index funds, a much smaller amount of invested money is invested based on a company’s true “accounting value” or “intrinsic value.” Since index funds simply allocate money to the most highly valued stocks, the companies that are able to most consistently grow revenue and earnings have an inherent buyer pool in the index funds. These companies develop business models that allow them consistent strong growth, which in turn leads the big 3 index fund companies to buy more and more of these stocks, driving them to higher and higher values. In the past, the actual “accounting value” of a stock largely determined the price of the stock. Analysts and investors have used many types of valuation processes to determine a stock’s value and usually the price of the stock followed suit. To put this a different way, it no longer matters as much as in the past what a stock would be worth to a private market buyer. This

distorts the price vs. value process because more than 50% of invested money doesn't use valuation in its buy/sell process.

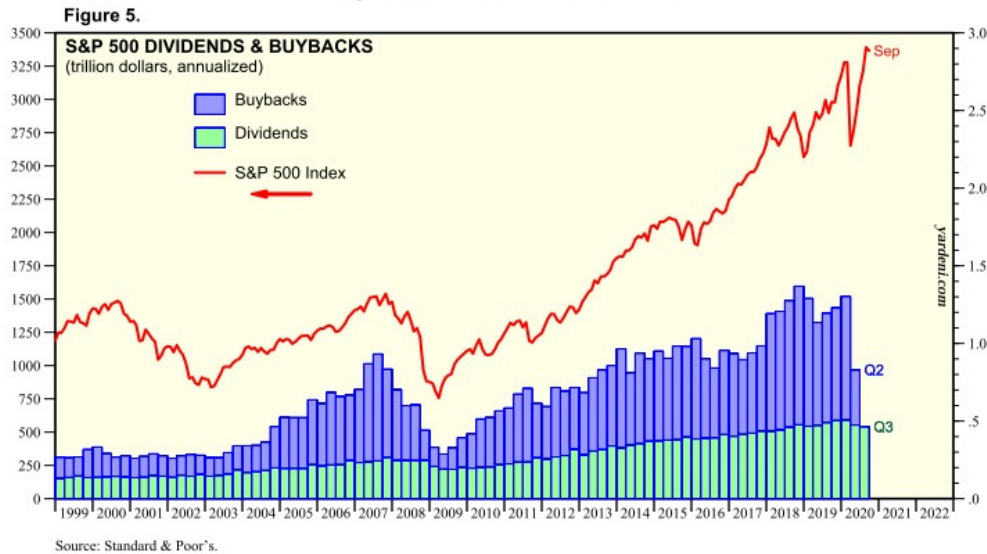
- **Corporate Behavior and Business Models:** This is not exclusively related to the rise of index funds, but there has been a clear change in corporate behavior over the last 10+ years designed to specifically affect stock prices. Companies know that rising **Earnings-Per-Share (EPS)** figures will boost stock prices, which in turn leads to the gigantic buyer pool of index funds buying more shares, creating a circular system that rewards companies who can adapt their business models to appease the index fund companies. Publicly traded corporations have increasingly created business models and have used financial engineering in a number of ways to improve their stock prices. Wall Street researcher Dr. Ed Yardeni and his company, Yardeni Research Inc., have studied this phenomenon in depth.

This list of issues is by no means comprehensive and its likely this is an area ripe for further academic study. The implications of index funds owning so much of publicly traded corporate America are likely not fully understood yet. There is no comparable system of ownership in the world nor is there a historical context for a small group of corporations like these index fund companies having so much ownership power that affects so many facets of society.

Another element of corporate behavior changing over the last decade that directly correlates with the rise of index funds and the tech transformation of the economy is financial engineering to improve stock prices. Financial engineering has been an issue on Wall Street for a long time, but in my view this phenomenon has grown exponentially along with the growth in index funds becoming the largest owners of stock on the planet. I'll cite a few examples of financial engineering here. One of the most used engineering tactics used is stock buybacks and according to Yardeni Research, buybacks have seen massive growth in the last decade. How this works is companies will use profits to "buy back" shares of their stock on the open market. What this does is automatically increase EPS (Earnings Per Share) because fewer shares exist in the market ( $\text{earnings/shares outstanding} = \text{EPS}$ ). Companies know that increasing EPS in this manner can help increase the stock price because as the EPS grows, so does the stock price. Corporations have used an enormous amount of their profits since 2003 and with increasing frequency from 2009 through today to do this, knowing that the index funds will reward this engineering by buying more and more shares, again creating the circular magic that leads to share prices increasing.

The graph below from Yardeni Research shows what looks like a symbiotic relationship between the rise of the S&P 500 Index and stock buybacks. This visible correlation, of course, is not an accident. While dividends paid by S&P 500 companies have increased in a nearly linear fashion from 1999 up to now (as shown on the graph) stock buybacks have increased at a much faster rate and seem to correlate with the market's ups and downs far more than dividends. For those who understand how important a PE ratio (Price-To-Earnings) is to stock price performance, it's no wonder that the trillions spent on reducing share counts is highly predictive of the stock market's direction. The graph below shows a relatively flat trend in stock buybacks from 1999 through 2003 and a dramatic increase leading up to the 2008/2009 credit crisis, but then again dramatic growth for the last decade as the market and economy recovered.

## Buybacks & Dividends



A related trend I've seen over the last decade plus is the increasing frequency of corporate compensation packages being dependent on stock price performance. Corporate compensation packages, now more than ever, pay corporate officers in both stock and base salary with most compensation being based on how the stock of a business is performing. A great example of a company that has obsessively designed their business model and pay package to take advantage of index fund purchase patterns and to financially engineer their stock price performance is **Autodesk, Inc.** Autodesk is one of the best performing stocks of the last 10 years and is a company that has fully embraced some of the most important changes I've seen over the decade such as digital transformation; converting to a recurring revenue SAAS business model; using significant profits to buy back shares; and paying their executives largely based on stock price performance.

In their 2019 annual report, Autodesk's CEO laid out the company's long-term strategic priorities "completing the subscription transition, digitizing the company, and re-imagining manufacturing, construction, and production." Autodesk was an old-tech AutoCad drafting company that has transformed into a digital behemoth representing the digital and automation transformation that is happening in industries traditionally slow to adopt new technology. Autodesk is a perfect example of the changes I'm studying and represents what I feel will be some of the most important trends for the next decade. Their executives regularly meet with index fund companies to understand what those companies want to see from Autodesk, and the 3 largest index fund companies currently own about 20% of Autodesk's stock (gurufocus.com, 2020).

Some specific examples of trends Autodesk represents are found in the performance metrics they focus on in their annual report, specifically "**Total ARR**", total annualized recurring revenue, and "**Relative Total Stockholder Return (TSR)**." Total ARR means total annualized recurring revenue. Autodesk, like many other companies, has realized that selling their product as a monthly or annual service with auto-renewal guarantees consistent revenues whereas previously, like Intuit's QuickBooks product mentioned above, customers could buy a disk and use it for years without the company generating new revenue. And because Autodesk, like QuickBooks, has pricing power (meaning they have such a dominant position in their industry that they can

raise prices without losing customers), they can increase revenue even without attracting new customers.

The stockholder return referred to as TSR is a central metric used to determine executive pay. These examples hammer home that our research has shown businesses have evolved their business models to focus on things such as annualized recurring revenue, pricing power, stock buybacks, etc and total stockholder return at a rapid rate over the last decade.

### **The Tech Transformation of the Economy and Stock Market**

In August of 2011, famed investor and serial tech entrepreneur **Marc Andreessen** penned an op-ed in the *Wall Street Journal* titled “Why Software Is Eating the World.” Andreessen discussed that the growth and increasing dominance he was seeing in software companies at the time was not similar to the dot-com bubble and subsequent burst of the 1990s. In the 90s, many of the tech companies that blew up had poor or no business model, little to no revenue and produced no meaningful impact on the economy. Andreessen argued in 2011 that the emerging software players at that time were very different from the dot com bust era companies. They were profitable, recession resistant, steady, non-cyclical companies that were “building real, high growth, high margin, highly defensible businesses.”

In his article, Andreessen was describing a massive technological transformation already underway in the U.S. economy that has dramatically gained speed since he wrote the article and especially since the beginning of the Covid-19 pandemic. Andreessen’s view was prescient and turned out to be accurate. Andreessen stated, “my own theory is that we are in the middle of a dramatic and broad technological and economic shift in which software companies are poised to take over large swathes of the economy. More and more major businesses and industries are being run on software and delivered as online services – from movies to agriculture and national defense.”

I’ve seen evidence of this shift on a macro scale and on smaller elements important to our day to day lives. A huge chunk of U.S. GDP is now directly derived from “tech” companies and new technology. The stock market, as previously mentioned, is now nearly 50% weighted in “tech” companies, but far more than that since many companies in “traditional” industries are actually heavily reliant on tech innovation to run their businesses. The landscape of publicly traded markets have changed dramatically, but it’s easy to forget how much has changed in the last decade plus. **Amazon** started as an online book store, but now Amazon IS retail and a big reason why malls are going extinct rapidly; **Netflix** and video game companies are taking over entertainment while movie theaters and arcades are dying and companies like Blockbuster are extinct. Software companies like **Autodesk and Ansys** (a 3D simulation software used for building construction) exemplify modern construction and development. Companies like **Google, Microsoft, Docusign, Ringcentral and Salesforce.com** are modern business service companies overtaking old communications and business services companies like AT&T, Pacific Bell, Office Depot and ending pre-tech world antiques like yellow pages, payphones, landline phones, record companies, radio stations, and newspapers are going bankrupt and being replaced by **Apple Music, Spotify, Facebook, Twitter, Google** and others. These transitions are happening fast, they cannot be stopped and companies fighting these trends have met sad and sudden deaths.

With regard to business models, the tech sector has seen a massive increase in recurring revenue business models, often with **Software-as-a-Service (SAAS)** companies. For example, over the

last decade Intuit Inc., the owner of QuickBooks and TurboTax transitioned their business model away from selling hard disk copies of QuickBooks to QuickBooks online. The hard disk or “desktop” versions of QuickBooks were updated every few years with new features, but Intuit found that businesses would often buy the desktop version and use it for many years. This meant less revenue for Intuit if business customers didn’t make new purchases. The desktop version of the software also was prone to software problems and created logistical issues for businesses interacting with their CPAs and bookkeepers.

In response to this, Intuit started **QuickBooks Online (QBO)**, a monthly subscription service version of the QuickBooks software. QBO immediately gained popularity among customers because it’s mobile, it can be used simultaneously by businesses, and logistical and data saving problems are solved for CPAs and bookkeepers since each company’s data is backed up 24/7 without risk of losing data from broken or misplaced hard disks. The transition led to Intuit massively increasing revenues because of the consistent, predictable stream of monthly payments. Intuit also drastically increased profitability because the operation was now more scalable, with lower capital costs, than creating and sending out hard disk copies. Intuit serves as an example of recurring revenue SAAS models’ explosive growth in publicly traded markets. As a group, these SAAS companies know that the predictable, fast paced growth in revenues and profitability immediately leads to consistent growth in share price as share prices follow revenue growth, EPS growth, etc. Again, this phenomenon is not exclusively due to index fund dominance, but these businesses know that the largest equity owners, index funds, certainly reward these business models better than many older non-recurring-revenue non-SAAS business models.

Many industries one might not expect to be transformed by technical innovations and digitization are also embracing these changes to improve profits, enhance yields, reduce expenses, improve speed, etc. Over the coming decade, we’ll continue to see more industries that may not be known for tech become heavily focused on technical innovation such as in healthcare, education, energy, agriculture and manufacturing. As this transition quickens its pace, many old industries, companies and jobs will disappear and be replaced. The U.S. economy has long been suffering from a shortage of highly skilled software engineers, scientists, mathematicians and others with needed skillsets for emerging industries and jobs. Over the next decade, we’ll likely see enormous job and wage growth for highly skilled workers with these skillsets, but we’ll also likely see millions of low-skilled workers, with inadequate education for these technological changes, lose their jobs and find themselves unable to participate in the economic evolution. Innovation always moves forward and education will be the only solution for these people.

The U.S. currently leads the world in investment and R&D in the Information Technology (IT) industry, with China quickly catching up, according to the Brookings Institution, and there are many data points showing that technology-based businesses and jobs are driving the U.S. economy. According to the Consumer Technology Association (CTA), in 2019, “Every job created in the U.S. consumer technology sector supports almost three non-tech jobs.” This is called the **multiplier effect** and comes from companies buying goods and services from other U.S. industries. Last year the CTA also stated that the consumer tech sector supported about 18 million jobs and represented about 12% of the GDP, a 100% increase over just 4 years, according to the Internet Association, clearly showing the massive rate of growth in consumer tech. Another interesting data point from the Bureau of Economic Analysis (BEA) showed the “digital economy” was the 6<sup>th</sup> largest non-government economic sector ahead of Retail, Construction, Transportation and other industries and soon to catch Healthcare,



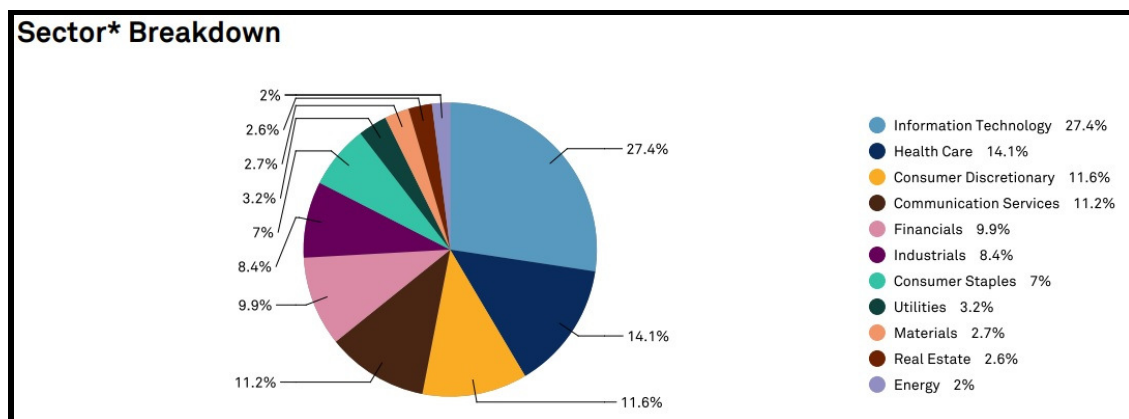
Finance/Insurance and Manufacturing. The BEA findings also noted that the internet sector itself grew nine times faster than the U.S. economy as a whole between 2012 and 2018.

And of course this transformation is not just seen in the real economy but in the evolution of the stock market. According to Standard and Poor’s (S&P), in 1990 the Tech sector made up just 6.3% of the value of the S&P 500 Index. The table below shows how much the tech sector grew from 1990 through 2012, making up 19% of the S&P 500 by that year.

Historical Sector Weightings of the S&P 500: 1990 - Current																	
Sector	1990	1993	1996	1998	1999	2000	2001	2002	2004	2006	2007	2008	3/09	2009	2010	2011	Current
Tech	6.3	5.9	12.4	17.7	29.2	21.2	17.6	14.3	16.1	15.1	16.7	15.3	17.6	19.9	18.7	19.0	19.0
Financials	7.5	11.2	15.0	15.4	13.0	17.3	17.8	20.5	20.6	22.3	17.6	13.3	8.9	14.4	16.1	13.4	14.1
Energy	13.4	10.0	9.2	6.3	5.6	6.6	6.3	6.0	7.2	9.8	12.9	13.3	14.3	11.5	12.0	12.3	12.0
H. Care	10.4	8.2	10.4	12.3	9.3	14.4	14.4	14.9	12.7	12.0	12.0	14.8	16.1	12.6	10.9	11.9	11.8
Cons Stap	14.0	12.5	12.7	11.1	7.2	8.1	8.2	9.5	10.5	9.3	10.2	12.9	13.8	11.4	10.6	11.5	11.1
Industrials	13.6	13.9	12.7	10.1	9.9	10.6	11.3	11.5	11.8	10.8	11.5	11.1	9.5	10.3	11.0	10.7	11.0
Cons Disc	12.8	16.4	11.7	12.5	12.7	10.3	13.1	13.4	11.9	10.6	8.5	8.4	8.3	9.6	10.6	10.7	10.8
Materials	7.2	7.1	5.8	3.1	3.0	2.3	2.6	2.8	3.1	3.0	3.3	2.9	3.2	3.6	3.7	3.5	3.7
Utilities	6.2	5.6	3.7	3.0	2.2	3.8	3.1	2.9	2.9	3.6	3.6	4.2	4.4	3.7	3.3	3.9	3.7
Telecom	8.7	9.1	6.5	8.4	7.9	5.5	5.5	4.2	3.3	3.5	3.6	3.8	4.0	3.2	3.1	3.2	2.8

Source: <http://budfox.blogspot.com/2012/01/s-500-historical-sector-weightings.html>

A current picture of the weightings of the 11 economic sectors in the S&P 500 Index shows even more dramatic changes. In the image below, from Standard & Poor’s, you can see that the Information Technology sector (as it’s now called) makes up 27.4% of the value of the index as of October 30, 2020. But even this belies the actual market value of “tech stocks” because many companies formerly defined by the “tech” label are now actually considered what they really are: modern, technology-driven versions of previous business models in communications, retail, news, entertainment, construction, utilities, etc.



Source: S&P Dow Jones Indices, October 30, 2020

I collected additional data about some of the other sectors in the S&P 500 Index and found that Standard and Poor’s (S&P) has made the decision to move stocks formerly classified as “tech” to other sectors such as Communications Services, Consumer Staples and other sectors to a lesser degree. For example, in 2018 S&P decided to move giant companies such as Google, Facebook,

Netflix, Twitter and others to the Communications Sector and Amazon.com to the Consumer Discretionary sector. I don't disagree that this was an appropriate move as these companies should no longer be considered just "tech" companies, but rather companies in the Consumer and Communications fields that use technology to deliver their services and products.

However, this move indirectly conceals the dominance that the tech evolution is having on the modern stock market. Looking at the samples below of the Communications Services and Consumer Discretionary sectors, after S&P moved some large tech stocks to other sectors, we can see how much of these sectors is valued in "tech" stocks and we can impute how much of the overall market value is made up of "tech" stocks.

The table below shows that about 65% of the Communications Sector's value is in stocks previously only coined as "tech" and the top 2 companies, Facebook and Alphabet, Google's parent company, make up over 48% of the sector on their own.

<b>Fund Name:</b>	<b>The Communication Services Select Sector SPDR® Fund</b>		
<b>Ticker Symbol:</b>	XLC		
<b>Holdings:</b>	As of 09-Nov-2020		
<b>Source:</b>	<a href="https://www.ssga.com/us/en/individual/etfs/funds/the-communication-services-select-sector-spdr-fund-xlc">https://www.ssga.com/us/en/individual/etfs/funds/the-communication-services-select-sector-spdr-fund-xlc</a>		
<b>Name</b>	<b>Ticker</b>	<b>Weight</b>	<b>Sector</b>
Facebook Inc. Class A	FB	22.76%	Interactive Media & Services
Alphabet Inc. Class A	GOOGL	12.77%	Interactive Media & Services
Alphabet Inc. Class C	GOOG	12.49%	Interactive Media & Services
T-Mobile US Inc.	TMUS	4.69%	Wireless Telecommunication Services
Walt Disney Company	DIS	4.61%	Entertainment
Comcast Corporation Class A	CMCSA	4.50%	Media
Charter Communications Inc. Class A	CHTR	4.34%	Media
Verizon Communications Inc.	VZ	4.26%	Diversified Telecommunication Services
Netflix Inc.	NFLX	4.16%	Entertainment
AT&T Inc.	T	4.16%	Diversified Telecommunication Services
Activision Blizzard Inc.	ATVI	4.12%	Entertainment
Twitter Inc.	TWTR	3.28%	Interactive Media & Services
Electronic Arts Inc.	EA	3.24%	Entertainment
Take-Two Interactive Software Inc.	TTWO	1.75%	Entertainment
ViacomCBS Inc. Class B	VIAC	1.57%	Media
Omnicom Group Inc	OMC	1.14%	Media
<b>"Tech" Weighting of Communications Sector</b>		<b>64.57%</b>	

And this table showing the Consumer Discretionary Sector reveals that about 27% of the sector is in "tech" stocks with Amazon alone making up over 22% of the sector.

<b>Fund Name:</b>	<b>The Consumer Discretionary Select Sector SPDR® Fund</b>		
<b>Ticker Symbol:</b>	XLY		
<b>Holdings:</b>	As of 09-Nov-2020		
<b>Source:</b>	<a href="https://www.ssga.com/us/en/individual/etfs/funds/the-consumer-discretionary-select-sector-spdr-fund-xly">https://www.ssga.com/us/en/individual/etfs/funds/the-consumer-discretionary-select-sector-spdr-fund-xly</a>		
<b>Name</b>	<b>Ticker</b>	<b>Weight</b>	<b>Sector</b>
Amazon.com Inc.	AMZN	22.12%	Internet & Direct Marketing Retail
Home Depot Inc.	HD	11.44%	Specialty Retail
NIKE Inc. Class B	NKE	6.32%	Textiles Apparel & Luxury Goods
McDonald's Corporation	MCD	6.25%	Hotels, Restaurants & Leisure
Starbucks Corporation	SBUX	4.46%	Hotels, Restaurants & Leisure
Lowe's Companies Inc.	LOW	4.07%	Specialty Retail
Booking Holdings Inc.	BKNG	3.45%	Internet & Direct Marketing Retail
Target Corporation	TGT	3.09%	Multiline Retail
TJX Companies Inc	TJX	2.91%	Specialty Retail
Dollar General Corporation	DG	2.09%	Multiline Retail
General Motors Company	GM	1.95%	Automobiles
Ross Stores Inc.	ROST	1.53%	Specialty Retail
Chipotle Mexican Grill Inc.	CMG	1.42%	Hotels, Restaurants & Leisure
O'Reilly Automotive Inc.	ORLY	1.34%	Specialty Retail
eBay Inc.	EBAY	1.28%	Internet & Direct Marketing Retail
Ford Motor Company	F	1.28%	Automobiles
Marriott International Inc. Class A	MAR	1.25%	Hotels, Restaurants & Leisure
Yum! Brands Inc.	YUM	1.22%	Hotels, Restaurants & Leisure
Hilton Worldwide Holdings Inc	HLT	1.15%	Hotels, Restaurants & Leisure
Aptiv PLC	APTV	1.15%	Auto Components
AutoZone Inc.	AZO	1.07%	Specialty Retail
Best Buy Co. Inc.	BBY	1.02%	Specialty Retail
<b>"Tech" Weighting of Consumer Discretionary Sector</b>		<b>26.86%</b>	

It's therefore no coincidence that the performance of the Consumer Discretionary and Communications Services sectors has notably improved since S&P made these big changes in 2018. Take a look at the table below showing the performance of the eleven S&P 500 Index sectors sorted by 10-year performance.

SECTOR   INDUSTRY		Chart Performance									
Sector Name	Last % Change 04:20 PM ET 11/10/2020	1 Day	5 Day	1 Month	3 Month	YTD 09/18/2020	1 Year	3 Year	5 Year	10 Year	
Information Technology (.GSPT)	-1.94%	-0.73%	+8.53%	+1.92%	+6.13%	+31.71%	+40.57%	+89.78%	+183.80%	+424.08%	
Consumer Discretionary (.GSPD)	-1.11%	-1.59%	+5.36%	-0.23%	+6.09%	+25.58%	+29.82%	+69.38%	+91.78%	+331.30%	
Health Care (.GSPA)	+0.35%	+0.73%	+7.09%	+3.12%	+4.22%	+8.68%	+17.38%	+36.62%	+55.77%	+255.54%	
Industrials (.GSPI)	+1.79%	+3.34%	+7.84%	+4.53%	+11.88%	+3.28%	+3.16%	+16.80%	+49.02%	+147.23%	
Consumer Staples (.GSPS)	+1.99%	-0.46%	+2.46%	-0.75%	+2.25%	+2.92%	+6.71%	+20.33%	+31.98%	+122.23%	
Financials (.GSPF)	+0.73%	+8.17%	+10.92%	+6.94%	+8.69%	-12.42%	-9.42%	+2.98%	+34.64%	+115.55%	
Utilities (.GSPU)	+1.42%	+1.82%	+2.38%	+2.80%	+6.27%	+1.02%	+5.95%	+17.58%	+54.90%	+105.35%	
Materials (.GSPM)	+1.14%	+2.25%	+6.44%	+5.24%	+12.56%	+13.19%	+15.72%	+18.77%	+53.43%	+93.80%	
Communication Services (.GSPL)	-0.32%	-0.26%	+7.23%	+7.05%	+6.86%	+16.13%	+20.34%	+47.10%	+43.55%	+69.93%	
Energy (.GSPE)	+2.52%	+14.22%	+11.08%	+5.14%	-11.02%	-45.30%	-44.04%	-51.65%	-51.45%	-46.50%	
Real Estate (.GSPRE)	+0.52%	+2.57%	+4.43%	-1.40%	+0.04%	-5.78%	-3.08%	+8.58%	--	--	
S&P 500 ® Index (.SPX)	-0.14%	+1.17%	+7.26%	+3.01%	+5.94%	+9.90%	+14.79%	+36.85%	+69.14%	+190.25%	

You can clearly see that the Information Technology sector has vastly outperformed every other sector, but the Consumer Discretionary sector is a respectable second place. And the main reason that the Consumer Discretionary sector has caught up to the Information Technology sector in the last few years is because Amazon was added to the Consumer Discretionary sector in 2018 (and again, Amazon makes up about 22% of that sector, giving the stock a lot of power to affect the sector's performance). Note in the table below that the performance of the Consumer Discretionary and Communications Services sectors have been closely following the Information Technology sector over the past 3 years after lagging the tech sector for the previous decade, an obvious indication that S&P's decision to move "tech" stocks to other sectors has helped other sector's relative performance.

SECTOR   INDUSTRY		Chart Performance									
Sector Name	Last % Change 04:20 PM ET 11/10/2020	1 Day	5 Day	1 Month	3 Month	YTD 09/18/2020	1 Year	3 Year	5 Year	10 Year	
Information Technology (.GSPT)	-1.94%	-0.73%	+8.53%	+1.92%	+6.13%	+31.71%	+40.57%	+89.78%	+183.80%	+424.08%	
Consumer Discretionary (.GSPD)	-1.11%	-1.59%	+5.36%	-0.23%	+6.09%	+25.58%	+29.82%	+69.38%	+91.78%	+331.30%	
Communication Services (.GSPL)	-0.32%	-0.26%	+7.23%	+7.05%	+6.86%	+16.13%	+20.34%	+47.10%	+43.55%	+69.93%	
Health Care (.GSPA)	+0.35%	+0.73%	+7.09%	+3.12%	+4.22%	+8.68%	+17.38%	+36.62%	+55.77%	+255.54%	
Consumer Staples (.GSPS)	+1.99%	-0.46%	+2.46%	-0.75%	+2.25%	+2.92%	+6.71%	+20.33%	+31.98%	+122.23%	
Materials (.GSPM)	+1.14%	+2.25%	+6.44%	+5.24%	+12.56%	+13.19%	+15.72%	+18.77%	+53.43%	+93.80%	
Utilities (.GSPU)	+1.42%	+1.82%	+2.38%	+2.80%	+6.27%	+1.02%	+5.95%	+17.58%	+54.90%	+105.35%	
Industrials (.GSPI)	+1.79%	+3.34%	+7.84%	+4.53%	+11.88%	+3.28%	+3.16%	+16.80%	+49.02%	+147.23%	
Real Estate (.GSPRE)	+0.52%	+2.57%	+4.43%	-1.40%	+0.04%	-5.78%	-3.08%	+8.58%	--	--	
Financials (.GSPF)	+0.73%	+8.17%	+10.92%	+6.94%	+8.69%	-12.42%	-9.42%	+2.98%	+34.64%	+115.55%	
Energy (.GSPE)	+2.52%	+14.22%	+11.08%	+5.14%	-11.02%	-45.30%	-44.04%	-51.65%	-51.45%	-46.50%	
S&P 500 ® Index (.SPX)	-0.14%	+1.17%	+7.26%	+3.01%	+5.94%	+9.90%	+14.79%	+36.85%	+69.14%	+190.25%	

There is nothing nefarious and there should be nothing scary in the fact that the market and the economy is becoming more tech focused. It's a positive development and this evolution will likely lead to improved quality of life, massive economic growth, and a less polluted planet as we move more toward cleaner and renewable technologies and move away from fossil fuel burning and old "dirty" industries. But the technology revolution we're in the midst of and the fact that index funds now hold a majority of corporate shares traded on public markets has had a profound impact on what has worked in investing recently and how investors and investment managers should approach the future of investing.

Where tech goes, so goes the market. Sectors like Energy and Utilities are so small that they can't move the market because they only equal 4.6% of the S&P 500 Index combined whereas Apple stock alone is about 6.5% of the S&P 500 Index. For example, every publicly traded oil stock could go to zero, and the market would still rise if a handful of the largest tech stocks rose a couple percentage points. This may not represent what's happening in the U.S. economy overall since so many businesses are not publicly traded, but this does represent the dominance tech-based businesses now have in the publicly traded economy.

### **Value Vs. Growth – Is There A Third Option?**

For decades there have been two prominent investment approaches that most investment professionals use: Value or Growth. Tech stocks have long been largely labeled as growth stocks because the businesses behind the shares tend to grow at a faster pace than the rest of the market. The **value investing approach**, popularized by Wall Street greats such as **Benjamin Graham and Warren Buffett**, is meant to buy shares when they're undervalued, often after the shares have declined, and potentially sell the shares after Wall Street has realized the "intrinsic value" of these shares. This approach proved very successful for decades when practiced by some of the best investors in Wall Street history. **Growth investing** traditionally was riskier before the tech revolution and underperformed value investing approaches over the long term. But as the tech revolution has advanced, the stocks most often selected by growth-style investment managers are these dominant tech companies. These high growth companies now offer far more stability, predictability and huge profits vs. the growth stocks of the pre-tech past which often were in cyclical industries. So as the index fund and tech stock trends began to overtake the stock market, **growth investing started to outperform value investing** and that trend is now firmly entrenched.

There are many different methods that investment managers can use to guide their investment philosophy, but by and large the public and the industry has long viewed growth or value as the only two academically proven approaches. Prior to the index fund boom and technical transformation of the economy, **value investing was king**. Investment managers using the value approach tended to outperform the market and growth investing styles through rising and falling markets. This led to a die-hard group of managers who considered themselves and their firms "value investors." As index funds owned more and more of the market though, the largest equity owners – index funds – didn't care what the "intrinsic value" of a stock was since index funds allocate money to stocks based on their market capitalizations. **The decline of value investing vs growth investing has correlated with the growth of index funds** – which makes sense – as less of the market's asset base (index funds) cares about calculating intrinsic value, what a stock is worth in accounting terms means less and less...to publicly traded markets.

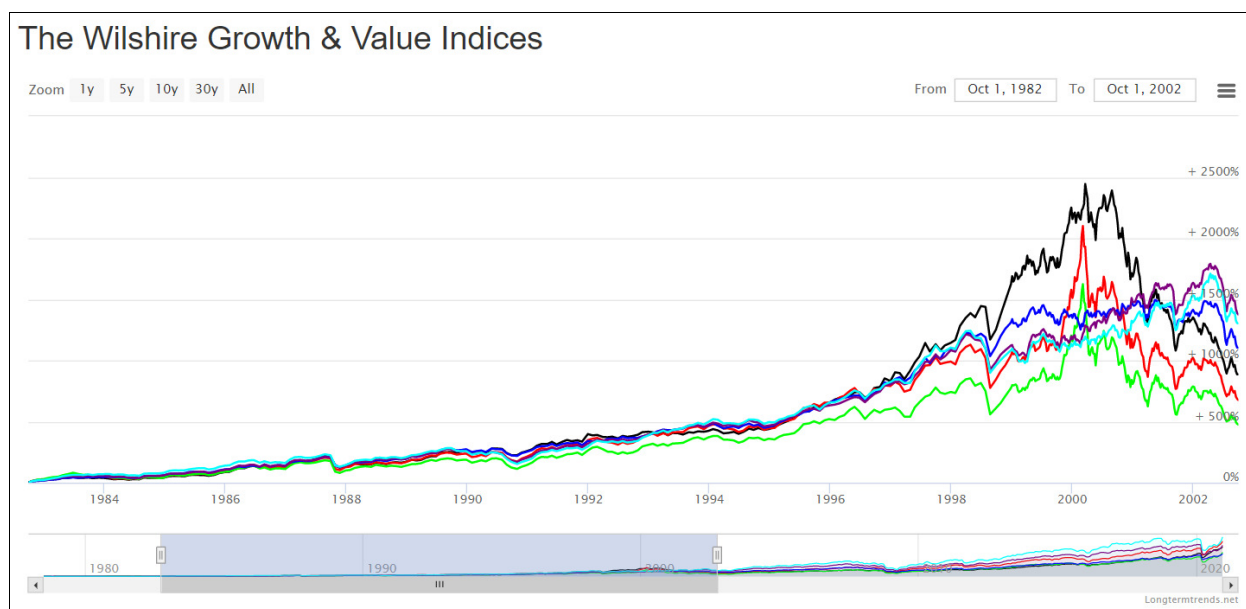
**Value investing**, as an investment approach, was “**invented**” by **Benjamin Graham in the 1920s**. Graham was instrumental in helping create the Securities and Exchange Commission, the CFA Society and was the first to use fundamental accounting to analyze stocks and assess their **calculated intrinsic value vs their price**. Graham popularized value investing by outperforming the market for decades, while taking reduced risk. His approach, in a nutshell, was based on buying stocks of companies with low debt and lots of cash when the stock was selling for less than “**book value**”, i.e. net equity per share. This approach was followed by two of Graham’s Columbia University students, **Walter Schloss** and **Warren Buffett**. Schloss closely followed Graham’s original approach and he too outperformed the market by a wide margin for decades. Buffett needs no introduction, but starting in the 1970s, Buffett began to deviate from Graham’s approach and bought stocks of dominant, profitable, often monopolistic companies instead of cheap stocks of low quality companies. And Buffett became the wealthiest man in the world with that style.

**Growth investing** by contrast, has traditionally meant that instead of buying cheap/undervalued stocks and waiting for the market to “realize” this value, an investor would **buy shares of fast-growing companies** and hold onto those stocks during this growth phase. The historical criticism of growth investing was that investment managers would often pay very high prices to acquire stocks and the growth phase **often petered out**, leaving the investor with potentially very **overvalued shares**. Stocks deemed “growth stocks” usually sell for very high valuations as investors are willing to pay up for expected growth. This works well if the growth is sustainable, but if growth slows or turns negative, growth stocks can crash as they lose popularity. Value investing historically was supposed to be less risky than growth investing, often outperforming growth during market turbulence, but this has not been the case for many years now which is another factor in the declining popularity of traditional value investing.

From the 1930s up until the early 2000s, value investing vastly outperformed growth investing by a gigantic cumulative margin. But after the dot com crash in the early 2000s, two trends began almost simultaneously that changed that: the rise of index funds and the dominance of tech companies. The dot com crash is remembered for the irrational investor euphoria over any company with a website – which drove tech stocks valuations sky high. Many “tech” stocks became insanely overvalued and many of the market darlings of that era had neither revenues nor business models. Once the market realized this en masse, a historical selloff took place over the course of 3 calendar years. Many tech stocks crashed over 90% and many companies went bankrupt and disappeared. But the tech companies that remained on the battlefield afterward were a different breed and many of the surviving companies began to take over large swathes of the economy. Companies like Apple, Microsoft, Amazon, Netflix and a few others showed their business models were unique. Their dominance led to pricing power, recurring revenue models with low capital costs, non-cyclical revenue streams with giant total addressable markets that may not have existed 10 or 15 years prior.

A couple charts below show how the market has changed over the last few decades with respect to growth vs. value style performance. The first chart shows the performance of small cap, mid cap and large cap growth indices vs. value indices. The starting point of October 1<sup>st</sup>, 1982 is arbitrary but the ending point of October 1<sup>st</sup>, 2002 is just about when the dot com crash mercifully ended. As you can see, during that 20+ year period, value outperformed growth by a huge margin.

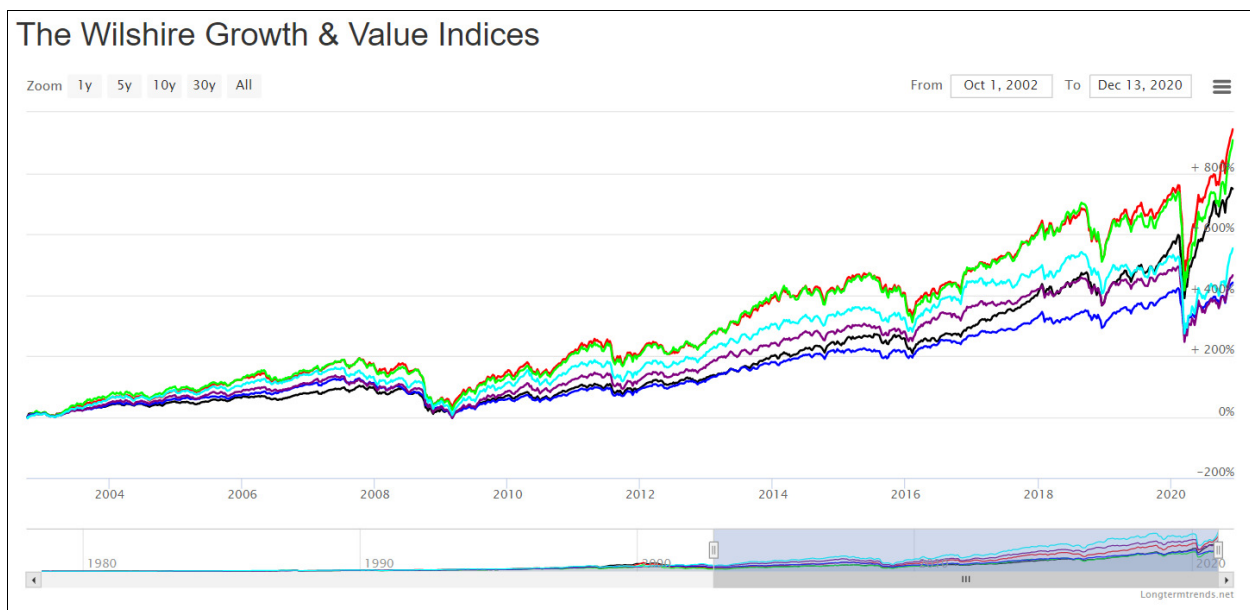
This first graph shows during this period the Wilshire U.S. Mid Cap Value index gained 1,390.36% (purple line); the Wilshire U.S. Small Cap Value index gained 1,306.75% (light blue line); and the Wilshire U.S. Large Cap Value index gained 1,104.81% (dark blue line). During this same period, the Wilshire U.S. Large Cap Growth, Wilshire U.S. Mid Cap Growth and Wilshire U.S. Small Cap Growth gained just 886.61%, 686.93% and 482.04% – clearly underperforming the value approach by a substantial margin.



Source: <https://www.longtermtrends.net/growth-stocks-vs-value-stocks/>

According to Forbes, some of the best performing stocks during the 1980s were Circuit City Stores, Hasbro, Wal-Mart Stores and Gap Inc. The 1990s best performers were dominated by some of the largest tech companies including Microsoft, Dell Computer Corp and data storage software and equipment maker EMC Corp. It's notable that Circuit City went bankrupt, Gap Inc is near bankruptcy now and Hasbro and Wal-Mart stocks have severely underperformed the market for many years from slowed growth. EMC stock has barely moved upward in 10 years, Dell went private years ago and became public again in 2018, but has also underperformed the market. And Microsoft stock ran up to incredibly high levels during late 90s and proved a poor investment for years afterward until Satya Nadella became CEO in 2014 and transformed the company into a digital recurring revenue behemoth.

Looking at the period after the dot com bust had completed its death spiral, we can see that growth investment strategies have massively outperformed value strategies. The graph below shows that from October 1, 2002 (just when the dot com crash finally ended) through December 13, 2020, the Wilshire U.S. Mid Cap Growth index grew 943.92%, the Wilshire U.S. Small Cap Growth index grew 908.18% and the U.S. Large Cap Growth index grew 748.42%. This is a dramatic outperformance over the value strategies during this time of economic transition to a more digital, technology dominated economy. The Wilshire U.S. Small Cap Value index, Mid Cap Value index and Large Cap Value index grew 552.94%, 464.73% and 440.46%, respectively.



Source: <https://www.longtermtrends.net/growth-stocks-vs-value-stocks/>

The group of best performing stocks during this period, as expected, has been dominated by fast growing technology companies. Though not all the best performing stocks of the last 20 years are “tech stocks,” a large majority of them are. Many of the companies who developed society changing technology and recurring revenue models are still growing at high rates – including Apple, Microsoft, Netflix, Amazon, Google and financial technology companies like Mastercard, Visa and Square. This relatively small list of dominant companies has driven the returns of major stock indices (as previously discussed) like no previous stock market era. According to Vanguard “a few stocks were responsible for almost one-third of the stock market's gain. During the five years through mid-2020, the overall Russell 1000 Index had a cumulative return of 65.5%. But if you eliminate the top five contributors—Microsoft, Amazon, Apple, Facebook, and Alphabet (the parent company of Google)—the index's return would drop to 45.5%, shaving off 20 percentage points. (Source: Vanguard, using data from FactSet, as of June 30, 2020).

There are many reasons why value investing strategies began to substantially underperform growth investing strategies over the last 18+ years. Aside from the rise of index funds and the growing importance of technology in the economy, the business models invested in with value investing strategies has played a big role. Value investing strategies rely heavily on “price discovery,” which is when the market recognizes the accounting value of a business, buys the stock up, which leads the stock price to rise. Value stocks by definition mean the stocks are cheap, but because the underlying business itself is not a quality business, over the last decade plus many of these stocks **stayed cheap**. With the economy changing faster than ever, it's largely been failing businesses that see their stocks get cheap. In past eras, the businesses, and their stock prices, would eventually rebound. More often now though, the economic shifts and dominance of technology driven competitors puts the “value stock” businesses into a death spiral.

By contrast, the business models of some of the fast-growing companies are different never seen in corporate history. Pricing power, recurring revenue models, low capital costs, high growth, etc. have led many companies like Netflix and Amazon to reach such dominance that they can put competitors out of business relatively quickly. Some of Netflix's competitors might have



been seen as value stocks, but often were really “value traps” – perennially cheap stocks that the market never appraises upward because the businesses themselves are heading toward ultimate extinction. This phenomenon, probably as much as indexing and digitization, explains the underperformance of value investing recently. More than ever, buying cheap stocks means investing in failing businesses or dying industries.

There is much discussion about when “value will make a comeback,” but this argument is overlooking the reality of the modern, fast changing economy and the current market dynamics that are unlikely to change. If most equity owners are index funds that don’t care about price vs. value, why would cheap stocks of failing businesses suddenly work better than paying higher prices for exceptional businesses? In this writer’s opinion, expecting that dynamic to change is not accepting reality. Unfortunately, an enormous number of historically great value investing firms have failed to adapt their investment strategy and many former value superstars have underperformed for years and/or closed up shop.

### **The Decade Ahead – An Investment Approach for Today’s Markets and Economy**

Given the observations made here, an investment manager must make decisions on the best way to invest for the next decade and beyond. The investment manager must decide, will the trends seen in investing and the economy over the previous 10 years continue, revert to a former economic state, or change drastically in unexpected ways yet seen? In this writer’s view, most of the trends of the last decade will simply accelerate and what hasn’t worked over the last 10 years will continue to not work in the future – specifically, value investing as traditionally practiced. Value investing is unlikely to work well in publicly traded markets in the future. The trend toward index funds will not revert to actively managed funds. The technological evolution in every facet of our daily lives is almost certain to accelerate, and the speed of the economic changes likely means the value stocks of today will be the bankrupt businesses of tomorrow.

So clearly growth investing will work better than value investing over the next decade right? It’s not quite that simple either. The market dynamics that have allowed certain businesses to grow at rates unforeseen in past economic eras – specifically with high profit margin, low capital cost software-as-a-service (SAAS) businesses – will allow some business models to thrive better than at any point in U.S. history. But other businesses that might have been “high growth” companies over the last decade may slow down or disappear if they lose out to better competitors. And because many services, products and addressable markets that will dominate the economy in 10 years are either in their infancy or not yet created, it’s likely that this decade’s winners will reflect the technological cutting edge of the economy’s direction. So to invest well for the next decade, an investment manager must make some predictions.

It is likely that high growth recurring revenue software companies will continue to evolve and dominate; it’s likely that work-from-anywhere/remote work will continue to grow; it’s likely that telemedicine will grow worldwide and gain more acceptance; it’s likely that climate change and pollution will become more dire and private industry will provide more solutions than government; it’s likely that automobile technology inventions will mean less oil use and more environmentally friendly technologies; it’s likely that driverless vehicles begin to take over roadways, changing the “in vehicle” experience in ways not yet imagined; it’s likely that technological innovation in medicine means less disease and longer life expectancies; it’s likely that artificial intelligence continues exponential growth, leading to more efficient companies, but fewer low skill labor jobs; it’s likely that digital experiences and currencies overtake their “close contact” counterparts; and it’s likely that those left behind by these changes will be left even

further behind in the next 10 years, exacerbating income, equality and social differences between groups already divided.

With the understanding of all this, our firm's investment portfolios will be a reflection of what has worked, what we think will dominate the future economy, and what we feel will accelerate. We will invest in companies that meet certain criteria so that our investment portfolios reflect the strategies and market approaches described here.

For about 10 years our firm was considered a "value investing firm," and I was a strict devotee to the old school investment approach. But the last few years of the decade were unkind to value investors and beginning in October 2019, after conducting in-depth research, we closed our value investing strategies (composites or models as they are known in the industry) and launched new investment strategies meeting the new criteria we've imposed on our investment approach. Although our new approach could best be described as a "growth investing" strategy, a more nuanced viewpoint is that we are investing in innovation and we are investing in dominance. We are investing in companies we feel will dominate the next decade by being at the forefront of innovation and using business models that we think will lead the market and the economy.

### **Our New Criteria for Investing:**

- A recurring revenue model with low capital costs, predictable income streams and high client retention rates
- Pricing power and dominance in the company's industry
- A strong service ecosystem showing a competitive advantage over competition or little to no competition
- An industry poised for growth with a large Total Addressable Market (TAM)
- Companies working on solutions to the biggest challenges facing us the next decade: climate change, income and equality disparities, rapid pace of technological transformation of the economy, etc.
- Non-cyclical business models that can endure major economic shocks like Covid-19, trade wars, economically sensitive businesses tied to commodities, interest rates, unemployment, etc.

### **Some Companies and Industries We Believe Meet this Criteria:**

- Software-As-A-Service (SAAS) in many industries moving toward digitization and automation
- Artificial Intelligence
- Cybersecurity
- Streaming media
- Telemedicine
- Digital currency and non-cash transactions
- Services and products that support the "work from anywhere" movement
- Digital advertising
- Digital experiences formerly thought of as only "in person" experiences
- Software for the internet, driverless vehicles and automated piloting systems

We launched our new investment strategies deploying these criteria on October 1<sup>st</sup>, 2019, and thus far we've had very good results. As you will see below, each of the equity strategies we manage with this investment approach has outperformed the broader markets and the strategies

have done so with volatility similar to that of the overall market. We don't know if this early strong performance will match some of the trends we saw during the previous decade, but our research and early results gives us confidence. Only time will tell and we look forward to seeing how the next decade unfolds. Readers looking for updates on our performance and portfolio construction can read more here: <https://www.ebertcapital.com/quarterly-investment-reports>

As you review the investment performance information we present below, keep in mind we are a GIPS® (Global Investment Performance Standards) compliant investment firm and must provide required disclosures when we present performance data. We do GIPS® verifications to help current clients and potential clients be assured that the returns of our proprietary strategies are accurate and have been verified by a third party. Now for our required disclosures:

Our firm is a GIPS® (Global Investment Performance Standards) compliant investment firm and we have recently completed GIPS performance verification. This claim has been independently verified for the period from December 1, 2010 through September 30, 2020. We had our verification conducted by Alpha Performance Verification Services. The GIPS® standards are a set of standardized, voluntary, industry-wide ethical principles that provide investment firms with guidance on how to calculate and report their investment results to prospective clients.

The GIPS® standards were created and are administered by the CFA Institute, the global, not-for-profit association of investment professionals. Claiming compliance with the GIPS® standards demonstrates a firm-wide commitment to ethical best practices and strong internal control processes. GIPS® is a registered trademark of the CFA Institute. GIPS® reports are available upon request. GIPS® verification is the review of an investment management firm's performance measurement processes and procedures by an independent third-party verifier. Verification assesses whether the firm has complied with all composite construction requirements of the GIPS® standards on a firm-wide basis and if the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.

Below you will find the performance tables showing the results of our new investment strategies from October 1, 2019 through December 31, 2020 along with performance graphs.

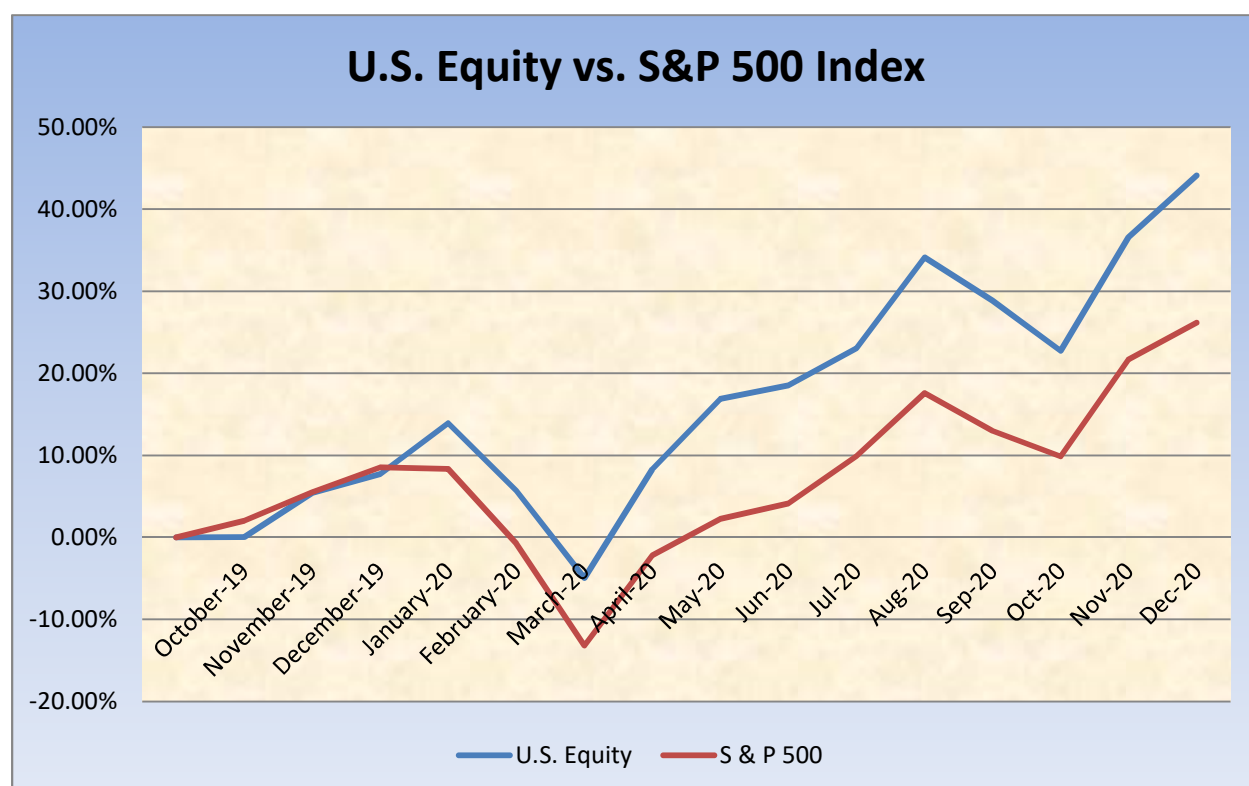
## U.S. Equity

### U.S. Equity Strategy Composite As of December 31, 2020

Strategy/Index Name	Inception Date	1 Year Annualized	Annualized Since Inception	Cumulative Since Inception	36 Month Standard Deviation
U.S. Equity Strategy - Net of Fees	10/01/2019	33.77%	33.93%	44.08%	N/A
U.S. Equity Strategy - Gross of Fees	10/01/2019	35.30%	35.48%	46.16%	N/A
S&P 500 Index	N/A	16.26%	20.44%	26.17%	N/A

Year	Composite Net Return (%)	Benchmark Return* (%)	Composite 3-Yr Std. Dev	Benchmark 3-Yr Std. Dev	Internal Dispersion	Number of Portfolios	Composite Assets (\$)	Firm Assets (\$)
2019 <sup>A</sup>	8.01%	8.53%	N/A	N/A	2.67%	157	\$6,184,174	\$24,006,315
2020	33.77%	16.26%	N/A	N/A	7.84%	162	\$9,436,037	\$34,005,567

A- Performance from 10/1/2019-12/31/2019



Our U.S. Equity strategy invests in U.S. companies with significant competitive advantages, barriers to entry, preferably a recurring revenue model, and tends to perform well during market selloffs. We only select the most dominant companies in their field. The desired holding period is long term, hopefully perpetually. This strategy consists of U.S. stocks only and is benchmarked to the S&P 500 Index. The U.S. Equity Strategy consists of all accounts that hold U.S. stocks of any market capitalization above \$50

million. The composite returns represent the total returns as of 9/30/2020. The composite creation date is 10/01/2019.

Returns are presented net and gross of actual management fees paid. Fees are described on the last page of this report and apply to all composites managed by Ebert Capital Management Inc. ECM's account inclusion policy is the first full month or the end of the month in which the account is fully invested. The composite contains both taxable and nontaxable accounts. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon monthly portfolio valuations, and include the reinvestment of all earnings as of the payment date. The composite returns are asset-weighted based upon the beginning period market values calculated in U.S. dollars. Three-year ex post standard deviation for composite and benchmark is not present if 36 monthly returns are unavailable. A dispersion measure is not shown when there are five or fewer accounts in the composite for the entire year. The internal dispersion is calculated using the asset-weighted standard deviation of annual net returns of those portfolios that were included in the composite. The composite contained fewer than 1% of non-fee paying accounts at the end of each year.

Ebert Capital Management Inc. (ECM) is an independent, fee-only registered investment adviser. Ebert Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Ebert Capital Management has been independently verified for the periods Dec 1, 2010 through December 31, 2013. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Policies for valuing portfolios, calculating performance, preparing GIPS Reports, and a list of composite descriptions are available upon request.

**Past performance does not guarantee future results.** Performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted. Past performance of markets, strategies, composites, or any individual securities is no guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's portfolio. Investment in the above referenced model composite is subject to investment risks, including, without limitation: market risk, interest rate risk, management style risk, business risk, sector risk, and other risks related to equity securities. There are no assurances that a portfolio will match or outperform any particular benchmark. Historical performance results for benchmarks, such as investment indices and/or categories, generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, which would have the effect of decreasing historical performance results.

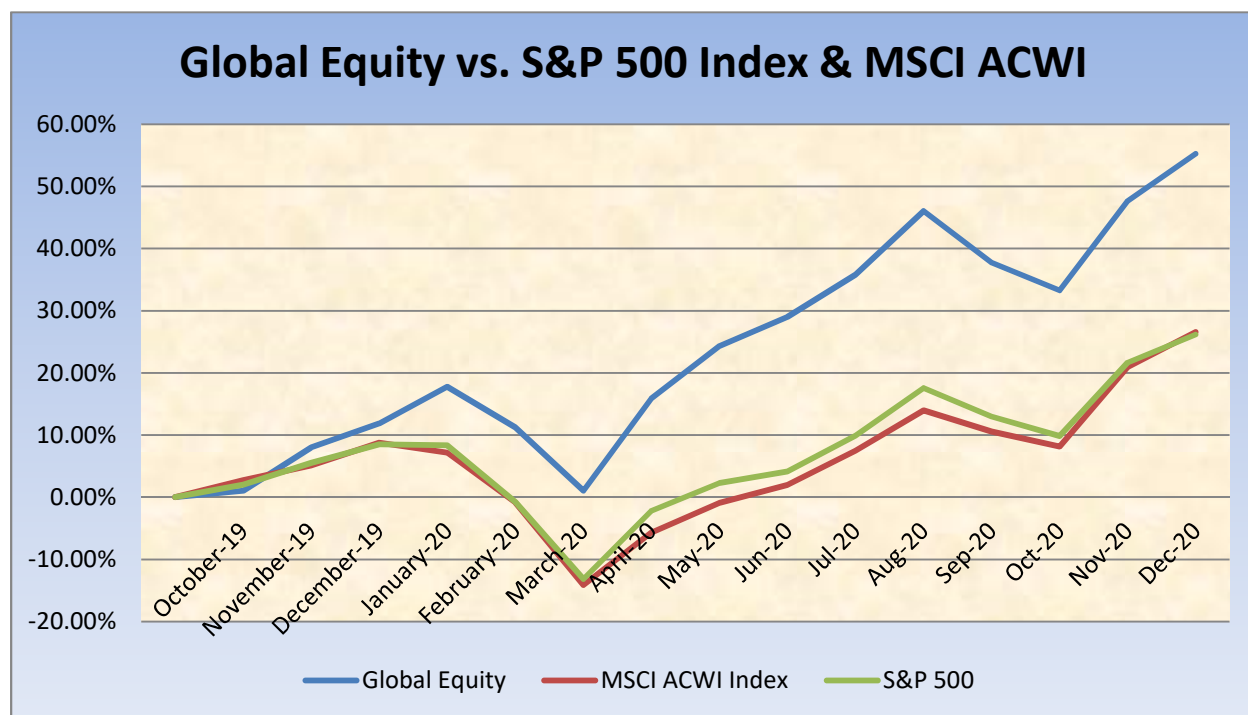
## Global Equity

### Global Equity Strategy Composite As of December 31, 2020

Strategy/Index Name	Inception Date	1 Year Annualized	Annualized Since Inception	Cumulative Since Inception	36 Month Standard Deviation
Global Equity Strategy - Net of Fees	10/01/2019	38.81%	42.19%	55.27%	N/A
Global Equity Strategy - Gross of Fees	10/01/2019	40.34%	43.78%	57.44%	N/A
MSCI ACWI Index	N/A	16.40%	20.76%	20.76%	N/A
S&P 500 Index	N/A	16.26%	20.44%	20.44%	N/A

Year	Composite Net Return (%)	Benchmark Return* (%)	Composite 3-Yr Std. Dev	Benchmark 3-Yr Std. Dev	Internal Dispersion	Number of Portfolios	Composite Assets (\$)	Firm Assets (\$)
2019A	11.87%	7.37%	N/A	N/A	3.15%	143	\$5,486,430	\$24,006,315
2020	38.81%	16.40%	N/A	N/A	7.31%	154	\$8,847,088	\$34,005,567

A- Performance from 10/1/2019-12/31/2019



Our Global Equity strategy invests in companies with at least 50% of revenues outside the U.S. or significant operations outside the U.S. The strategy invests in companies with significant competitive advantages, barriers to entry, preferably a recurring revenue model, and tends to perform well during market selloffs. We only select the most dominant companies in their field. The desired holding period is long term, hopefully perpetually. This strategy consists of U.S. Stocks with revenues of 50% or greater coming from outside the U.S. or significant operations outside the U.S. and non-U.S. stocks and is

benchmarked to the MSCI ACWI (All Country World) Index. The composite returns represent the total returns as of 9/30/2020. The composite creation date is 10/01/2019.

Returns are presented net and gross of actual management fees paid. Fees are described on the last page of this report and apply to all composites managed by Ebert Capital Management Inc. ECM's account inclusion policy is the first full month or the end of the month in which the account is fully invested. The composite contains both taxable and nontaxable accounts. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon monthly portfolio valuations, and include the reinvestment of all earnings as of the payment date. The composite returns are asset-weighted based upon the beginning period market values calculated in U.S. dollars. The composite contained fewer than 1% of non-fee paying accounts at the end of each year.

Ebert Capital Management Inc. (ECM) is an independent, fee-only registered investment adviser. Ebert Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Ebert Capital Management has been independently verified for the periods Dec 1, 2010 through December 31, 2013. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Policies for valuing portfolios, calculating performance, preparing GIPS Reports, and a list of composite descriptions are available upon request.

**Past performance does not guarantee future results.** Performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted. Past performance of markets, strategies, composites, or any individual securities is no guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's portfolio. Investment in the above referenced model composite is subject to investment risks, including, without limitation: market risk, interest rate risk, management style risk, business risk, sector risk, and other risks related to equity securities. There are no assurances that a portfolio will match or outperform any particular benchmark. Historical performance results for benchmarks, such as investment indices and/or categories, generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, which would have the effect of decreasing historical performance results.

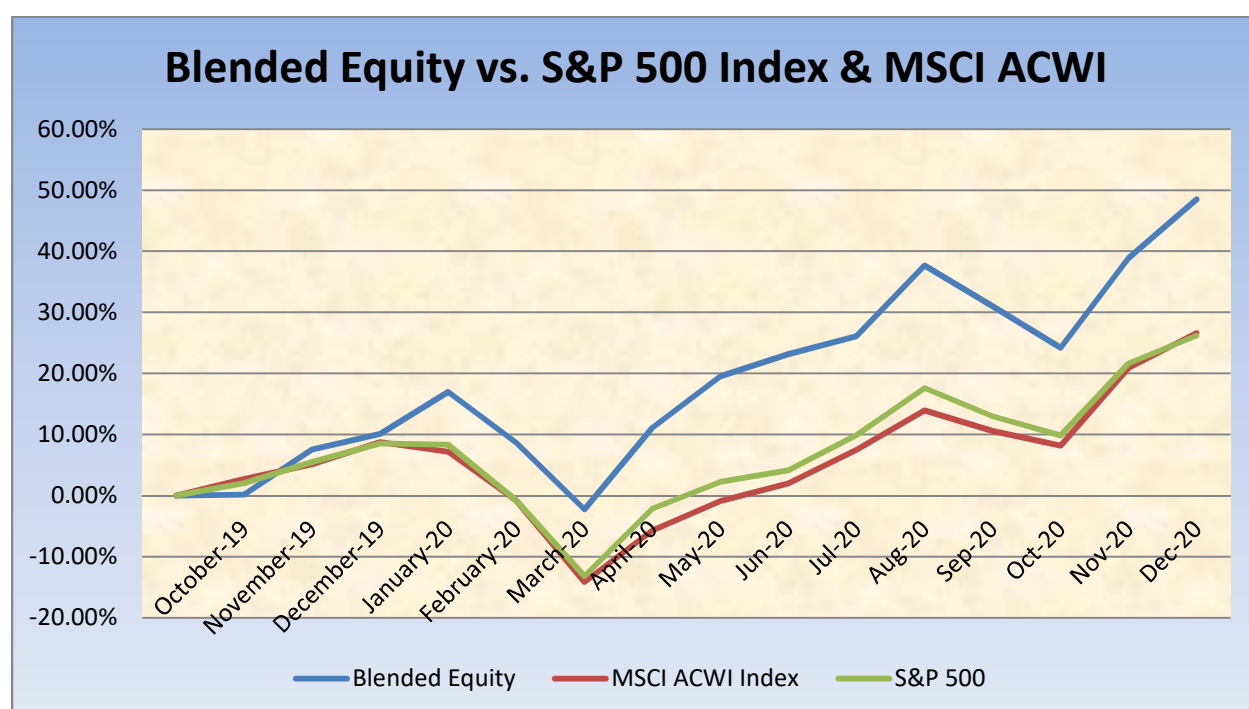
## Blended Equity

### Blended Equity Strategy Composite As of December 31, 2020

Strategy/Index Name	Inception Date	1 Year Annualized	Annualized Since Inception	Cumulative Since Inception	36 Month Standard Deviation
Blended Equity Strategy – Net of Fees	10/01/2019	34.86%	37.21%	48.50%	N/A
Blended Equity Strategy – Gross of Fees	10/01/2019	36.21%	38.58%	50.36%	N/A
MSCI ACWI Index	N/A	16.40%	26.59%	26.59%	N/A
S&P 500 Index	N/A	16.26%	20.44%	20.44%	N/A

Year	Composite Net Return (%)	Benchmark Return* (%)	Composite 3-Yr Std. Dev	Benchmark 3-Yr Std. Dev	Internal Dispersion	Number of Portfolios	Composite Assets (\$)	Firm Assets (\$)
2019 <sup>A</sup>	11.17%	7.37%	N/A	N/A	3.81%	217	\$5,815,960	\$24,006,315
2020	34.86%	16.26%	N/A	N/A	7.84%	234	\$10,180,638	\$34,005,567

A- Performance from 10/1/2019-12/31/2019



Our Blended Equity Strategy is composed of a mix of our U.S. Equity investments and our Global Equity investments. The purpose of this strategy is to hold stocks of high quality companies that maintain significant competitive advantages over their peers, barriers to entry, preferably with a recurring revenue model, and tends to perform well during market downturns. We only select the most dominant companies in their field. The desired holding period is long term, hopefully perpetually. The strategy is benchmarked



to the MSCI ACWI. The composite returns represent the total returns as of 9/30/2020. The composite creation date is 10/01/2019.

Returns are presented net and gross of actual management fees paid. Fees are described on the last page of this report and apply to all composites managed by Ebert Capital Management Inc. ECM's account inclusion policy is the first full month or the end of the month in which the account is fully invested. The composite contains both taxable and nontaxable accounts. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon monthly portfolio valuations, and include the reinvestment of all earnings as of the payment date. The composite returns are asset-weighted based upon the beginning period market values calculated in U.S. dollars. The composite contained fewer than 1% of non-fee paying accounts at the end of each year.

Ebert Capital Management Inc. (ECM) is an independent, fee-only registered investment adviser. Ebert Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Ebert Capital Management has been independently verified for the periods Dec 1, 2010 through December 31, 2013. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Policies for valuing portfolios, calculating performance, preparing GIPS Reports, and a list of composite descriptions are available upon request.

**Past performance does not guarantee future results.** Performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted. Past performance of markets, strategies, composites, or any individual securities is no guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's portfolio. Investment in the above referenced model composite is subject to investment risks, including, without limitation: market risk, interest rate risk, management style risk, business risk, sector risk, and other risks related to equity securities. There are no assurances that a portfolio will match or outperform any particular benchmark. Historical performance results for benchmarks, such as investment indices and/or categories, generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, which would have the effect of decreasing historical performance results.

## MLA WORKS CITED SECTION – PASTE CALEB’S MLA FORMATTING

### Works Cited

- “Why Uber And Amazon Are Going After Truckers.” *YouTube*, CNBC, 12 Sept. 2019, [www.youtube.com/watch?v=b9S3BibG9Yk&t=564s](http://www.youtube.com/watch?v=b9S3BibG9Yk&t=564s).
- “About Tesla.” *Tesla*, Tesla, [www.tesla.com/about](http://www.tesla.com/about).
- “Amazon Startup Story.” *Fundable*, [www.fundable.com/learn/startup-stories/amazon](http://www.fundable.com/learn/startup-stories/amazon).
- “Amazon.com.” *Sec.gov*, Sec.gov, [www.sec.gov/Archives/edgar/data/1018724/000119312517120198/d373368dex991.htm](http://www.sec.gov/Archives/edgar/data/1018724/000119312517120198/d373368dex991.htm).
- Assis, Claudia, and Emily Bary. “Tesla to Raise Money through New Stock and Convertible Debt Offerings.” *MarketWatch*, 2 May 2019, [www.marketwatch.com/story/tesla-to-raise-money-through-new-stock-and-convertible-debt-offerings-2019-05-02](http://www.marketwatch.com/story/tesla-to-raise-money-through-new-stock-and-convertible-debt-offerings-2019-05-02).
- Baer, Drake. “The Making Of Tesla: Invention, Betrayal, And The Birth Of The Roadster.” *Business Insider*, Business Insider, 11 Nov. 2014, [www.businessinsider.com/tesla-the-origin-story-2014-10](http://www.businessinsider.com/tesla-the-origin-story-2014-10).
- Bary, Andrew. “Tesla Is Raising Cash by Issuing Convertible Debt. Here Are the Details.” *Tesla Is Raising Cash by Issuing Convertible Debt and New Stock - Barron's*, Barrons, 2 May 2019, [www.barrons.com/articles/tesla-is-convertible-debt-terms-details-51556803087](http://www.barrons.com/articles/tesla-is-convertible-debt-terms-details-51556803087).
- Blystone, Dan. “The Story of Uber.” *Investopedia*, Investopedia, 4 Dec. 2019, [www.investopedia.com/articles/personal-finance/111015/story-uber.asp](http://www.investopedia.com/articles/personal-finance/111015/story-uber.asp).
- Culloton, Dan. “A Brief History of Indexing.” *Morningstar, Inc.*, 9 Aug. 2011, [www.morningstar.com/articles/390749/a-brief-history-of-indexing](http://www.morningstar.com/articles/390749/a-brief-history-of-indexing).
- Davies, Alex. “A Brief History of Elon Musk's Market-Moving Tweets.” *Wired*, Conde Nast, 13 Dec. 2018, [www.wired.com/story/elon-musk-twitter-stock-tweets-libel-suit/](http://www.wired.com/story/elon-musk-twitter-stock-tweets-libel-suit/).
- Divine, John. “Has Passive Investing Become Fraught With Risk?” *U.S. News & World Report*, U.S. News & World Report, 14 Nov. 2019, [money.usnews.com/investing/funds/articles/do-index-funds-etfs-quietly-pose-a-systemic-risk-michael-burry-thinks-so](http://money.usnews.com/investing/funds/articles/do-index-funds-etfs-quietly-pose-a-systemic-risk-michael-burry-thinks-so).
- Flores, Bronwyn. “Tech Sector Supports 18 Million U.S. Jobs, Represents 12% of GDP, Says CTA”. Consumer Technology Association, 19 April, 2019, [https://www.cta.tech/Resources/Newsroom/Media-Releases/2019/April/Tech-Sector-Supports-18-Million-U-S-Jobs,-Represe#](https://www.cta.tech/Resources/Newsroom/Media-Releases/2019/April/Tech-Sector-Supports-18-Million-U-S-Jobs,-Represe#/)/.
- Garret, Olivier. “Why Uber Could Crash On November 6.” *Forbes*, Forbes Magazine, 19 Sept. 2019, [www.forbes.com/sites/oliviergarret/2019/09/19/why-uber-could-crash-on-november-6/#6136747f185a](http://www.forbes.com/sites/oliviergarret/2019/09/19/why-uber-could-crash-on-november-6/#6136747f185a).
- Goldfarb, Sam, and Allison Prang. “Tesla Completes \$2.35 Billion Stock and Bond Sale.” *The Wall Street Journal*, Dow Jones & Company, 3 May 2019, [www.wsj.com/articles/tesla-seeks-raise-as-much-as-2-7-billion-up-from-2-3-billion-11556886130](http://www.wsj.com/articles/tesla-seeks-raise-as-much-as-2-7-billion-up-from-2-3-billion-11556886130).

Gregersen, Erik, and Barbara A. Schreiber. "Tesla, Inc." *Encyclopædia Britannica*, Encyclopædia Britannica, Inc., 18 Sept. 2019, [www.britannica.com/topic/Tesla-Motors](http://www.britannica.com/topic/Tesla-Motors).

Griswold, Alison, and Jason Karaian. "It Took Amazon 14 Years to Make as Much in Net Profit as It Did Last Quarter." *Quartz*, Quartz, 2 Feb. 2018, [qz.com/1196256/it-took-amazon-amzn-14-years-to-make-as-much-net-profit-as-it-did-in-the-fourth-quarter-of-2017/](http://qz.com/1196256/it-took-amazon-amzn-14-years-to-make-as-much-net-profit-as-it-did-in-the-fourth-quarter-of-2017/).

Gsell, Markus. "Assessing the Impact of Algorithmic Trading on Markets: A Simulation Approach." *Center For Financial Studies*, 2008, [www.ifk-cfs.de/fileadmin/downloads/publications/wp/08\\_49.pdf2](http://www.ifk-cfs.de/fileadmin/downloads/publications/wp/08_49.pdf2).

gurufocus.com. ADSK Stock Institutional Ownership and Insider Ownership – Autodesk Inc., 27<sup>th</sup> October 2020, <https://www.gurufocus.com/stock/ADSK/ownership>

Hartmans, Avery. "The History of How Uber Went from the Most Feared Startup in the World to Its Massive IPO." *Business Insider*, Business Insider, 18 May 2019, [www.businessinsider.com/ubers-history](http://www.businessinsider.com/ubers-history).

"The History of Uber - Uber's Timeline: Uber Newsroom US." *Uber Newsroom*, [www.uber.com/newsroom/history/](http://www.uber.com/newsroom/history/).

"How Uber Makes - And Loses - Money." *CB Insights Research*, [www.cbinsights.com/research/report/how-uber-makes-money/](http://www.cbinsights.com/research/report/how-uber-makes-money/).

Hunnicutt, Trevor. "Less than 18 Percent of Global Stocks Owned by Index Investors: BlackRock." *Reuters*, Thomson Reuters, 3 Oct. 2017, [www.reuters.com/article/us-funds-blackrock-passive/less-than-18-percent-of-global-stocks-owned-by-index-investors-blackrock-idUSKCN1C82TE](http://www.reuters.com/article/us-funds-blackrock-passive/less-than-18-percent-of-global-stocks-owned-by-index-investors-blackrock-idUSKCN1C82TE).

"Jeff Bezos In 1999 On Amazon's Plans Before The Dotcom Crash." *YouTube*, CNBC, 8 Feb. 2019, [www.youtube.com/watch?v=GltlJO56S1g](http://www.youtube.com/watch?v=GltlJO56S1g).

"Jeff Bezos." *Biography.com*, A&E Networks Television, 12 Nov. 2019, [www.biography.com/business-figure/jeff-bezos](http://www.biography.com/business-figure/jeff-bezos).

"Jeff Bezos." *Entrepreneur*, 10 Oct. 2008, [www.entrepreneur.com/article/197608](http://www.entrepreneur.com/article/197608).

LeBeau, Phil, and Lora Kolodny. "Tesla Pays off \$920 Million Convertible Bond in Cash." *CNBC*, CNBC, 1 Mar. 2019, [www.cnbc.com/2019/03/01/tesla-pays-off-920-million-for-convertible-bond-obligation-in-cash.html](http://www.cnbc.com/2019/03/01/tesla-pays-off-920-million-for-convertible-bond-obligation-in-cash.html).

Mak, Aaron. "The Bonkers Story of Travis Kalanick's Downfall." *Slate Magazine*, Slate, 4 Sept. 2019, [slate.com/technology/2019/09/uber-travis-kalanick-silicon-valley-mike-isaac-if-then.html](http://slate.com/technology/2019/09/uber-travis-kalanick-silicon-valley-mike-isaac-if-then.html).

Markman, Jon. "The Amazon Era: No Profits, No Problem." *Forbes*, Forbes Magazine, 23 May 2017, [www.forbes.com/sites/jonmarkman/2017/05/23/the-amazon-era-no-profits-no-problem/#15a95a04437a](http://www.forbes.com/sites/jonmarkman/2017/05/23/the-amazon-era-no-profits-no-problem/#15a95a04437a).

McLaughlin, Tim. "Index Funds Invest Trillions but Rarely Challenge Management." *Reuters*, Thomson Reuters, 8 Oct. 2019, [www.reuters.com/article/us-usa-funds-index-specialreports/special-report-index-funds-invest-trillions-but-rarely-challenge-management-idUSKBN1WN107](http://www.reuters.com/article/us-usa-funds-index-specialreports/special-report-index-funds-invest-trillions-but-rarely-challenge-management-idUSKBN1WN107).

Moore, Simon. "The Drawback Of Market-Capitalization Weighted Indexing." *Forbes*, Forbes Magazine, 8 May 2019, [www.forbes.com/sites/simonmoore/2018/12/26/one-drawback-of-market-capitalization-weighted-indexing/#3ebcb66860fc](http://www.forbes.com/sites/simonmoore/2018/12/26/one-drawback-of-market-capitalization-weighted-indexing/#3ebcb66860fc).

Newcomer, Eric. "Uber, Lifting Financial Veil, Says Sales Growth Outpaces Losses." *Bloomberg.com*, Bloomberg, 14 Apr. 2017, [www.bloomberg.com/news/articles/2017-04-14/embattled-uber-reports-strong-sales-growth-as-losses-continue](http://www.bloomberg.com/news/articles/2017-04-14/embattled-uber-reports-strong-sales-growth-as-losses-continue).

O'Connell, Brian. "History of Uber: Timeline and Facts." *TheStreet*, 23 July 2019, [www.thestreet.com/technology/history-of-uber-15028611](http://www.thestreet.com/technology/history-of-uber-15028611).

Petrova, Magdalena. "Uber Freight Is Making Trucking More Efficient and Could Help Uber Turn a Profit." *CNBC*, CNBC, 14 Sept. 2019, [www.cnbc.com/2019/09/14/uber-freight-makes-trucking-more-efficient-could-aid-profit.html](http://www.cnbc.com/2019/09/14/uber-freight-makes-trucking-more-efficient-could-aid-profit.html).

Popkin, Helen A. S. "Elon Musk's Twitter Account Is Tesla's \$40 Million Marketing Platform. 'Worth It.'" *Forbes*, Forbes Magazine, 1 Nov. 2018, [www.forbes.com/sites/helenpopkin/2018/10/30/elon-musks-twitter-account-is-teslas-40-million-marketing-platform-worth-it/#5e528bd17873](http://www.forbes.com/sites/helenpopkin/2018/10/30/elon-musks-twitter-account-is-teslas-40-million-marketing-platform-worth-it/#5e528bd17873).

"Press Release Regarding the Acquisitions." *SEC Info - Amazon Com Inc - '8-K' for 4/27/98 - EX-99.2*, 1998, [www.secinfo.com/dr643.7kp.c.htm#2ndPage](http://www.secinfo.com/dr643.7kp.c.htm#2ndPage).

Shepardson, David. "Internet sector contributes \$2.1 trillion to U.S. economy: industry group". *Reuters*, 26 Sept. 2019, <https://fr.reuters.com/article/technologyNews/idUSKBN1WB2QB>.

Slickcharts.com. S&P 500 Companies by Weight, 21<sup>st</sup> September 2020, <https://www.slickcharts.com/sp500>

Somerville, Heather. "Uber Buys Rival Careem in \$3.1 Billion Deal to Dominate Ride-Hailing in Middle East." *Reuters*, Thomson Reuters, 26 Mar. 2019, [www.reuters.com/article/us-careem-m-a-uber/uber-buys-rival-careem-in-3-1-billion-deal-to-dominate-ride-hailing-in-middle-east-idUSKCN1R70IM](http://www.reuters.com/article/us-careem-m-a-uber/uber-buys-rival-careem-in-3-1-billion-deal-to-dominate-ride-hailing-in-middle-east-idUSKCN1R70IM).

Squatriglia, Chuck. "Tesla IPO Raises \$226.1M, Stock Surges 41 Percent." *Wired*, Conde Nast, 4 June 2017, [www.wired.com/2010/06/tesla-ipo-raises-226-1-million/](http://www.wired.com/2010/06/tesla-ipo-raises-226-1-million/).

"TESLA INC. : Shareholders Board Members Managers and Company Profile: MarketScreener." *MarketScreener.com* | *Stock Exchange Quotes* | *Company News*, [www.marketscreener.com/TESLA-INC-6344549/company/](http://www.marketscreener.com/TESLA-INC-6344549/company/).

"Tesla, Inc. 2.375% Convertible Senior Notes Due 2022 (the 'Convertible Notes Offering')." *Sec.gov*, 16 Mar. 2017, [www.sec.gov/Archives/edgar/data/1318605/000119312517086195/d349123dfwp.htm](http://www.sec.gov/Archives/edgar/data/1318605/000119312517086195/d349123dfwp.htm).

Turner, Grant. "The Implications of Passive Investing for Securities Markets." *Bis.org*, Mar. 2018, [www.bis.org/publ/qtrpdf/r\\_qt1803j.pdf](http://www.bis.org/publ/qtrpdf/r_qt1803j.pdf).

U.S. Bureau of Economic Analysis. "Digital Economy Accounted for 6.9 Percent of GDP in 2017". 5 April, 2019, <https://www.ntia.doc.gov/blog/2019/digital-economy-accounted-69-percent-gdp-2017#:~:text=The%20digital%20economy%20accounted%20for,the%20Bureau%20of%20Economic%20Analysis>.

Veitch, Martin. "Bookpages Aims to Be UK's Amazon.com." *ZDNet*, ZDNet, 10 Sept. 1997, [www.zdnet.com/article/bookpages-aims-to-be-uks-amazon-com/](http://www.zdnet.com/article/bookpages-aims-to-be-uks-amazon-com/).

Wathen, Jordan. "Vanguard's Founder Warns That Index Funds Could Become Too Big to Function." *The Motley Fool*, The Motley Fool, 1 Dec. 2018, [www.fool.com/investing/2018/12/01/vanguards-founder-warns-that-index-funds-could-bec.aspx](http://www.fool.com/investing/2018/12/01/vanguards-founder-warns-that-index-funds-could-bec.aspx).

Wilhelm, Alex. "A Look Back in IPO: Amazon's 1997 Move." *TechCrunch*, TechCrunch, 28 June 2017, [techcrunch.com/2017/06/28/a-look-back-at-amazons-1997-ipo/](http://techcrunch.com/2017/06/28/a-look-back-at-amazons-1997-ipo/).

Wu, Amy. "Tesla's Got the Keys: A History of Its Success." *Investopedia*, Investopedia, 4 Dec. 2019, [www.investopedia.com/articles/personal-finance/061915/story-behind-teslas-success.asp](http://www.investopedia.com/articles/personal-finance/061915/story-behind-teslas-success.asp).

Yardeni, Edward. "thinking outside the box." Yardeni Research, Inc., 2 Oct. 2020, <https://www.yardeni.com/pub/buybackdiv.pdf>