ValueInvestor INSIGHT
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Getting the Story

David Poppe of Giverny Capital Asset Management describes his unique path to becoming an investor, how he's processing the macro concerns challenging today's markets, where he thinks investors are being indiscriminate in their judgment, and why he sees mispriced value in CarMax, Installed Building Products, Ashstead Group and M&T Bank.

INVESTOR INSIGHT

David Poppe
Giverny Capital AM

As a business journalist early in his career, David Poppe got interested in investing through the due diligence required on companies and industries to do his job as a reporter. "I had to teach myself the numbers side of it as well, but I came to really believe you could get a qualitative edge as an investor just by better understanding a company and the people running it," he says.

That insight is front and center for Poppe in running Giverny Capital Asset Management, which he launched in 2020 after a long stint at Ruane, Cunniff & Goldfarb and its Sequoia Fund. Targeting compounder-type businesses, he sees opportunity today in such areas as building products, used cars, equipment rental and banks.

You started your work life as a business journalist. How did that turn into a career in money management?

David Poppe: I was in my early 30s and had a journalist friend who had moved to investing at Ruane, Cunniff & Goldfarb. The firm was a big believer in shoe-leather research as a complement to financial research and analysis. My friend was looking to build out a team that would do qualitative research – like cold-calling industry experts and walking the floors at trade shows to talk to people – on potential investment ideas.

My first project in 1999 when I joined the firm was on Harley-Davidson. Ruane had owned it for seven or eight years and it had been a phenomenal investment, but they were starting to worry about the runway for future growth and wanted me to look into that further. I spent months on it, talking to dozens of Harley dealers and probably hundreds of Harley owners or potential owners around the world, and concluded that concerns about the growth runway were real. Buyers were using their Harleys more as toys than as a serious mode of transportation, which significantly extended the replacement cycle. The motorcycles also didn't have nearly the cultural cachet with Gen X and Gen Y that they did with baby boomers. I wouldn't say we timed it perfectly, but we exited the position very close to an all-time high and the stock today is worth less than it was then.

It all just turned out to be a great fit for me. Ruane wanted to be the most knowledgeable shareholder about any company it owned, and I saw first-hand the importance of gaining insight through things I enjoyed doing and was pretty good at, like gathering facts, talking to people and understanding at a somewhat deeper level how things work. Couple that with all I learned about investing from Bill Ruane and Bob Goldfarb and it ended up being a really good run.

It may be that the rise of the expert networks has somewhat commoditized the competitive advantage of that kind of research, but I still believe there's an edge in knowing and understanding your companies better than the next investor. I look for businesses run by owner managers, or their worthy successors, who can reinvest capital at high rates of return. I don't believe there are any shortcuts in doing the qualitative research necessary to truly identify such businesses, to have the conviction to buy them, and then to have the patience to own them over long periods of time.

What do you think the market is typically missing in the companies you target for investment?

DP: It's easier for Mr. Market to put a value on something that doesn't grow much. Companies generating relatively steady streams of income are more comfortable investments than those where you're looking out four or five years and saying earnings can double or triple over that time. Competition makes that very difficult, as does poor capital allocation. It's not surprising that many investors won't try to handicap the long-term success of the companies we end up wanting to own.

I don't want to understate how hard it is to assess the subtle gradations that separate good businesses and management teams from very good ones or from great ones. But that's what I think you have to do in order to accurately assess the likelihood of long-term success. We certainly won't always get it right, no matter how many trade shows we attend. But when we marry a strong business model to a top-flight and committed management team, we think the potential to create value over time rises geometrically.

You also, of course, have to get the math part right, which means not overpaying for what you consider to be a great company. I wouldn't say there's an exact science to that, but I'm generally looking for growth I consider much better than average while paying a reasonable earnings multiple that is at a market or peer average or less. I've rarely, if ever, made an investment with the expectation that the price/earnings multiple will go up. It's more likely that I expect the P/E might actually compress somewhat, but never so much that I can't earn an attractive return driven entirely by the earnings growth I expect.

How about a representative example of a company in your portfolio today?

DP: One of the best representative examples would be Progressive [PGR], the auto-insurance company. This started out as a family business, made into what it is today by Peter Lewis, who took over the company from his father and realized fairly quickly that insurance companies have a difficult time pricing insurance for "non-standard" drivers, which means those with higher risk profiles. Starting from that insight, he built the company around figuring out how to underwrite risks better for all customers at the right rates. Progressive today is objectively, and by far, the best underwriter of auto insurance in the country, with combined ratios over the last 30 years that put the rest of the industry to shame. If anything, the lead in this regard has widened over the years, not shrunk.

The company is no longer family-run, but has sustained that focus on underwriting excellence and invests heavily in it. They're a leader, for example, in using telematics to track how policyholders actually drive, so that they can rely less on indirect inputs like credit scores and employment history in underwriting policy risks. The discipline in underwriting also extends to other parts of the operation. They're constantly pushing to be more efficient in repairing or replacing damaged cars, taking time and cost out of the process. They invest in customer service so policyholders feel that their concerns are being addressed and claims are paid in a timely way – which, by the way, reduces the number of customer disputes and litigation. In general, we consider the culture at Progressive to be a durable competitive advantage and a driver of sustainable growth that we expect as shareholders to benefit from. [Note: At a recent $129.70, PGR's stock trades at just under 21x consensus 2023 earnings estimates.]

Another excellent example that's at an earlier stage in its lifecycle is specialty-retailer Five Below [FIVE]. The company operates variety stores aimed at teens and tweens, selling an eclectic mix of toys, school accessories, candy, low-priced electronics, apparel and room décor in fun, colorful settings at price points that are generally $5 or less. I am a big believer in extreme-value retail like this even in an increasingly online world, and management has what we think is a credible plan to increase the store base from roughly 1,300 today to 3,000 or more. And that's with very attractive economics – the company on average earns back 100% of the cash it lays out to build a new store in the first year, and ongoing returns on capital are very high.

We would argue that Five Below has the strongest growth profile in bricks-and-mortar retail in the U.S., and we have great confidence that its revenues can be 3x larger in a decade than they are today. While the stock has never been particularly cheap, it's corrected sharply this year as the omicron wave of the coronavirus hurt store traffic early in the year and as inflationary cost pressures pinched margins. We're quite confident in the long-term prospects and think over the next

David Poppe

Encore

After nearly 20 years at storied investment manager Ruane, Cunniff & Goldfarb – including 13 as co-manager of its Sequoia Fund – David Poppe in late 2018 left the firm to contemplate a new career chapter. "The younger partners had some ideas for doing things differently and it made sense for me to get out of the way," he says.

Then 54 and having never taken more than a three-week vacation in his adult life, Poppe spent the next year on pursuits you might expect – traveling, exercising and reading – but always knew he wasn't finished as an investor: "As soon as I took the time off, what I found myself thinking most about were stocks, the market and the best way to get back into the business."

He ended up in early 2020 partnering with Giverny Capital's François Rochon [*VII*, January 31, 2021] to launch Giverny Capital Asset Management, where he runs his own portfolio but shares research and back-office resources with Rochon's existing firm. "I could have kept investing from my kitchen table, but I knew it wouldn't be as much fun and I wouldn't be as successful without teaming up with someone," he says. "I should be able to cover more ground, look at more things, move faster and in the end make better decisions."

ten years they can increase earnings above 15% annually. That's the type of business we'll pay a relative premium for, and we expect to own it for a long time. [Note: FIVE shares currently trade at around $149, 32% off their 52-week high.]

What is your typical holding period for a portfolio position?

DP: I recognize that a portfolio isn't a museum, that nothing is great forever and you need to be smart and humble enough to recognize that and that you're going to also make mistakes. But part of how I want to differentiate myself is by identifying long-term winners and letting them compound value for the portfolio over time. At the Sequoia Fund our average holding period was around seven years, which if I'm doing my job well strikes me as a rational and appropriate time horizon going forward as well.

Would you say in today's market there are types of companies or situations that are incrementally interesting to you?

DP: I do think the market today may not be adequately distinguishing between the structurally profitable and the speculative grower. This isn't the only example we're finding of this, but one that's particularly top of mind would be in used-car retail between a proven, profitable company like CarMax [KMX] and an unproven, unprofitable one like Carvana [CVNA]. It's not that Carvana's stock hasn't been absolutely hammered – from an absurdly high valuation – but even CarMax shares are down more than 50% year to date. It to me is a structurally dominant growth business with some cyclical issues, but the stock trades as if it's just another money-losing up and comer.

The market doesn't seem to be making the distinctions it should in certain cases like this between industry players. CarMax is one I own, but there are two or three other cases that we think are similar and where we're close to finding the right price to buy. We're spending a lot of time on that.

Please describe in more detail your investment case today for CarMax.

DP: I've been invested in CarMax since 2016 and will admit that it has been a frustrating investment so far. My partner François Rochon has owned it since 2007 and he points out that from 2007 to 2021 the company's earnings compounded at a 17% annual rate. You would think that would command some respect in the market and maybe even a premium valuation, but that really hasn't been the case.

The stock for some time has mostly traded at a modest valuation and there has been an amazing amount of speculation around how Carvana and some of the other online-only used-car retailers were going to make CarMax more or less obsolete. The argument was that people didn't need or want to visit a car lot, do a test drive, ask a real person questions and get some help filling out a financing application. They were going to be perfectly happy looking at photos online, picking out a car, having it delivered, maybe sit in the front seat for a few minutes and then take ownership.

CarMax has one of the more deceptively good business models I know. Sell-

INVESTMENT SNAPSHOT

CarMax
(NYSE: KMX)

Business: Purchase, sale, financing and servicing of used vehicles in the United States; market-share leader in used-car sales through more than 220 stores located in 41 states.

Share Information (@10/28/22):

Price	**63.79**
52-Week Range	54.85 – 155.98
Dividend Yield	0.0%
Market Cap	$10.08 billion

Financials (TTM):

Revenue	$35.04 billion
Operating Profit Margin	3.3%
Net Profit Margin	2.3%

Valuation Metrics
(@10/28/22):

	KMX	S&P 500
P/E (TTM)	12.5	18.7
Forward P/E (Est.)	14.8	17.0

Largest Institutional Owners
(@6/30/22 or latest filing):

Company	% Owned
Vanguard Group	11.3%
Principal Global Inv	6.6%
BlackRock	6.5%
Akre Capital	4.6%
Capital Research & Mgmt	4.5%

Short Interest (as of 10/15/22):

Shares Short/Float	8.9%

KMX PRICE HISTORY

THE BOTTOM LINE

Fears about online-only rivals and a recent cyclical industry downturn have caused the market to lose sight of the fact that the company is a structurally advantaged competitor with continued strong growth prospects, says David Poppe. He believes its normalized EPS can double in the next five years, and that the stock price should at least follow suit.

Sources: Company reports, other publicly available information

ing used cars in a no-haggle environment doesn't sound very hard, but so far no one else has been able to copy the model profitably. You can underprice them, but it's much harder to do that and also acquire trade-ins efficiently, recondition them for resale, provide a fair financing offer to customers and maintain trust, all while earning a healthy profit.

The company has bought more used cars than anyone else, which means they have a deeper, richer database of what those cars should cost and can buy them more effectively. Given their volume, they're able to refurbish cars to a retail standard more efficiently than anyone else. They have an already established and paid-for base of real estate with space for inventory and that also heightens their market presence. There's a reason the company has gobbled up market share almost continuously since its founding.

Talk about the online-only competitive threat from companies like Carvana.

DP: There are those who want to buy cars directly online, but I think it's just common sense that people in large numbers are still going to want to go to the lot, look at a number of cars and test out a few to actually experience how they drive. Competitors like Carvana were able to raise enormous amounts of money on very easy terms and then move very fast to build out a consumer proposition that many people did like. CarMax went at a more measured pace, investing with cash on hand, which investors didn't like because it wasn't fast enough. I'd argue they moved the way an owner would, one step at a time, making sure to do it right and preserve profitability.

CarMax today has built out an omnichannel capability that is more dynamic than any competitor's. Customers can do as much of the transaction online as they'd like – from trade-in through financing – and as much in-store as they'd like. The company has been remarkably successful at maintaining the gross profit at a stable $2,100-2,200 per unit. While they still have room to open stores in underpenetrated markets, I think the omnichannel capability opens up a much bigger world of transactions and should be an incremental driver of growth. They still only have 2-3% of an enormous used-car market in the U.S. – no one expects that to get to 25%, but could it get to 8-10%? Absolutely.

ON OPPORTUNITY TODAY:

The market isn't adequately distinguishing between the structurally profitable and the speculative grower.

The used-car market in the U.S. has swung pretty wildly over the past couple of years, of late pretty sharply to the downside. Does that make CarMax even more interesting to you today?

DP: You could argue that it was an analytical failure on my part not to sell the stock a year or so ago when it was above $150, because it was fairly obvious that the confluence of events that made used-car demand and prices take off wasn't going to be sustainable. People had more money in their pockets from the pandemic. There wasn't enough supply of new cars. Rental-car firms were coming to market in order to rebuild their fleets. Interest rates were lower than ever. All that caused a spike in demand for used cars.

That's all started to correct and the cycle is clearly down, impacting CarMax's earnings and helping to explain why its stock is half what it was last November. But the company continues to be structurally advantaged and is likely to come through the cycle having been hurt the least, while returning to equilibrium much more quickly.

How attractive do you consider the shares at today's price of around $63.75?

DP: Earnings per share this year should be somewhere in the vicinity of $4 – down from $7 last year – so the stock today is trading at less than 16x current earnings, which is fairly consistent with its history. We think earnings on a normalized basis today are closer to $5 per share, but as the cycle corrects we see a fairly clear line of sight for the company to still grow at a double-digit rate and earn something closer to $10 per share looking out five years. Even with the current multiple, that would produce a pretty attractive return for shareholders.

From used cars to fiberglass insulation, describe why you're high on the prospects for Installed Building Products [IBP].

DP: This is the smallest market cap that I own and I was skeptical when I first looked at it. The primary business is installing fiberglass insulation – in rolls or by blowing it into the walls – primarily for new-construction residential real estate but increasingly also for commercial construction. It seemed to me at first like a commodity service, but on closer inspection I believe it's a terrific business run by a CEO, Jeff Edwards, who owns 17% of the company.

The companies making fiberglass insulation are running glass plants that they want to run all out, all the time. They value big customers placing big orders, and IBP and its top competitor, TopBuild, are by far the two largest national buyers of insulation, capable of buying a significant amount of the insulation producers' capacity. As a result, we estimate IBP and TopBuild are paying 20% lower prices for insulation and for freight than the local players they compete against. That's an enormous structural advantage in a business like this where a primary differentiator is price.

Both IBP and TopBuild have roughly 30% national market share today, but there are still a lot of markets where they don't compete against each other and don't have that level of market share. So they both have considerable opportunity to continue rolling up smaller mom-and-pop operators. IBP can buy a local competitor and boost profitability almost overnight, without much disruption or cutting of jobs.

Another tailwind for the company is that national and regional homebuilders want to reduce their focus on managing labor, so are outsourcing more to subcontractors. IBP benefits from that, and has been buying installers of things like rain gutters, closet shelving, window blinds and garage doors. Given its local market presence, that positions it well in many cases to become a preferred subcontractor to homebuilders. It's not a big part of the business yet, but we think can be a nice, profitable driver of growth going forward.

The equity market is processing the downturn in the U.S. housing market as a big negative for IBP. How is the end-market cycle built into your longer-term view for the company?

DP: Given the rapid increase in interest rates to address rising inflation, I am not a short-term bull on the housing market and think it needs to come into better balance. I do believe, however, that there is longer-term demand for housing that for quite some time will be in excess of the supply, which should be at least a moderate tailwind for IBP. Beyond that, we think incremental growth will also come from the company offering an increased number of services, from its greater penetration into the commercial-construction market, and generally from the fact that in an increasingly ESG world the use of insulation to improve energy efficiency will likely increase.

How are you looking at valuation from today's share price of $87?

DP: Because the market is so pessimistic about the future of single-family home building, the stock trades at less than 11x the $8 or so per share the company should earn this year. We expect there could be a lull in earnings maybe going into 2024, but we don't think that $8 in EPS is the peak going forward. In the meantime, free cash flow should be in line with EPS, so even if the company earns closer to $6 per share over the next couple of years we have a capital allocator in Jeff Edwards that I'm quite confident will use that excess cash flow in ways that benefit us as shareholders down the road. Buying into that at today's valuation I think will prove to be a very attractive proposition.

What do you think the market is missing in equipment-rental company Ashtead Group [London: AHT]?

DP: Ashtead is headquartered in London, but generates about 90% of its overall revenue and earnings from its chain of U.S. stores under the Sunbelt Rentals brand. It rents construction equipment, but also specialty gear like power generators, portable air-conditioning systems, maintenance equipment, stages, scaffolding, pumps and lighting to a diverse group of customers. Fifteen years ago the company's fortunes were primarily tied to construction, but that's now a bit less than 50% of the business.

There are a number of things we like about this business. One tailwind is that enterprises big and small are trying to get more asset-light, choosing to rent equipment as needed rather than own it and only use it occasionally. The company also

INVESTMENT SNAPSHOT

Installed Building Products
(NYSE: IBP)

Business: Sale and installation of insulation, primarily for the residential-construction market in the U.S.; other products include garage doors, rain gutters and closet shelving.

Share Information (@10/28/22):

Price	**87.04**
52-Week Range	69.44 – 141.43
Dividend Yield	1.4%
Market Cap	$2.48 billion

Financials (TTM):

Revenue	$2.31 billion
Operating Profit Margin	11.1%
Net Profit Margin	6.8%

Valuation Metrics
(@10/28/22):

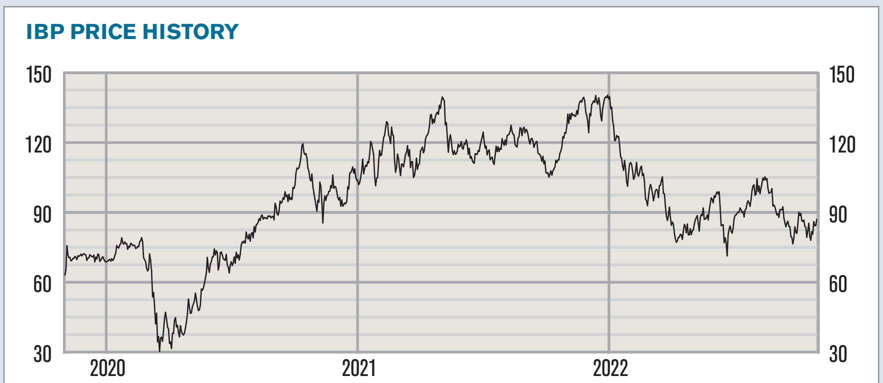
	IBP	S&P 500
P/E (TTM)	15.7	18.7
Forward P/E (Est.)	10.4	17.0

Largest Institutional Owners
(@6/30/22 or latest filing):

Company	% Owned
BlackRock	13.1%
Vanguard Group	8.8%
Findlay Park Partners	7.0%
Baron Capital	5.0%
Invesco	3.4%

Short Interest (as of 10/15/22):

Shares Short/Float	4.2%



THE BOTTOM LINE

The company is a much higher-quality business than the current 11x earnings multiple on its stock suggests, says David Poppe. He expects it to translate scale advantages to continued market-share growth in both residential and commercial construction. Buying the shares at today's valuation, he says, should "prove to be a very attractive proposition."

Sources: Company reports, other publicly available information

absolutely benefits from scale. Inventory availability and equipment utilization are two primary drivers of success, and as typically the #1 or #2 player in its local markets, Sunbelt is able both to carry more inventory and to rent it out more often. A mom-and-pop rental shop has a hard time competing with that.

As a result, both Ashtead and its chief rival, United Rentals, have a pretty healthy runway for growth. In a handful of markets they already jointly control 40-50% of the market, but in most of the country that's more like 10-20%. In less-penetrated markets they've been very successful in opening stores, building scale and taking share. They also supplement that organic growth with small bolt-on acquisitions of strong local competitors. Once the two biggest players in the market have established themselves, they tend to compete more on inventory availability and service rather price, which has resulted in quite high returns on capital. Ashtead earns 25-30% returns on equity with a reasonable level of leverage, around 2x net debt to EBITDA.

People worry about the high inventory investment in the event of a downturn, but the items in inventory are pretty liquid. There's a market for selling that power washer after four or five years and you get some of your money back. The fact that you can liquidate inventory when you don't need it turns out to be an underrated aspect of the model.

The business over time has also become less cyclical than it used to be. With the diversification away from construction, the equipment for rent isn't all tied to the same cycle. In 2020, the year of the pandemic, the company's revenues actually rose. This year they're expecting double-digit revenue growth, citing positive rental trends in commercial construction, infrastructure, special events and maintenance and repair.

How are you looking at upside in the shares from today's £45 price?

DP: The stock trades for just over 13x consensus forward earnings, which strikes us as far too low for a company generating 25%-plus returns on equity and with long-term annual earnings growth we think is above 15%. Ashtead has more than doubled sales and earnings over the past five years and we don't believe that's an unreasonable expectation over the next five years – and I'm paying much less than a market multiple for that. We just see this as an extremely good compounder going forward.

We haven't heard many pitches for banks lately. Why does M&T Bank [MTB] stand out for you?

DP: I currently own three banks – M&T, JPMorgan Chase [JPM] and First Republic Bank [FRC] – but I wouldn't say I love the banking business. In general I find it kind of a commodity business where you're buying and selling money and it's hard to differentiate yourself.

A few things set M&T apart for me. It's made a conscious decision to operate in less-competitive, second-tier markets – places like Buffalo, Rochester, Baltimore and Hartford – where it knows each market exceedingly well and has a very strong local presence. After its acquisition of

INVESTMENT SNAPSHOT

Ashtead Group
(London: AHT)

Business: Provides a full range of construction and industrial equipment for rent; services provided through divisions operating in the United States, United Kingdom and Canada.

Share Information
(@10/28/22, Exchange Rate: $1 = £0.86):

Price	**£44.95**
52-Week Range	£32.69 – £65.72
Dividend Yield	1.5%
Market Cap	£19.71 billion

Financials (TTM):

Revenue	£8.37 billion
Operating Profit Margin	24.7%
Net Profit Margin	16.0%

Valuation Metrics
(@10/28/22):

	AHT	S&P 500
P/E (TTM)	17.4	18.7
Forward P/E (Est.)	13.2	17.0

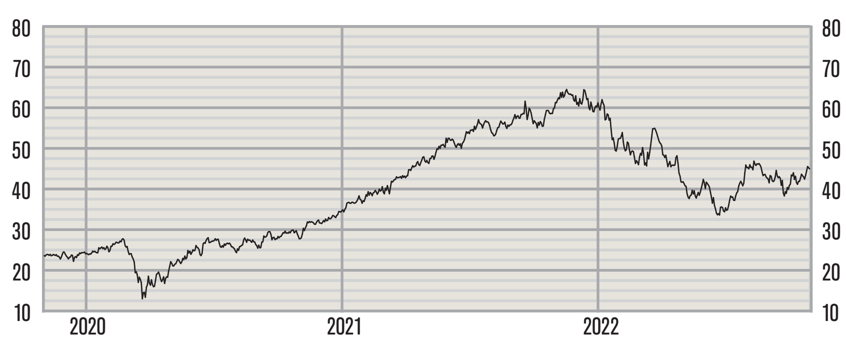
Largest Institutional Owners
(@6/30/22 or latest filing):

Company	% Owned
BlackRock	8.1%
Vanguard Group	4.3%
T. Rowe Price	4.2%
Abrams Bison Inv	3.2%
HSBC Global Asset Mgmt	3.1%

Short Interest (as of 10/15/22):

Shares Short/Float	n/a

AHT PRICE HISTORY



THE BOTTOM LINE

David Poppe expects the company to parlay its leadership in a market with secular tailwinds and where scale is critical into long-term annual earnings growth on the order of 15% per year. Even without an increase in what he considers a too-low forward P/E of 13x, that would translate into an excellent compound return for shareholders, he says.

Sources: Company reports, other publicly available information

People's United Financial, which closed in April, it now has the second-largest number of branches in the Northeast, without being a big player in New York City, Philadelphia or Washington, D.C.

Its markets tend to be less susceptible to boom and bust real estate cycles, which combined with M&T's best-in-class conservatism on the lending side has resulted in very low levels of non-performing loans over time. The model has worked extremely well: earnings per share over the past 40 years have increased at an average of 14% per year.

What's particularly interesting today is that because the bank hasn't been aggressive in lending at super-low interest rates over the past few years, it's now significantly over-capitalized – we'd argue to the tune of $3-4 billion, for a company with a $29 billion market cap. That gives them a great deal of flexibility in a rising-interest-rate environment to put capital to work at higher loan rates, to buy back stock at an 11% earnings yield, or even to invest in Treasury bonds at 4.5% yields. All that should translate into much higher earnings per share.

At a recent $168, how inexpensive do you consider the shares?

DP: The stock this year was doing quite well on a relative basis until the most recent earnings call that the market considered disappointing, so the shares now trade at 9x consensus EPS for next year. I think that's eye-openingly cheap for a bank of this caliber. Through 2021, in a decade of low interest rates and compressed net interest margins, M&T grew its earnings per share by 8% per year. With capital to put to work at spreads that are likely to be higher and with some synergy benefits still to come from the merger with People's United, there's a realistic expectation that prospective earnings grow faster than 8% per year. If we're paying a 9x P/E for an overcapitalized bank growing earnings at more than 8% per year, we think the math on that should work out very well for shareholders.

How in general do you process all there is for investors to worry about today on the macro front?

DP: It's really hard and I don't think anyone can be very good at it. But the reality is that there has never in my career as an investor been a time when there wasn't a lot to worry about. And yet the stock market over that time – and over the last 100 years – has generated better returns than any other asset class. I accept that those higher returns are going to come with volatility and uncertainty that may not always be pleasant.

I also spend my time on trying to make informed decisions about companies that I believe can create value over time in any macroeconomic environment. Patience doesn't do you any good if you own dreck, but when you own fundamentally advantaged and healthy businesses you can worry a lot less about bad macro news and falling share prices and focus instead on whether the businesses you own are serving customers well, taking advantage of the growth opportunities they have, and generating great returns for their owners.

INVESTMENT SNAPSHOT

M&T Bank
(NYSE: MTB)

Business: Full-scale commercial and retail bank holding company based in Buffalo; has the second-highest number of branches among competitors in the northeastern U.S.

Share Information (@10/28/22):

Price	**168.18**
52-Week Range	141.49 – 193.42
Dividend Yield	2.8%
Market Cap	$29.08 billion

Financials (TTM):

Revenue	$6.77 billion
Operating Profit Margin	39.0%
Net Profit Margin	24.9%

Valuation Metrics
(@10/28/22):

	MTB	S&P 500
P/E (TTM)	17.2	18.7
Forward P/E (Est.)	9.1	17.0

Largest Institutional Owners
(@6/30/22 or latest filing):

Company	% Owned
Vanguard Group	12.0%
BlackRock	8.4%
Wellington Mgmt	5.9%
State Street	5.0%
Fidelity Mgmt & Research	4.2%

Short Interest (as of 10/15/22):

Shares Short/Float	1.5%

MTB PRICE HISTORY

THE BOTTOM LINE

The company's strong presence in less-frothy markets combined with its significantly overcapitalized balance sheet should drive earnings per share growth that is closer to its long-term average than the rate in the previous decade with falling interest rates, says David Poppe. "We think the math here should work out very well for shareholders," he says.

Sources: Company reports, other publicly available information

One macro lesson I've learned is that A+ management teams running A+ businesses tend to make good decisions when faced with difficult times. The B and C players typically won't do that. If I'm betting on the right horses, they should win the race regardless of whatever troubling things are going on in the world. VII

Disclosures

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The securities discussed herein are held by the Poppe family account (the "Portfolio") that serves as GCAM's model portfolio as of the date of publication. The Portfolio is managed in accordance with the investment strategy that GCAM employs for its client accounts, however the performance of a client account may differ from that of the Portfolio due to account size, client-specific guidelines or restrictions, tax considerations, cash flows into and out of the account and timing of transactions and other factors.

Past performance is not necessarily indicative of future results.

The Portfolio's top 10 holdings (as a percentage of the value of the Portfolio's total assets) as of September 30, 2022 were: Alphabet Inc. Class A (8.1%); Progressive Corporation (7.2%); Arista Networks Inc. (6.8%); Charles Schwab Corporation (6.6%); Constellation Software Inc. (6.0%); HEICO Corporation (5.5%); Carmax Inc. (5.2%); Credit Acceptance Corp. (4.4%); Berkshire Hathaway Class B (4.3%); Five Below (4.2%). Information about the Portfolio's returns for the year-to-date and since inception can be found at www.givernycam.com/performance.

The S&P 500 Index is an unmanaged capitalization-weighted index of the common stocks of 500 major U.S. companies. The Index does not incur expenses and is not available for investment.

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