Morgan Stanley
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Counterpoint Global Insights

The Ownership Advantage: Enduring Lessons from Builders

INSIGHTS | COUNTERPOINT GLOBAL | October 2025

Executive Summary

Builders convert aligned incentives into operating advantage. We have distilled six durable traits that we consistently observe across winners. We believe finding many if not all these traits in founders and/or management teams (henceforth "Builders") equates to an Enduring company truly worthy of our capital.

1. **CUSTOMER OBSESSION** – Builders start with customer pain and design speed, trust, and safety into the product, so market share capture follows. *Examples: Roblox; Amazon*

2. **CONTRARIAN THINKING** – Builders question orthodoxy and use structures that capitalize on undervalued opportunity. *Examples: Shopify; Roivant Sciences; Royalty Pharma*

3. **GRIT** – Builders demonstrate resilience and fortitude when facing adversity. They are able to absorb the pain in the short-term while making hard decisions to lead their business through said adversity. *Examples: Carvana; Appian*

4. **DISCIPLINED CAPITAL ALLOCATION** – Builders structure bets to cap downside, learn quickly, and scale when the data supports it. *Examples: Heico; Copart; Constellation Software*

5. **LONG-TERM VISION** – Builders keep the destination in mind and invest in their core competencies throughout economic cycles. *Examples: Tesla; Affirm*

6. **KNOWLEDGE OF CAPITAL MARKETS** – Builders display an innate ability to understand how capital markets function and master how to create shareholder value through an ingenious ability to pivot, directing cash to its highest-return use across cycles, reinvesting first and repurchasing only when value is clear. *Examples: Ubiquiti; XPO; GXO Logistics; Colliers International Group*

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COUNTERPOINT GLOBAL

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Introduction

An ownership mindset is the highest form of professional commitment: it binds personal fate to the outcome of a business and creates a shared sense of purpose across all stakeholders. Founders, whose life's mission is their business and serving their customers, naturally take the long view and remain focused on value creation. Their endurance and resourcefulness translate into calculated risk-taking and bold, innovative decisions. They accept short-term pain for long-term gain and invest ahead of the curve, even if that means missing Wall Street expectations for a quarter or two. Companies run by such aligned management teams may be overestimated in the short term but are often under-appreciated over the long run.

We find that these Builders are exceptional capital allocators. Whether investing through the income statement (i.e., Research and Development (R&D), sales and distribution) or the cash flow statement (i.e., capital expenditures and acquisitions), they treat every dollar as their own. This mindset treats capital allocation decisions as the most important driver of creating long-term shareholder value. Many professional managers rise through the operating ranks and excel at sales or meeting quarterly targets but never truly learn how to deploy capital. The best Builders think constantly about opportunity cost, not just economic cost.

Investors can apply the same discipline. Like Builders, owning few high-conviction positions and investing side-by-side with their clients can lead to long-term outperformance. Thinking like an owner means tracking not only what management says but also what they do all while keeping a pulse on the company's competitive advantage and the end-market.

A key question we ask ourselves is: *if we owned the entire company, would we run it any differently?* If the answer is no, we may have identified a Builder we trust and is worth partnering with. This mental model proves invaluable when the company inevitably faces market-caused or operational hardship, allowing us to maintain conviction if the underlying thesis remains intact. It becomes a perennial source of new ideas and of opportunities to increase our stake when others are fearful.

A simple yardstick to gauge skin-in-the-game is the personal risk and accountability borne by Builders. They concentrate their wealth, reputation, and time in their business, align their economics with outside owners, and accept that outcomes are measured in per-share value and not appearances. The wealth creation data points in the same direction: on Forbes' 2025 U.S. list (Forbes 400), 71% of those listed are classified as self-made (largely founders or co-founders), while the balance are inheritors.[1] Globally, Forbes' 2025 World's Billionaires census reports 67% self-made and about a third heirs, consistent with the U.S. picture.[2] This underscores that the largest fortunes overwhelmingly trace back to building businesses.

This paper focuses on lessons from masterful Builders, exploring the six core traits underlying their enduring success: customer obsession, contrarian thinking, grit, long-term vision, disciplined capital allocation and knowledge of capital markets.

1) Customer Obsession

Inspiring Builders obsess over inventing the best ways to delight their customers, an ever-lasting pursuit of excellence that entails dedication in both listening to their feedback and anticipating their needs. Customers become partners, invited to build alongside founders and can become a high signal source of R&D ideas.

On a platform where the customer is both player and game developer, customer obsession shows up as agency, creativity and community engineered into the product. **Roblox's** Builder **David Baszucki** believed that users (often kids and teenagers) would build the most engaging worlds if they were given the tools, distribution, and economics to thrive. That Builder logic is codified in the company's mission and principles—*"connect a billion people every day with optimism and civility," take the long view, respect the community, drive execution, and own responsibility (i.e., "we prioritize our community before company, company before team, and team before individual").*[3] Concretely, Roblox paired creator empowerment while maintaining

[1] Forbes Unveils 2025 Forbes 400 Ranking of Richest Americans (Sep. 2025)

[2] Forbes' 39th Annual World's Billionaires List (Apr. 2025)

[3] Roblox Values and Principles (Accessed Oct. 2025)

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protective guardrails listening to its users' concerns on minors' safety: chat filtering, parental controls, age checks, and, more recently, Trusted Connections with ID/face verification so richer features (e.g., Party Voice) are available only with known contacts. By making safety and civility core product features, Roblox reflects a long-term Builder's vision for the platform. The economics illustrate that relationship: creators earned over $1 billion in the twelve months through March 2025, while the company kept investing in infrastructure and trust & safety (Q2 2025 record Roblox's Developer Exchange (DevEx) with creators/developers paid $316.4 million, +52% year-over-year (y/y), infrastructure & trust & safety $152.6 million).[4] The result of their customer obsession is a growing community to 112 million daily active users who spent 27.4 billion hours on the platform in Q2 2025.[5] Roblox's customer obsessed culture treating creators and players as the primary stakeholders is the reason why the company enjoys powerful network effects.

Another illustration of customer obsession is Builder **Jeff Bezos's** relentless passion to delight customers, giving people back their time through convenient delivery of goods in the fastest and most convenient way possible. **Amazon's** culture was organized around the idea that trust and convenience are the true levers of loyalty. In 1995, the site pioneered customer reviews (including negative ones) on the conviction that candor would help shoppers decide and, over time, deepen trust in the platform. Not only did its success lead to widespread adoption across the website, but it continues to be improved with new AI summaries and language translation.[6] Two years later, the team further improved convenience and rolled out 1-Click ordering (patent filed 1997; granted 1999), turning checkout into a single seamless action, small on the page but radical in its customer impact. In 2005, Amazon came up with a BIG bet on *Prime membership*. They asked customers to prepay for fast, "all-you-can-eat" shipping and the service became the missing ingredient that powered the flywheel and the e-commerce giant we all know today.[7] Much later, when the operating network was vast, leadership chose to regionalize U.S. fulfillment (2023) to move inventory closer to demand and reduce the cost of fast delivery. This decision cut the cost to serve by more than $0.45 per unit year-over-year (first such reduction since 2018). The savings were recycled into faster delivery and broader, lower-priced selection.[8] Customers felt the difference: in 2024, Prime members globally received more than 9 billion items same-day or next-day, the fastest speeds in the company's history.[9] In 2025, the promise is extending to 4,000+ smaller cities, towns, and rural communities, pushing convenience to the long tail of demand.

The customer obsession mindset fueled **Jeff Bezos'** creativity and focus on frugality. He codified frugality as an **Amazon** leadership principle: *"Accomplish more with less. Constraints breed resourcefulness, self-sufficiency, and invention. There are no extra points for growing headcount, budget size, or fixed expense."*[10] In the company's early days, Bezos assembled his workspace from hollow-core doors and 2×4s to save cash. The now-famous "door-desk" has become a cultural artifact of the company reminding teams to only spend where it improves the customer experience, not on office trappings. Amazon's Leadership Principle captures the idea: *"Leaders are owners. They think long term and don't sacrifice long-term value for short-term results. They act on behalf of the entire company, beyond just their own team. They never say 'that's not my job.'"*[11]

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[4] Roblox Company Filing 2Q2025 10-Q (Jul. 2025)

[5] Ibid.

[6] Amazon News, How Amazon continues to Improve the customer reviews experience with generative AI, Schermerhorn (Aug. 2023)

[7] Vox, The Making of Amazon Prime, Del Rey (May 2019)

[8] Amazon Company Filing 2023 10-K (Feb. 2024)

[9] Amazon website, Amazon Prime members enjoyed fastest-ever delivery speed in 2024, (Feb. 2025)

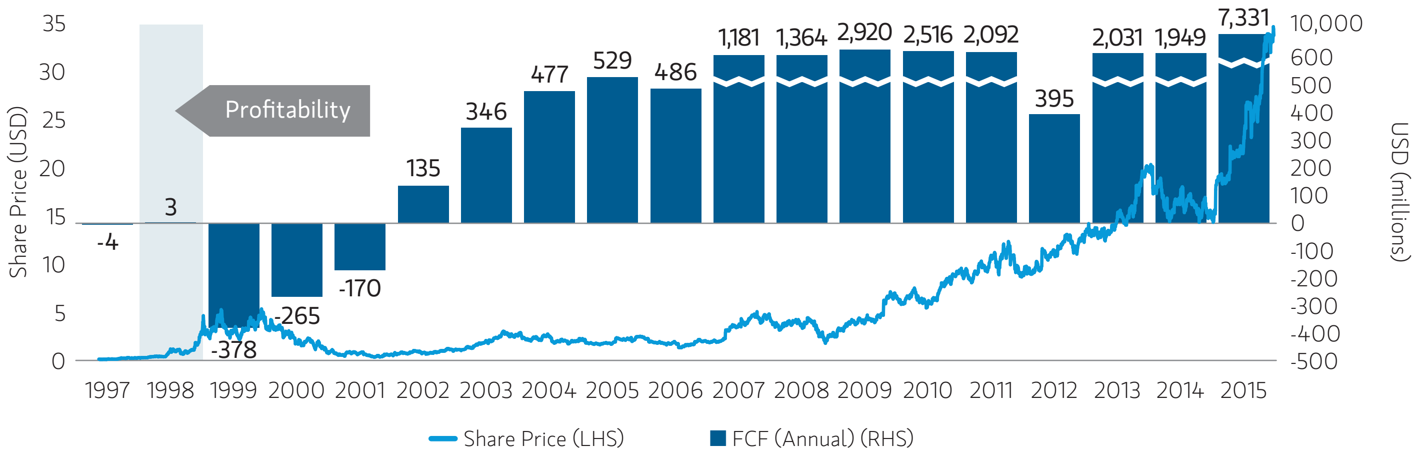
[10] Amazon Leadership Principle (Accessed Oct. 2025)

[11] Amazon Leadership Principle (Accessed Oct. 2025)

DISPLAY 1

Amazon Free Cash Flow (FCF) and Share Price Historical Evolution

Amazon (AMZN): IPO to 2015



Source: FactSet, Counterpoint Global

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At both Amazon and Roblox, we see their Builders start with the customers' pain point and iteratively work on improving the solution all while reinvesting into speed, reliability, and trust.

2) Contrarian Thinking

In markets that reward conformity, great Builders earn their edge by their willingness to be different, questioning premises and focusing where incumbents overlook value. They utilize first-order thinking by going where the risk-reward is misunderstood and design an efficient mousetrap to capture opportunities.

At a time when e-commerce giants were centralizing demand into their own marketplaces, **Shopify** chose a different path: empowering small- and medium-sized businesses to sell directly to their customers. Builder **Tobias Lütke** built the platform in 2006 to originally solve his own store's needs (selling snowboards online) and turned that solution into a global e-commerce infrastructure for independent merchants.[12] Rather than compete with its users, Shopify provides the tools to let entrepreneurs own their brand. A sequence of long-term bets reinforced that mission: Shopify Payments (2013) to internalize checkout; Shopify Capital (2016) to fund merchants on-platform; and later, a test of asset-heavy logistics followed by a decisive pivot to a lighter model with the sale of a majority of Shopify Logistics to Flexport in June 2023.[13] Shopify's focus on merchant agency (i.e., "arm the rebels," not build an empire) paired with a willingness to reverse course when a path doesn't fit the long-term product has translated into long-term success thanks to a Builder's ethos.

While Shopify has succeeded by breaking from orthodoxy in e-commerce, **Roivant Sciences** has achieved impressive results by applying a contrarian lens to drug development. Roivant builds nimble, focused subsidiaries called "Vants" that develop and commercialize promising assets of pharmaceutical companies that have been deprioritized for a variety of strategic reasons (e.g., capital/risk reallocation or pruning programs during reprioritizations and/or cost cutting cycles). For instance, Telavant was built as a joint venture with Pfizer to accelerate development of RVT-3101 which would be a drug treat inflammatory bowel disease, including ulcerative colitis and Crohn's disease. With a ~$50 million original investment,

[12] Shopify Blog CEO Tobi Lutke Shares His Secrets to Entrepreneurial Success (Dec. 2024)

[13] Press release: Flexport Acquires Shopify Logistics and Deliverr (May 2023)

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Roivant funded global development of the drug with Telavant holding U.S./Japan rights while Pfizer retaining ex-U.S./Japan rights and a 25% Telavant stake. When Phase 2b data clarified the opportunity, Roche acquired Telavant in Oct. 2023 for $7.1 billion upfront plus a $150 million near-term milestone payment.[14] Roivant has been able to disrupt biopharma through its architecture of single-asset subsidiaries with dedicated management teams powered by a centralized development platform, and flexible, risk-sharing deal structures. This type of operating model differentiates it from its large pharma peers. The result is faster execution, stronger alignment of incentives, and the conversion of overlooked pipeline into clinical wins and large financial returns.

Another pioneer taking on the biopharma industry is **Royalty Pharma**. Led by its founder and chairman, **Pablo Legorreta**, the company has become a category leader within biopharma financing, funding innovative drugs in diverse sectors from immunology, cardiology, cancer, neurology to rare diseases. In a funding landscape long defined by equity dilution or covenant-heavy debt, Royalty Pharma built the contrarian third path—buying a dilution-free slice of future product cash flows of a drug so that operating teams can maintain control while matching capital to clinical and commercial milestones. That design has revolutionized biopharma with the royalty market more than doubling to ~$31 billion in 2020-24 from ~$13 billion in 2015-19 and announced royalty transactions averaging $6.2 billion per year over the last five years.[15] Over the same period, Royalty Pharma has deployed over $12 billion of capital (+70% over the prior 5-year period) with 90% success rate for deals where there's been a regulatory decision, beating industry benchmarks.[16] Royalty Pharma now commands ~50% share of announced royalty deal value since 2020 and greater than 70% share of deals above $500 million. Their ability to do this can be chalked up to a brilliant team, scale, strong due diligence, and bespoke structuring (tiered rates, staged tranches, label-linked step-ups).[17]

For shareholders, the model has translated into durable compounding: management targets consistent mid-teens Return on Invested Capital (ROIC) and annual total shareholder returns (TSR), with 2025e Portfolio Receipts of ~$3.1 billion and a path to $7.50 portfolio cash flow per share by 2030 (11%+ Compound Annual Growth Rate (CAGR) annual returns from 2025) *(Display 2)*.[18] Capital allocation stays opportunistic, as demonstrated by $1.3 billion returned in 1H25 via buybacks even as the firm funded innovation at scale. This included a creative $2 billion synthetic-royalty/loan package with Revolution Medicines and a ~$1 billion royalty purchase on Amgen's lung cancer product, Imdelltra. Most importantly all this funding was done without diluting operating partners.[19] Given Royalty Pharma's management owns more than 20% of the company's shares, alignment reinforces judgment and this Builder-centric culture has built a marquee brand within biopharma as partner of choice.[20] With synthetic royalties still only 3% of the $300 billion biotech industry funding over the past five years, Royalty Pharma's leading position in this space presents an exciting opportunity for this expert team of contrarians.[21]

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[14] Roivant Sciences Company Filing 10-K (May 2025)

[15] Royalty Pharma Investor Day Presentation 2025 (Sep. 2025)

[16] Royalty Pharma Investor Day Presentation 2025 (Sep. 2025)

[17] Royalty Pharma Investor Day Presentation 2025 (Sep. 2025)

[18] Ibid. (Slides 108 and 111).

[19] Royalty Pharma Company Filing 10-Q 2Q2025 (Aug. 2025); Press Release: Royalty Pharma to Acquire Royalty Interest in Amgen's Imdelltra for up to $950 Million

[20] Royalty Pharma Investor Day Presentation 2025 (Sep. 2025)

[21] Ibid.

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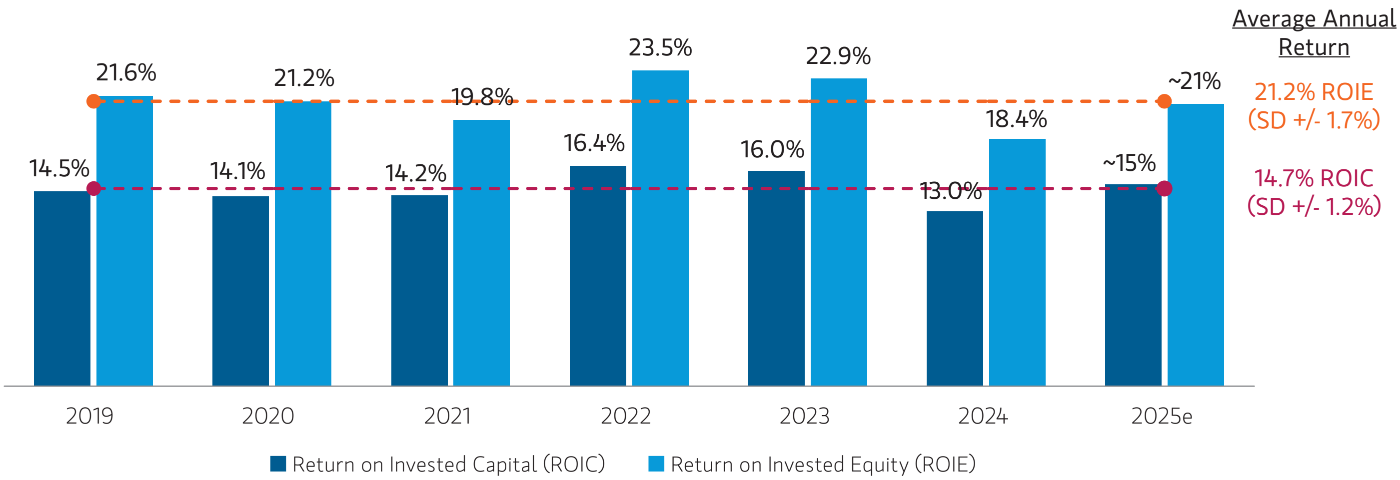
DISPLAY 2

Royalty Pharma Return on Invested Capital and Return on Invested Equity

Royalty Pharma (RPRX): Remarkably stable returns since IPO



Source: Royalty Pharma 2025 Investor Day (slides 108, 111), Counterpoint Global

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Royalty Pharma alongside Roivant and Shopify shed light on the power of contrarian thinking. They display the courage required to think of innovative ways to provide value to our society and take on the status quo.

3) Grit

We assess grit by looking for demonstrated resilience by management under the toughest of challenges. This is a key trait of Builders with true skin-in-the-game. They tend to follow a practical sequence of securing the runway and fix what customers feel most by scaling as economics allow, while staying flexible enough to change the order when circumstances demand it.

In automotive retailing, **Carvana** faced its second major test (first being COVID-19) head-on when its share price collapsed falling from over $360 to under $4 per share, a -98.9% year on year drawdown in December 2022 *(Display 3)*.[22] Its rapid, leveraged expansion met a sudden reversal in the used-car market. Soaring interest rates and plunging second-hand vehicle prices left the company with overpriced inventory, heavy cash burn, and rising borrowing costs. While the stock price collapsed under investors' fear of bankruptcy, Founder and Builder-CEO **Ernie Garcia III** fought through and restructured billions in debt, keeping the company focused on a three-step turnaround he outlined in shareholder letters: prove per-unit profitability, restore growth, and extend the balance sheet's runway.[23]

From July-Sept. 2023, Carvana executed a liability management exchange with over 90% of noteholders that reduced total debt by ~$1.3 billion, eliminated 83% of 2025/2027 maturities, and lowered cash interest by $430–$455 million per year for two years (settled September 1, 2023).[24] Ahead of this restructuring, the Garcia family provided an equity cushion by putting up $126 million of equity alongside a $225 million offering to long-term investors, meeting the transaction's equity requirements, and signaling insider alignment. In the same period, Ernie Garcia's letters stressed conviction *("we plan to become the largest and most profitable automotive retailer")* and sequencing practical steps over optics.[25] With the capital structure fixed and refocused operations, in Q2 2023 Carvana delivered record gross profit per unit (GAAP $6,520; non-

[22] FactSet Carvana $361.50 closing share price 08/16/2021 to $3.83 closing share price 12/27/2022, -98.94% decline.

[23] Carvana Shareholder Letter 4Q2022 (Feb. 2023)

[24] Carvana Company Filing 2024 10-Q (Feb. 2024) Gain on debt extinguishment of $878 million.

[25] Carvana Shareholder Letter 4Q2024 (Feb. 2024)

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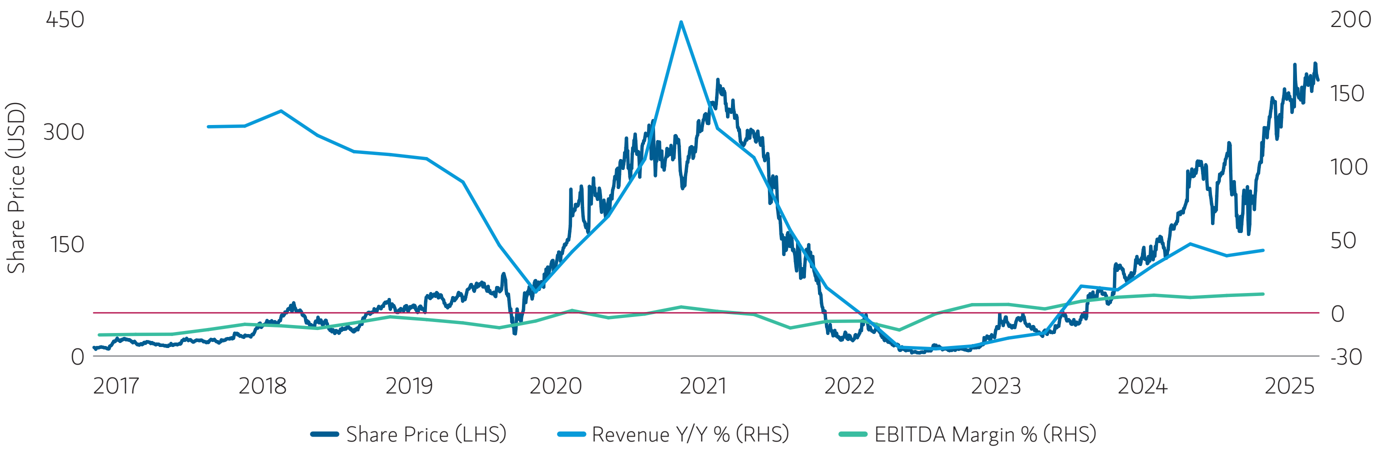
GAAP $7,030 with ~$900/unit nonrecurring) and a return to positive adjusted Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA).[26] Q2 2025 results set all-time quarterly records—143,280 retail units (+41% y/y), $4.84 billion revenue (+42% y/y), and 10.6% GAAP Operating margin.[27] By cutting costs, and overhauling operations while staying true to the long-term mission of transforming the used car market, Carvana's return to positive cash flow renewed investor confidence with the stock price soaring year on year from its 2022 lowest point to +1,320% in 2023.[28]

DISPLAY 3

Carvana Historical Share Price, Revenue Growth and EBITDA Margin

Carvana Co. (CVNA)



Source: FactSet, Counterpoint Global

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Appian's Builder-CEO and Founder, **Matt Calkins** has also demonstrated the kind of grit we look for when a company is tested. Over the past few years Matt Calkins has reorganized the business for profitable growth in the face of strong tailwinds, rewriting the messaging to reflect the product's real edge in the era of Artificial Intelligence (AI) *(Display 4)*. Appian is "The Process Company": it automates complex workflows for governments, financial institutions, and healthcare, legal, insurance and other large companies that operate in a highly regulated industry. The platform centers on process orchestration, data fabric, and process intelligence, with AI embedded inside governed workflows so outcomes are safe, private, and auditable.[29] Appian provides the guardrails for AI. As Calkins puts it, "AI is the engine, and Appian is the car the engine needs to get somewhere."[30] That framing now anchors product releases and CEO keynotes and matches buying criteria in regulated industries for enterprise-ready AI. While Calkins has worn multiple hats as a Builder to drive operational rigor and sales, he has also strengthened the leadership bench by adding senior operators to help lead Appian's next phase. Grit has also meant containing legal tail risk. After a state appeals court vacated the record $2 billion trade secret verdict that went in their favor against a competitor, and remanded the case for a new trial (July 30, 2024), management disclosed a judgment preservation insurance policy designed to protect a $500 million recovery floor.[31] Calkins has repositioned the company from a diluted category to process leadership. He built differentiated guardrails around enterprise AI that deliver measurable returns all while improving the executive bench and derisking a legal overhang. He is a Builder who has showcased grit: absorb shocks, preserve options, and correctly channel resources.

[26] Carvana Company Filing 2Q2023 10-Q (Jun. 2023)

[27] Carvana Company Filing 2Q2025 10-Q (Jun. 2025)

[28] FactSet Carvana from $3.83 closing share price 12/27/2022 to $54.39 12/27/2023 a +1320.1% price growth yoy.

[29] Appian Company Filing 2024 10-K (Feb. 2024)

[30] Appian Q2 2025 Earnings Transcript.

[31] Appian Company Filing 2024 10-K (Feb. 2024)

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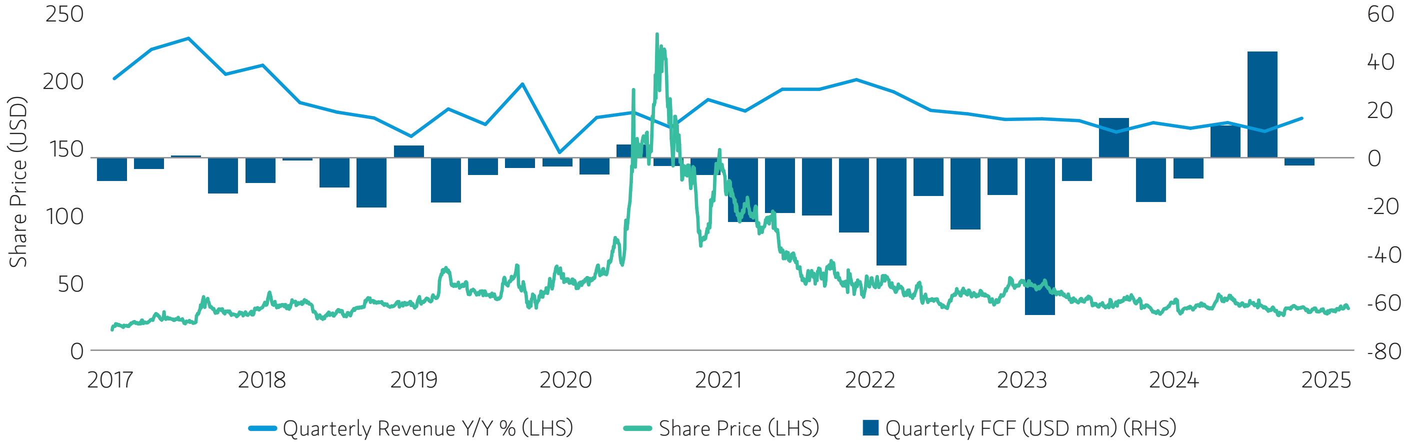
DISPLAY 4

Appian Historical Quarterly FCF, Revenue Growth and Share Price

Appian Corporation (APPN)



Source: FactSet, Counterpoint Global

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Appian and Carvana highlight how essential grit is as a Builder's personal trait. When things go awry, the best prioritize unit economics customers can feel (speed, reliability, quality) while staging commitments to reduce risk, and scale when the economics become attractive again. This is how great Builders emerge stronger after the storm.

4) Disciplined Capital Allocation

We are inspired by Builders who practice disciplined capital allocation with consistency and patience. Builders are, by necessity, outstanding capital allocators who invest for the long-term benefit of their business. The wrong investment can destroy value and take away valuable time and focus. The best Builders constantly weigh the *opportunity cost* of reinvesting in the business versus buying back stock, deleveraging, paying dividends, or acquiring other companies.

The **Mendelsons** are an excellent example of thoughtful capital allocation. In the late 1980s, Builders **Eric** and **Victor Mendelson** and their father **Larry** invested $3 million for a 15% stake in a struggling lab-equipment maker, **Heico**.[32] After gaining control in a 1990 proxy contest, they organized the company in such a way that prudent risk-taking could scale without threatening the franchise. They established two operating platforms, Flight Support Group (1993) and Electronic Technologies Group (1996), to run many small, accountable companies with capped downside. Flight Support took on the front-end certification cost and risk of FAA-approved PMA parts to challenge original equipment manufacturer (OEM) monopolies. The rationale was simple: once a part clears FAA testing and enters service, the wear and tear creates recurring aftermarket cash flows with high switching costs.[33]

Formidable capital-allocators, the Mendelsons mastered acquisitions and built a repeatable, small-deal M&A program—100+ acquisitions since 1990—typically purchasing 80-90% and leaving 10-20% with founders so that the people closest to customers stay economically invested.[34] Under these Builders, Heico has demonstrated a consistent pattern of right-sized bets, aligned owner-operators, modest leverage, and a willingness to act fast which has led to compounding of Free Cash Flow per share *(Display 5)*. Since the 1990 proxy fight, their capital allocation success has been illustrated by their remarkable annual sales growth. From $25 million to $4 billion dollars in 2024, their revenue grew at a remarkable 16% CAGR, all while maintaining an impeccable safety and quality record.[35] Crucially, culture matched structure.

[32] Forbes Interview (Jan. 2020)

[33] Heico Company History Website (Accessed Oct. 2025)

[34] Heico Company Filing 10K (Dec. 2024)

[35] ibid.

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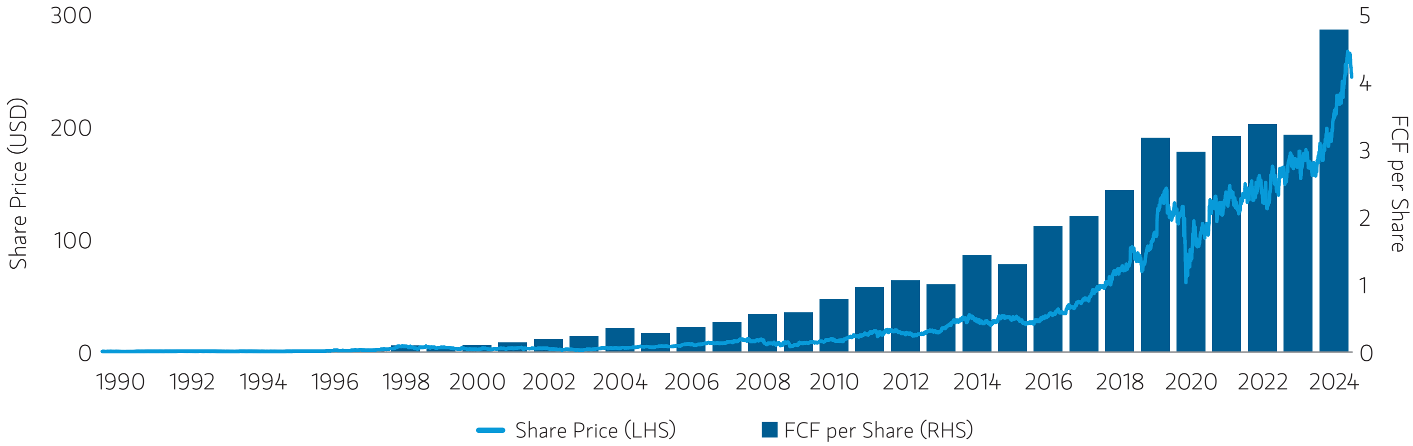
Investing to see your business soar is also about investing in your team. Early on, the Mendelson family contributed 10% of the company's stock to the employees' 401(k) plan, and those shares have since become worth over $2 billion, enabling many long-serving employees, internally called *Team Members*, to retire as multimillionaires.[36]

DISPLAY 5

Heico Historical FCF per Share and Share Price

Heico (HEI)



Source: FactSet, Counterpoint Global

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Copart is another great example of the Builders' ability to be creative in capital allocation. *Who else could have thought of creating so much shareholder value from car junkyards*? Builder **Willis Johnson** grew the company from a single California junkyard in 1982, into a global online vehicle auction platform with vertically integrated yards, auctions, logistics, and title services. His memoir *Junk to Gold* captures a gritty, deal-making ethic learned from his father, an illiterate but relentless entrepreneur.[37] That scrappy, customer oriented, owner-operator mindset still shapes Copart's capital allocation decisions. Former CEO and now Chairman **Jay Aydair** (Johnson's son-in-law) took a $1 salary, preferring stock compensation aligned with the company's long-term plan.[38] He still owns nearly 3% of Copart (worth over $1 billion), while Johnson's stake is approximately $2.5 billion.[39] With so much personal wealth tied to the business, Copart allocates capital with discipline: own the real estate and expand ahead of demand to shorten cycle times for insurers and sellers, and opportunistically repurchase stock when the company is undervalued. On January 14, 2011, Copart completed a modified Dutch-auction tender, purchasing 12,172,088 shares at $38 per share (pre-split), financed by a $400 million term loan maturing December 2015; after the 2-for-1 split in March 2012, that equates to $19 and 24,344,176 shares *(Display 6)*.[40] The company again repeated the playbook in July 2025, retiring ~6.25 million shares at $36 per share (≈4.9% of shares outstanding).[41] But by Q3 2016, Copart had retired a meaningful portion of the float through the Dutch tender and open-market repurchases. By doing so the company bet on themselves by taking on a large buyback risk which in turn paid off handsomely with shares trading at ~18x Enterprise Value (EV) / Next-Twelve-Months (NTM) EBITDA today (and ~28x in 4Q24) vs. ~8x and ~10x during the first and second Dutch auctions, respectively *(Display 6)*.

[36] Forbes Interview (Jan. 2020); Miami Herbert Business School Why HEICO Corporation Calls Employees "Team Members" (Apr. 2024)

[37] Johnson, Willis. Junk to Gold: From Salvage to the World's Largest Online Auto Auction. Westbow Press, 2014.

[38] Copart 2023 Proxy (Oct. 2023)

[39] Copart 2024 Proxy (Oct. 2024)

[40] Copart Company Filing 10K (Sept. 2011)

[41] Copart Company Filing 10K (Sept. 2015)

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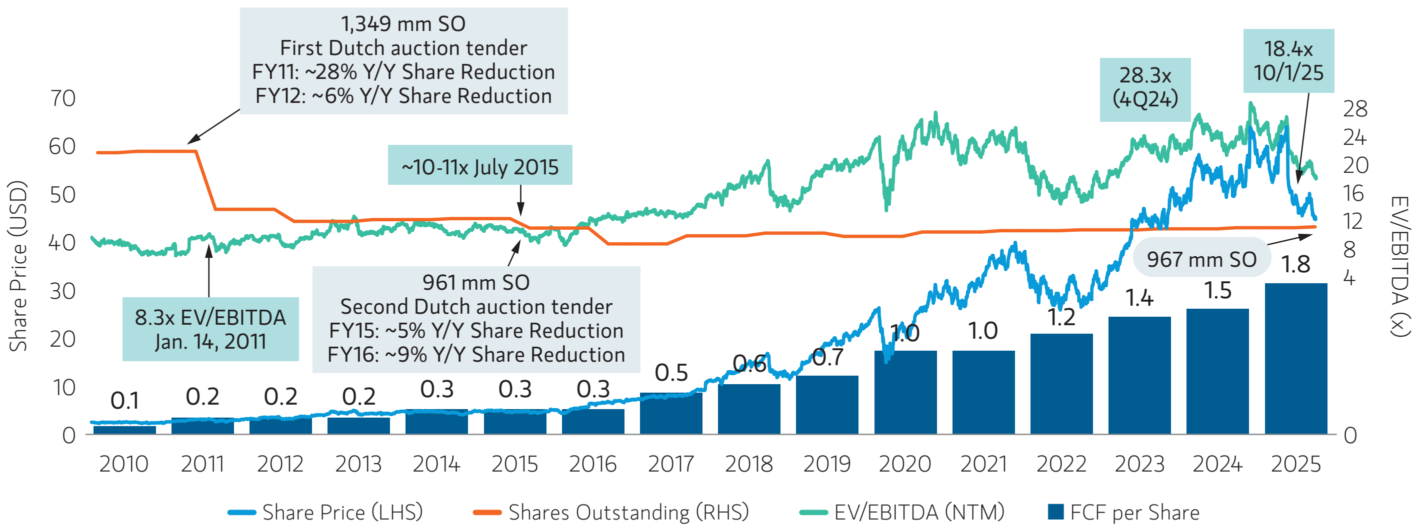
DISPLAY 6

Copart Historical FCF per Share, Share Price, EV / EBITDA and Shares Outstanding (SO)

Copart (CPRT)



Source: FactSet, Counterpoint Global

For illustrative purposes only. This information are not intended as investment advice or a recommendation to purchase or sell specific securities or adopt any investment strategy.

From 1995 to 2025, another expert capital allocator and Builder **Mark Leonard** ran **Constellation Software**, a holding company that acquires and grows niche vertical market software businesses. The method is straightforward and extremely disciplined. Buy small, mission critical software businesses, keep decisions close to customers, and avoid head-office centralization that creates unnecessary bureaucracy. Leonard's own guidance to managers has been explicit: *"Don't share sales, R&D, HR, etc. because the accountants never get the allocations right…when you get big you lose entrepreneurship."*[42]

New business units receive operating values, capital allocation coaching, an experienced peer network and capital only when it reliably raises returns. Otherwise, the business units are left alone to run independently. This approach has led to more than 500 acquisitions organized into semi-autonomous operating groups that act like mini-constellations. In 2024 alone, Constellation Software deployed ~$1.8 billion on acquisitions[43] while generating $2.2 billion of operating cash flow, a clean demonstration of successful capital allocation.[44] The company's share count is lower than its 2006 IPO[45] *(Display 7)* and leverage sits low by design which is exceptionally impressive given the business has gotten to such a large scale by mainly utilizing cash flow the business generates.[46] When the pipeline is thin or pricing is frothy, Constellation Software lets cash pile up or pays a special dividend rather than chase deals that fail its criteria. When the right seller appears, the company moves quickly. As the opportunity set widened over the years, the company created new business units without losing accountability and spun out companies like Topicus.com in 2021 and Lumine in 2023. The 2025 handoff to Mark Miller kept the architecture intact with Leonard remaining on the Board as a Director.

[42] Constellation Software – President's (Shareholders') Letter by Mark Leonard (Apr. 2017)

[43] CS Press release – Acquisitions for total consideration of $1,792 million (Mar.2024)

[44] Constellation Software Company Filing 4Q2024 (Mar. 2025)

[45] FactSet: Constellation Software Share Count 23.2M to 21.19M (2006-2025)

[46] FactSet: Constellation Software Share Count 23.2M to 21.19M (2006-2025)

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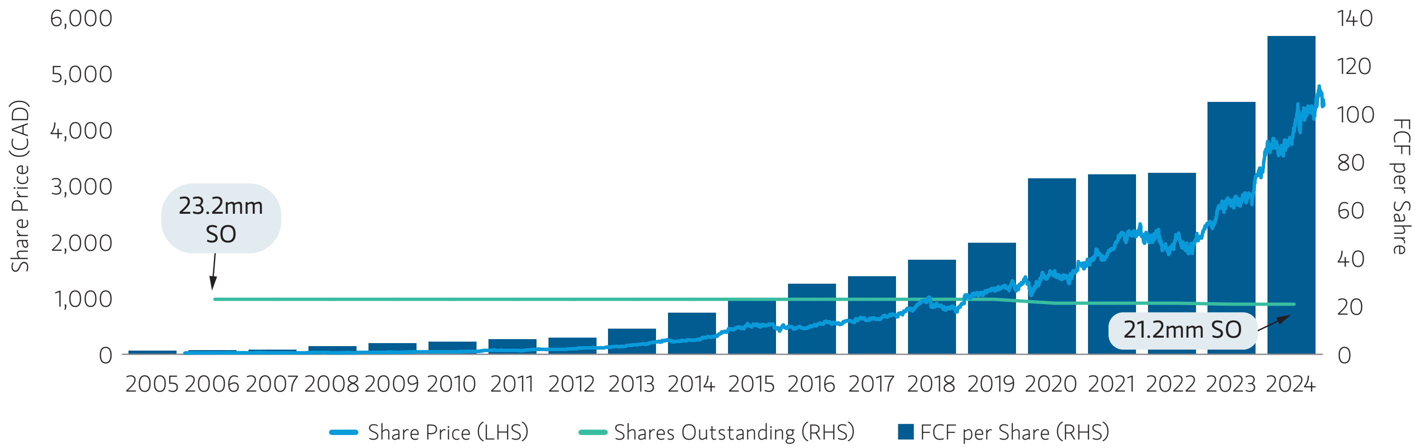
DISPLAY 7

Constellation Software Historical FCF per Share, Share Price and Shares Outstanding (SO)

Constellation Software (CSU)



Source: FactSet, Counterpoint Global

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The Builders at Heico, Copart and Constellation Software treat every dollar as if it were their own. Namely, they deploy capital only where returns are most attractive and avoid empire building for its own sake. The mission is durable growth in intrinsic value per share which over time can translate to share price growth. They reinforce the customer franchise first by redeploying capital in their own business, buyback their own shares only when the company is undervalued and avoid spending any incremental internal dollar when returns are low.

5) Long Term Vision

Long-term vision works as a unifying factor to approach big, hairy, and audacious goals. The best Builders set an ambitious destination, keep investing through cycles, and build capabilities that get stronger with scale. Progress to them is measured in decades, not quarters.

At **Tesla**, Builder **Elon Musk** has framed that destination in staged Master Plans and then executed against them. In 2006, he published the original "Secret Master Plan": 1) prove desirability with a high-end EV, 2) use the proceeds to build an affordable car, 3) then a more affordable one, and 4) add solar.[47] In 2016, *Part Deux* broadened the scope to an integrated energy company, a wider vehicle lineup, and autonomy.[48] In 2023, *Part 3* outlined a data-backed pathway to a sustainable global energy system,[49] and in 2025, Tesla previewed *Part IV* under the theme "Sustainable Abundance."[50]

Tesla mastered manufacturing at scale by treating the factory as a "machine that builds the machine" with fast and iterative cycles. Indeed, its ambitious automobile Gigafactory in China, Giga Shanghai, moved from permits to production in roughly 168 working days, creating a template for rapid buildout. Giga Texas went from site start in July 2020 to first deliveries in April 2022 and continues to add programs.[51] Process simplification followed, with gigacasting cutting part counts on Model Y and an "unboxed" approach that assembles large sub-modules in parallel and joins them late to lower cost and shorten cycle time.

[47] The Secret Tesla Motors Master Plan, Elon Musk (Aug. 2006)

[48] Tesla's Master Plan, Part Deux, Elon Musk (Jul. 2016)

[49] Tesla's Master Plan, Part Three, Elon Musk (Apr. 2023)

[50] Tesla's Master Plan, Part IV, Elon Musk (Sep. 2025)

[51] Tesla Investor Presentation 3Q2019 (Oct. 2019)

Musk also designed the vehicles for autonomy starting in October 2016 with mass produced vehicles already equipped with early Full Self Driving (FSD) features and in 2019, introduced its in-house FSD Computer (Hardware 3) which turned the entire fleet into one of the world's largest real-world data engines. The same long-term horizon guides Optimus, where recent work has focused on building a more capable robotic hand to enable fine manipulation so that a humanoid can manipulate the tools and interfaces people already use. Tesla's Energy business, which gets a call-out in every master plan, is scaling alongside vehicles as Megafactory output rises, reflecting an early read on supply and demand constraints that make grid storage essential. Underneath the covers is deliberate verticalization that keeps the innovation cycle and product learning iterations under Tesla's control. The company builds battery cells and packs, power electronics and drive units, software-first vehicles, and a charging network built to its standards. That is why milestones like Model Y becoming the world's bestselling vehicle in 2023 read less like surprises and more like consequences of a long-range operating system.[52] Musk has also the innate ability to recruit and inspire some of the world's top engineering talent across his companies. His elite team of "lieutenants" navigate across his companies taking on problems once considered out of reach—another reason why the vision translates into execution.

A similar long-term horizon guides Builder **Max Levchin** at buy-now-pay-later ("BNPL") fintech company **Affirm**. The founding idea—unbundle the credit card—meant building a payment network around transparent, pre-purchase credit rather than revolving balances and junk fees. The model prices each transaction with real-time, machine learning-driven underwriting and forgoes late fees to keep incentives aligned with consumers. That philosophy shows up in the product, where the Affirm Card brings installment flexibility to everyday spend and AdaptAI personalizes terms and promotions.[53]

In distribution, Affirm is embedded at checkout across Shopify (exclusive provider for Shop Pay Installments in the U.S., now extending into Canada), has deep integrations across Amazon (Amazon.com checkout, Amazon Pay, Amazon Business), and, as of 2025, is integrated in Apple Pay for in-store purchases on iPhone, placing Affirm inside the most widely used wallet at the physical point of sale.[54] Growth came from embedded partnerships and product breadth rather than loosening credit. Levchin's long-term view is that commerce will shift from search-driven to agent-driven, and Affirm is building the underwriting, settlement, and trust rails to power that shift behind the scenes. A clear Builder's operating pattern emerges: keep the mission legible (fair credit), invest in capabilities that improve with data, and measure progress by durable network effects (more trusted endpoints, repeat customers, and value per relationship) rather than short-term optics.

Together, Tesla and Affirm underscore how long-term vision becomes an operating advantage. Builders set ambitious goals, invest through cycles in capabilities that get stronger with scale, and keep holding themselves and their teams inspired and accountable. The result is progress that survives share-price volatility and creates per-share value. This approach tends to make a Builder's business stronger and self-assured after each cycle.

> "A decade ago, we made a bet that by making access to credit easy to understand, near-instant, and gotcha-free, we could create an entirely new kind of payment network and a great consumer brand. It worked…The original idea behind Affirm was to unbundle the credit card. In a modern society, access to credit is essential. For many people, the classic advice to avoid borrowing no matter what is simply impractical, even condescending. Millions of people choose Affirm instead because we offer loan terms that work for a purchase of almost any size, because we don't nickel and dime them, and most of all, because of the transparency and simplicity of our product."
>
> – Max Levchin 2023 Affirm Investor Letter[55]

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[52] Tesla Investor Presentation 4Q2023 (Jan. 2024)

[53] Affirm Shareholder Letter 4Q2025 (Aug. 2025)

[54] Press Release: Affirm live for in-store purchases with Apple Pay on iPhone (Sep. 2025)

[55] Affirm Shareholder Letter 2023 by Max Levchin (Nov. 2022)

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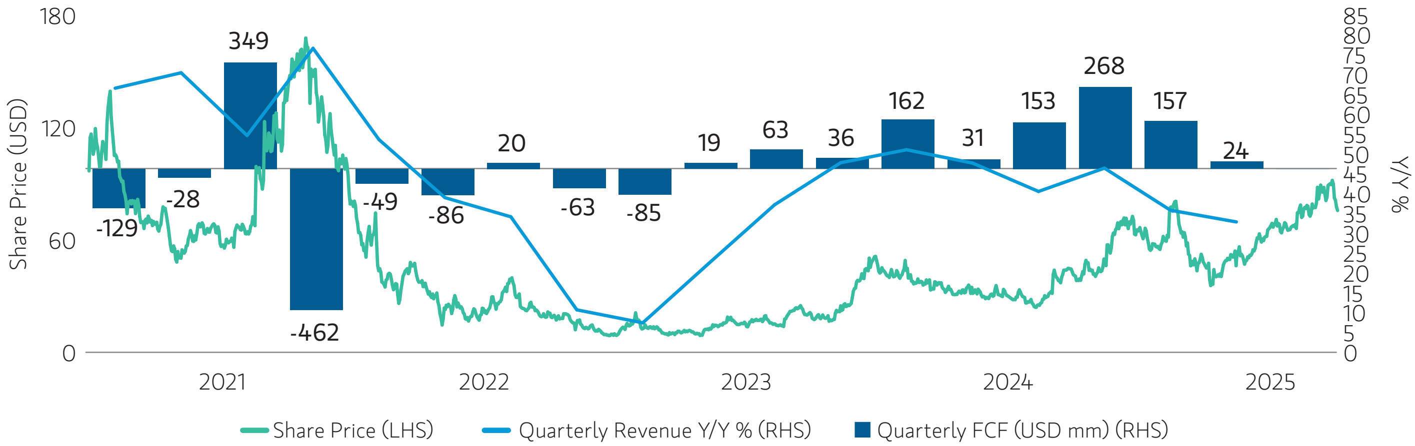
DISPLAY 8

Affirm Historical Quarterly FCF, Revenue Growth and Share Price

Affirm Holdings, Inc. (AFRM)



Source: FactSet, Counterpoint Global

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6) Knowledge of Capital Markets

An intuitive understanding of how capital markets function allows Builders to turn constraints into a force-multiplier. They capture the rhythm and psychology of the market and act accordingly. Markets are dynamic and reward clarity, focus, and timing.

Frustrated with Colliers' share price, Builder **Jay Hennick** decided to spin off FirstService, a residential-focused property management company from Colliers, which is a diversified, partner-led platform rather than a traditional roll-up in the brokerage industry. This allowed both companies to control their own destiny and be fairly valued. The 2015 separation from FirstService created today's **Colliers International Group** as an independent, Builder-led professional services and investment management firm. The company partnered with owners by buying control and leaving principals with meaningful equity so that they kept running their businesses while Colliers added distribution, balance sheet support, and shared systems. The partnership structure stretches each dollar by taking control alongside seller roll-over, tying follow-on consideration to performance, and sharing systems only where they lower unit cost.

That approach produced an investment management platform piece by piece—75% of Harrison Street in 2018, 65% of Rockwood Capital in 2022, 75% of Basalt Infrastructure Partners and Versus Capital in 2022—and in 2025 Colliers unified the division under Harrison Street Asset Management with >$100 billion AUM.[56] In parallel, the company expanded into engineering and essential services, first in the U.S. with Colliers Engineering & Design, then in 2024 agreeing to acquire a significant controlling interest in Englobe for ~$475 million, adding 2,800 professionals and deepening recurring, non-transactional earnings.[57] By 2024-25, recurring services exceeded 70% of earnings, revenues were ~$5 billion, and headcount reached ~24,000, while long-term shareholders could point to ~20% compound annual returns over three decades.[58] The proof is in the pudding with both FirstService and Colliers thriving since their time of separation *(Display 9)*.

[56] Colliers Company Filing 2024 10-K (Feb. 2025)

[57] Ibid.

[58] Ibid.

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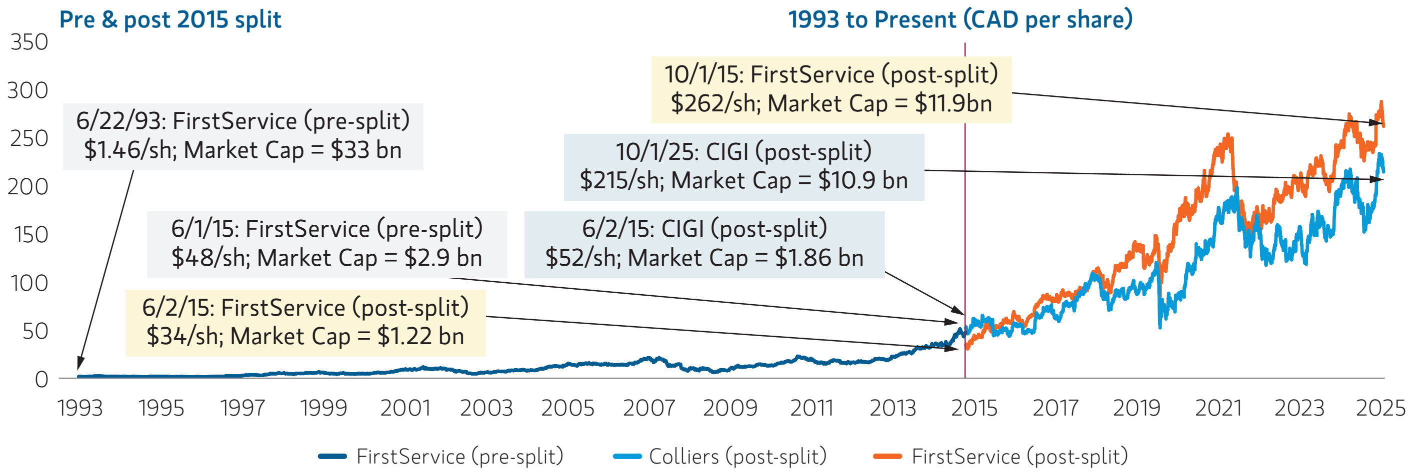
DISPLAY 9

FirstService & Colliers International Group Annotated Share Price

Colliers International Group (CIGI)



Source: FactSet, Counterpoint Global

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Under **Brad Jacobs'** leadership, **XPO** modeled a Builder's posture under pressure by exploiting the public markets on behalf of the company's shareholders. On December 13, 2018, a short-seller report caused a large drawdown in the share price. The next day, the board authorized up to $1 billion in repurchases, converting volatility into per-share value when the price diverged from the fair value of the business *(Display 10)*.[59] Jacobs (ever the shareholder value creation-oriented Builder) realizing that the company continued to be undervalued by the market then separated the businesses so each could be valued and judged on its own merits. XPO spun out **GXO** (contract logistics) on August 2, 2021, and **RXO** (brokerage) on November 1, 2022 *(Display 11)*.[60] That "do the hard thing at the hard time" philosophy created confusion in the short-term but led to markets properly valuing the companies and gave them each a control over their own narrative and economic fate. GXO follows a balanced strategy to pursue capability-building M&A that strengthens the network (automation depth, European scale) when returns warrant, and favor repurchases when shares are mispriced. In Q2 2025, GXO repurchased about 2.6 million shares; in 1H 2025, cumulative repurchases reached ~5.4 million shares (~4% of shares outstanding) at an average price ~26% below the prior 30-day average, executed under a $500 million program authorized February 18, 2025 *(Display 12)*.[61]

Today, Brad Jacobs continues to serve as non-executive Chairman of GXO's board where he provides continuity as the company toggles between external growth and per-share compounding. Additionally, Brad Jacobs has embarked on another adventure at **QXO Inc.,** where he is utilizing the same playbook to build a leader in the fragmented building products industry.

[59] Press Release: XPO Logistics Announces Share Repurchase Authorization (Dec. 2018)

[60] Press Release: GXO Logistics, Inc. Completes Spin-Off from XPO Logistics, Inc. (Aug. 2021); Press Release: XPO Completes Spin-Off of RXO

[61] GXO Earnings Call 2Q2025 (Aug. 2025)

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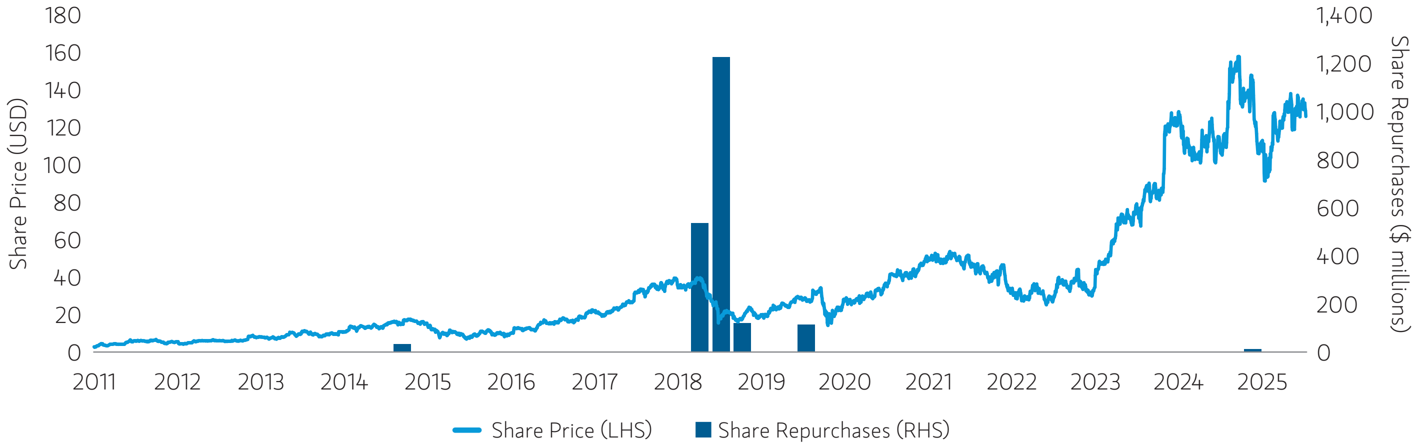
DISPLAY 10

XPO Historical Share Repurchases and Share Price

XPO Inc. (XPO)



Source: FactSet, Counterpoint Global

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DISPLAY 11

Brad Jacobs Value Creation - Share Price

Brad Jacobs Value Creation - XPO, GXO, RXO Share Performance (Pre- & Post-Split)

Source: FactSet, Counterpoint Global

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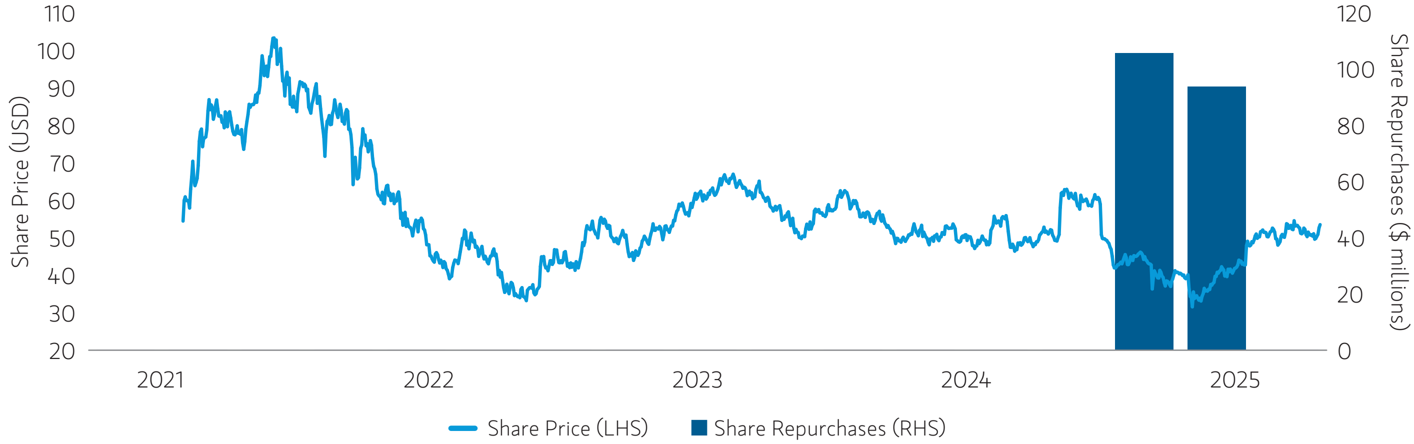
DISPLAY 12

GXO Historical Share Repurchases and Share Price

GXO Logistics Inc. (GXO)



Source: FactSet, Counterpoint Global

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Ubiquiti's founder **Robert Pera** provides a memorable example of how a thoughtful capital allocator can seize a mispricing opportunity to secure long-term control and create shareholder value along the way. Pera founded Ubiquiti in 2003 at 25 years old, shortly after working as a hardware engineer on Apple's Wi-Fi testing team. He transformed it into a $39 billion networking company, distributing internet access in 75 countries mostly known for its product UniFi, a unified platform of enterprise-grade Wi-Fi hardware and cloud-managed networking software.

On September 18, 2017, Ubiquiti became the target of a short attack when the company was publicly accused of committing fraud. They argued Ubiquiti's financial results appeared implausibly strong, pointing to 34% operating margins far above industry peers averaging around 8%.[62] After losing 6.5% that Monday, the stock rebounded, gaining 7% by the end of the week, and rising to 21.4% over the following month.[63] Builder-CEO Robert Pera condemned the short-sellers as "stock-manipulators" while announcing an additional $100 million stock repurchase program.[64] He showed his confidence in the company's fundamentals and proved that such allegations would not derail the company's long-term strategy. Ubiquiti had already reduced its share count by 2% since the beginning of 2017 and by September 2018 it had reached 8%. Around two years after the short attack, the reduction was closer to 20%.[65] The company's repurchasing program led to additional compounding of earnings per share and automatically increased the ownership of all long-term investors. Founder Robert Pera who never sold a share has seen his ownership rise from 63% in 2012 to 93% today *(Display 13)*.[66] This unprecedented move has led to the current share price being nearly thirteen times its 2017 level.[67] He kept his focus firmly on the business he spent more than two decades building, and was even featured in Forbes 400 in 2025 as #39 with a net worth of about $30 billion.[68] It is a remarkable lesson from a Builder who demonstrated how skillful capital allocation took advantage of the stock market and delivered lasting value.

[62] Financial Times, Ubiquiti/Citron: Sour Power, (Sept. 2017)

[63] FactSet: Ubiquiti $54.95 closing share price on 09/15/2017 and $50.62 on 09/18/2017, -6.5% decline $54.14 closing share price 09/22/2017, and $61.46 on 10/31/2019, a +21.6% increase since short attack

[64] Ubiquiti Company Filing 10Q (Sept. 2017)

[65] FactSet: Ubiquiti from 82.13M shares on 01/31/2017 to 80.35M on 09/29/2017 a reduction of -2.2%. From 80.35M on 09/29/2017 to 77.84M on 10/31/2017 a reduction of -3.1% a month after short attack. From 80.35M on 09/29/2017 to 74M on 09/28/2018 a reduction of -7.9% a year after short attack and -19.1% two years later 68.64M on 09/30/2019.

[66] Ubiquiti Proxy Statement (Oct. 2024)

[67] FactSet: Ubiquiti from $50.62 closing share price on 09/18/2017 to $660.58 on 09/30/2025, 13x or +1205%

[68] Forbes Robert Pera Profile (Accessed Oct. 2025)

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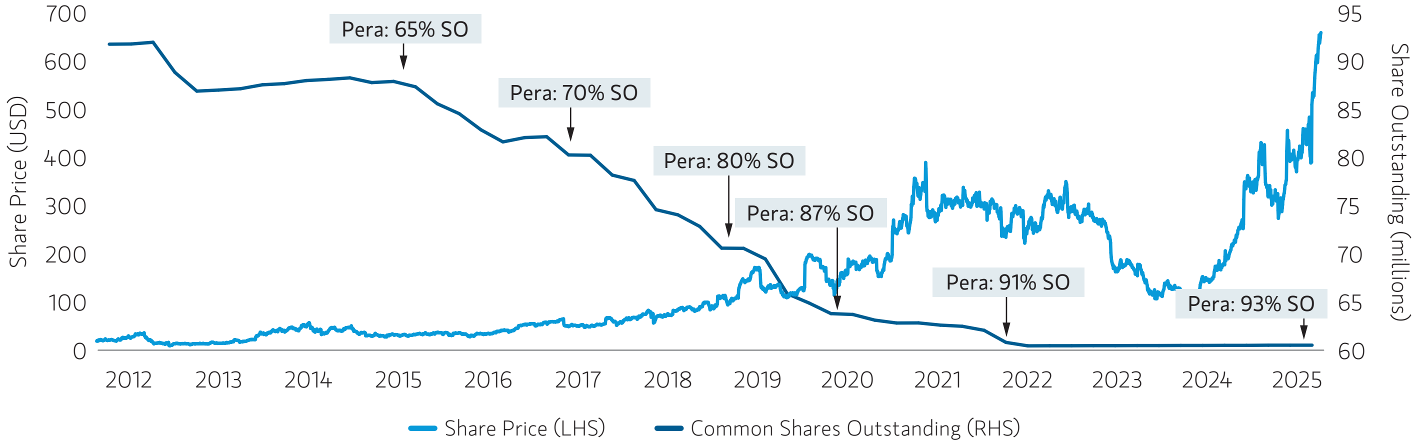
DISPLAY 13

Ubiquiti Common Shares Outstanding Decline and Rise of Founder Pera's Ownership

Ubiquiti Inc. (UI)



Source: FactSet, Counterpoint Global

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Conclusion

Across these six attributes, Builders turn an ownership mindset into an operating advantage. They allocate capital where it truly earns the highest returns on invested capital and let frugality clarify priorities. Builders take risks with guardrails, while pursuing opportunities that others overlook and truly obsess over solving the customers' pain points. They stay resourceful and keep a long-term horizon that ties today's choices to tomorrow's per-share value, with the patience and endurance to keep investing through uncertainty. These attributes highlight operating choices on where cash is deployed, how talent is organized, and how products and infrastructure are built. Practiced consistently, these decisions and their outcome compound with scale and time. We believe this is the true ownership advantage that Builders display: disciplined, enduring behavior that turns vision into measurable value through turbulent waters.

Global Endurance Strategy - Top 10 Holdings

As of September 30, 2025

	GLOBAL ENDURANCE STRATEGY	MSCI ALL COUNTRY WORLD INDEX
Victoria PLC	9.76	–
Avadel Pharmaceuticals	5.61	–
Roivant Sciences Ltd.	5.31	–
Appian Corporation	5.15	–
HCA Healthcare Inc.	4.92	0.09
Arbutus Biopharma Corp	4.50	–
QXO, Inc.	4.49	–
Floor & Decor Holdings, Inc.	4.26	–
Sotera Health Company	3.96	–
Immunovant Inc.	3.78	–
Total	**51.74**	**0.09**

Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management

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DEFINITIONS

Free Cash Flow (FCF) calculated as Net Cash from Operating Activities minus Capital Expenditures (Fixed Assets). Source: FactSet

Enterprise Value (as is used in EV / NTM EBITDA): is Market Value (share price multiplied by shares outstanding) plus Total Debt plus Minority Interest plus Preferred Stock Carrying Value minus Cash & Equivalents. Source: FactSet

Market Value is Price multiplied by Shares Outstanding. Uses quarterly Shares Outstanding for U.S. companies and fiscal year Shares Outstanding for non-U.S. companies. When retrieving the most current Market Value the latest intra-day price available is used. Source: FactSet

Return on Invested Equity ("ROIE") is calculated as Portfolio Cash Flow plus accelerated receipts, less nominal equity performance awards earned ("ROIE Portfolio Cash Flow") divided by the average of Invested Equity at Work at year-end and prior year-end. Invested Equity at Work is calculated as Invested Capital at Work less net debt. Net debt is calculated as principal value of debt, less the sum of cash and cash equivalents and marketable securities as of each period end. Source: Royalty Pharma 2025 Investor Day Presentation.

Return on Invested Capital ("ROIC") is calculated as Adjusted EBITDA plus accelerated receipts, less nominal equity performance awards (EPAs) earned ("ROIC Adjusted EBITDA") divided by the average of Invested Capital at Work at the beginning and end of the year. Invested Capital at Work is calculated as total cumulative Capital Deployment less cumulative Capital Deployment on expired products. Invested Capital at Work represents capital deployed for all active investments. See Royalty Pharma's Annual Report on Form 10-K filed with SEC on February 12, 2025, for RPRX's definition of Adjusted EBITDA. Source: Royalty Pharma (RPRX) 2025 Investor Day Presentation.

Standard Deviation (SD) measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value.

Adjusted EBITDA is defined as net loss plus income tax expense, interest expense, other (income) expense, net, depreciation and amortization in cost of sales and SG&A, goodwill impairment, share-based compensation including the CEO Milestone Gift in cost of sales and SG&A, and restructuring costs, minus revenue related to our Root warrants. Following the ADESA Acquisition, we are also excluding depreciation and amortization in cost of sales, which was historically only a small component of cost of sales. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of total revenues. Source: Carvana Q2 2023 Shareholder Letter

Gross profit, non-GAAP is defined as GAAP gross profit plus depreciation and amortization in cost of sales and share-based compensation including the CEO Milestone Gift in cost of sales, minus revenue related to our Root warrants. Total gross profit per retail unit, non-GAAP is Gross profit, non-GAAP divided by retail vehicle unit sales. Source: Carvana Q2 2023 Shareholder Letter

SG&A, non-GAAP is defined as GAAP SG&A minus depreciation and amortization in SG&A, share-based compensation including the CEO Milestone Gift in SG&A and restructuring costs. Total SG&A per retail unit, non-GAAP is SG&A, non-GAAP divided by retail vehicle unit sales. Source: Carvana Q2 2023 Shareholder Letter depending on a contract and other factors, MSIMJ cannot present the rates, upper limits, etc. in advance. All clients should read the Documents Provided Prior to the Conclusion of a Contract carefully before executing an agreement. This material is disseminated in Japan by MSIMJ, Registered No. 410 (Director of Kanto Local Finance Bureau (Financial Instruments Firms)), Membership: the Japan Securities Dealers Association, The Investment Trusts Association, Japan, the Japan Investment Advisers Association and the Type II Financial Instruments Firms Association.

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