EQUITY RESEARCH / SPECIAL FEATURE 2016—2025

Can you really *beat the* S&P 500?

Ten years. Ten portfolios. One hundred stock selections. The businesses, earnings surprises and industry catalysts behind extraordinary returns.

10	100	198%
YEARS	STOCK-YEAR PICKS	2020 ADVANTAGE OVER SPY

THE BIG QUESTION / A DECADE OF STOCK PICKING

Can the index be *beaten?*

Every stock picker has the same ambition: to beat the S&P 500.

But what would a portfolio capable of beating the index by a truly substantial margin actually look like?

We decided to find out.

We examined the last ten completed calendar years, from 2016 to 2025, and constructed a hypothetical portfolio of each year's strongest-performing stocks.

The results were extraordinary.

In 2020, our ten-stock portfolio gained **213%**, compared with just 15% for the S&P 500 ETF, SPY. In 2024, the portfolio returned 159%, against 24% for the index. Even in 2022, when the S&P 500 suffered a 20% decline, the portfolio of winners gained 53%.

And these weren't portfolios consisting exclusively of Nvidia, Tesla and fashionable technology companies.

The winners included oil producers, banks, hotels, insurance companies, retailers, pharmaceutical businesses, cruise operators and even a manufacturer of mustard.

What made them so successful?

We went through the companies one by one, examining their businesses, the economic and industry conditions they operated in, their starting valuations and, most importantly, the events that caused their shares to rally.

We also examined the monthly performance of each portfolio to understand whether their outperformance was concentrated in one or two spectacular months or developed throughout the year.

What emerged was a fascinating collection of businesses that looked very different on the surface but shared several surprisingly consistent characteristics.

THE METHOD

Ten stocks. One per industry. A new basket each year.

For each year from 2016 to 2025, we selected ten of the best-performing stocks from the year's top-500-company research universe, limiting the selection to one company per industry to avoid concentrating the portfolio in a single winning sector.

We assumed an equal investment in each company on the first trading day of January, with all ten holdings retained until the end of December. Each year started with a newly selected portfolio.

The benchmark was SPY, the exchange-traded fund tracking the S&P 500.

THE RESULTS

ANNUAL RETURNS, 2016–2025

YEAR	10-STOCK BASKET	SPY	ADVANTAGE
2016	**+113%**	+11%	+102%
2017	**+111%**	+18%	+93%
2018	**+46%**	−7%	+53%
2019	**+109%**	+29%	+80%

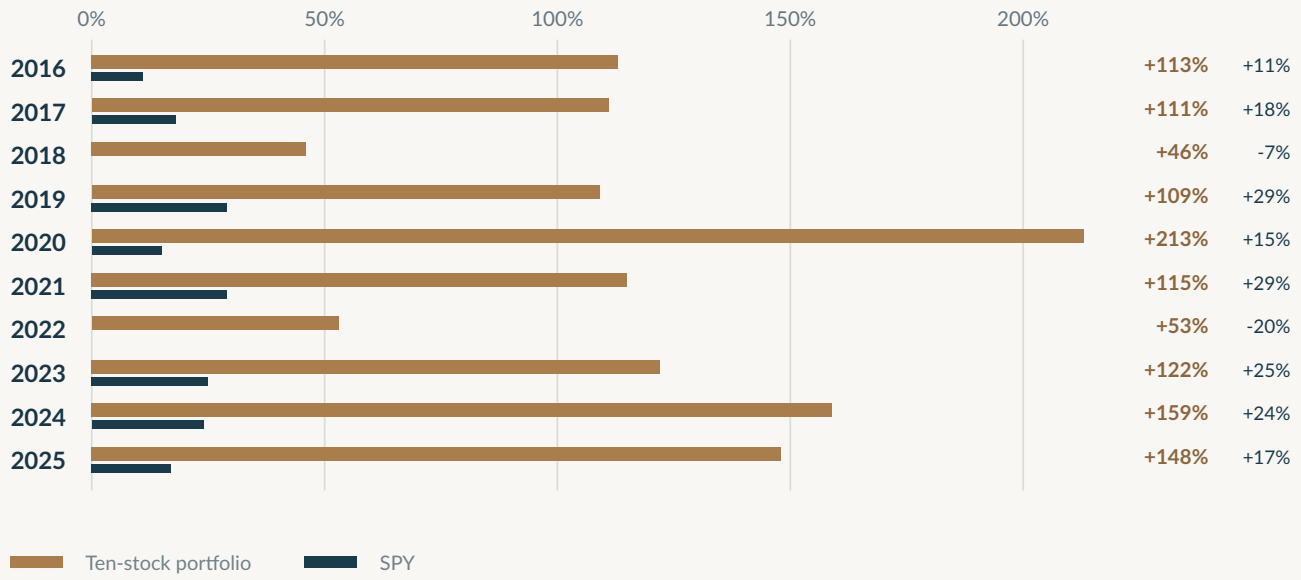
YEAR	10-STOCK BASKET	SPY	ADVANTAGE
2020	+213%	+15%	+198%
2021	+115%	+29%	+86%
2022	+53%	−20%	+73%
2023	+122%	+25%	+97%
2024	+159%	+24%	+135%
2025	+148%	+17%	+131%

Source: Goltsblat Capital research. Figures rounded. Advantage is the difference between the portfolio and SPY returns, shown using % as requested.

> In both 2020 and 2025, the winning baskets beat SPY in every calendar month. In most other years, they did so in at least ten months.

FIGURE 01

THE GAP BETWEEN THE YEAR'S WINNERS AND SPY



Ten annual baskets built from hindsight selections; equal-weighted, one company per industry. The comparison illustrates the scale and character of exceptional stock returns, not an executable historical strategy.

THE TEN-YEAR STUDY / CHAPTER 01

2016 — When the market stopped expecting disaster

+113% WINNING PORTFOLIO | +11% SPY | +102% ADVANTAGE

TICKER	COMPANY	
AMD	Advanced Micro Devices	+309%
VALE	Vale	+141%
PBR	Petrobras	+137%
BSBR	Santander Brasil	+137%
TRGP	Targa Resources	+109%
HTHT	China Lodging Group	+72%
MLM	Martin Marietta Materials	+63%
CX	Cemex	+60%
HPE	Hewlett Packard Enterprise	+53%
PKX	POSCO	+51%

10-STOCK PORTFOLIO	+113%	S&P 500 / SPY	+11%	ADVANTAGE	+102%

Imagine buying a semiconductor company whose shares were trading near $2, which was losing money and competing against the enormous resources of Intel.

That was **AMD** at the beginning of 2016. Today it is a major supplier of processors and AI chips. Back then, its future looked considerably less promising. AMD had fallen behind Intel and investors questioned whether it would ever regain its competitive position.

Then the news started changing. In April, AMD announced a $293 million licensing deal involving its server-chip technology. In June, it launched its Polaris graphics cards to positive reviews. In August, it demonstrated its new Zen processor architecture, promising a substantial improvement in performance. These announcements challenged the assumption depressing its share price: that AMD could no longer compete effectively.

AMD finished the year up **309%**. Interestingly, the company remained loss-making. Investors were assigning a much higher probability to future success. Its price-to-sales multiple expanded from approximately **0.5 to 2.5 times**.

The rest of the portfolio tells an equally interesting story. **Vale (+141%)**, one of the world's largest iron-ore miners, benefited as iron-ore prices roughly doubled from their January lows. China's stimulus measures and a recovery in steel demand provided the industry tailwind.

Petrobras (+137%), Brazil's state-controlled oil company, gained from recovering crude prices and improved political expectations following the impeachment of President Dilma Rousseff. Management changes, asset sales and debt reduction gave investors reason to believe the company's finances were improving.

Santander Brasil (+137%) benefited from the same economic recovery, a strengthening Brazilian real and rising banking profitability. **Targa Resources (+109%)**, which processes and transports natural gas, rallied alongside energy prices and benefited from simplifying its corporate structure.

Several winning companies began the year looking deeply unattractive. Their industries were depressed, earnings weak and investors had little confidence in their prospects. Then conditions changed.

> The opportunity wasn't necessarily to buy the best business. It was to recognise when an excessively pessimistic view of a business was becoming obsolete.

THE TEN-YEAR STUDY / CHAPTER 02

2017 — When strong growth became even stronger

+111% WINNING PORTFOLIO | +18% SPY | +93% ADVANTAGE

TICKER	COMPANY	
HTHT	China Lodging Group	+187%
TAL	TAL Education	+148%
ANET	Arista Networks	+143%
EDU	New Oriental Education	+117%
VRTX	Vertex Pharmaceuticals	+100%
BABA	Alibaba	+95%
NVDA	Nvidia	+90%
BA	Boeing	+88%
CNC	Centene	+73%
HDB	HDFC Bank	+72%

10-STOCK PORTFOLIO +111% | S&P 500 / SPY +18% | ADVANTAGE +93%

The winning formula changed in 2017. This time, the market rewarded companies whose businesses were already growing rapidly—and whose growth kept exceeding expectations.

Consider **China Lodging Group (+187%)**, now known as H World. It operated an expanding network of Chinese hotels, largely using a franchise model. Rather than owning every building, it collected fees from hotel operators, allowing the business to expand without tying up enormous amounts of capital in real estate.

Chinese domestic travel was growing, hotel-room revenue was increasing and occupancy remained strong. During 2017, comparable-hotel revenue per available room rose approximately 7.7%, while the acquisition of Crystal Orange strengthened the company's position in the more profitable mid-market segment. Quarter after quarter, it delivered stronger results. Investors lifted its earnings multiple from approximately **28 to 60 times**.

Another winner was **Arista Networks (+143%)**. Arista makes high-speed network switches used to connect servers inside enormous data centres. As cloud computing expanded, major customers such as Microsoft needed faster, more reliable networks. Arista was taking market share from Cisco, and demand was accelerating. In August, its results exceeded expectations and the shares jumped approximately 19% in one day. November brought another earnings surprise. Arista turned an industry trend into measurable market-share gains and rising profits.

TAL Education (+148%) and **New Oriental Education (+117%)** benefited from Chinese families spending more on after-school tutoring. Enrolments surged, revenues expanded and earnings exceeded forecasts.

Vertex Pharmaceuticals (+100%) develops treatments for cystic fibrosis, a serious inherited lung disease. Positive clinical-trial data suggested combinations of its medicines could help a much larger proportion of patients, materially increasing their potential market.

Nvidia (+90%) was already benefiting from rapidly rising demand for GPUs in data centres—years before generative AI became a household subject. **Boeing (+88%)** benefited from improved production economics, stronger cash flow and large buybacks.

These were not necessarily distressed companies. In many cases they were successful businesses already trading at demanding valuations. Yet their results kept improving faster than analysts anticipated.

> The market wasn't simply paying for growth. It was paying for growth that repeatedly surprised on the upside.

THE TEN-YEAR STUDY / CHAPTER 03

2018 — A good year for mustard and car parts

+46% WINNING PORTFOLIO | −7% SPY | +53% ADVANTAGE

TICKER	COMPANY	
TTD	The Trade Desk	+150%
BSX	Boston Scientific	+40%
HCA	HCA Healthcare	+39%
ORLY	O'Reilly Automotive	+38%
MKC	McCormick	+38%
LLY	Eli Lilly	+37%
NFLX	Netflix	+33%
ERIC	Ericsson	+33%
CME	CME Group	+30%
PANW	Palo Alto Networks	+27%

10-STOCK PORTFOLIO	+46%	S&P 500 / SPY	−7%	ADVANTAGE	+53%

2018 was a considerably less comfortable year for equity investors. Rising interest rates, trade tensions and a sharp fourth-quarter sell-off left SPY down approximately 7%. Yet the winning portfolio gained 46%.

The standout was **The Trade Desk (+150%)**, a software company helping advertisers buy digital advertising automatically across websites, apps and streaming television. As advertisers directed more spending toward connected TV, its revenue accelerated. Every quarterly report beat expectations and management repeatedly raised guidance. In August, revenue grew 54%, substantially above its forecast; the shares jumped approximately 36% in one day.

That was a pattern we would encounter repeatedly: a powerful industry trend, followed by financial results better than the market had anticipated.

But the other winners were rather less glamorous. **O'Reilly Automotive (+38%)** sells replacement parts to car owners and repair garages. Its business benefits from an ageing vehicle fleet and the need to repair vehicles quickly. A mechanic waiting for a part cannot always afford to wait for tomorrow's Amazon delivery. After fears about online competition depressed expectations, O'Reilly reported improving comparable-store sales and stronger earnings.

McCormick (+38%) makes spices, herbs and sauces, including French's mustard and Frank's RedHot. Investors feared its expensive acquisition of those brands would disappoint. Instead they performed well, sales and profits improved, and the market reassessed its prospects. A mustard manufacturer was among the year's best investments. Nobody needed to invent artificial intelligence to make this work.

HCA Healthcare (+39%), America's largest hospital operator, benefited from rising patient revenues, tax reform and repeated earnings upgrades. **Boston Scientific (+40%)**, a medical-device maker, benefited from demand for its cardiovascular products and new treatments.

CME Group (+30%) operates major futures exchanges. When markets became volatile, trading volumes increased, generating more fee income. Market turbulence was bad news for many investors but good news for a company earning money from their trading.

> Exceptional performance does not always come from revolutionary technology. Sometimes it comes from a familiar business steadily improving while the market expects something much worse.

THE TEN-YEAR STUDY / CHAPTER 04

2019 — The companies that rewrote their own stories

+109% WINNING PORTFOLIO | +29% SPY | +80% ADVANTAGE

TICKER	COMPANY	
SHOP	Shopify	+189%
AMD	Advanced Micro Devices	+144%
EDU	New Oriental Education	+119%
LRCX	Lam Research	+111%
KLAC	KLA	+96%
TGT	Target	+93%
CMG	Chipotle Mexican Grill	+89%
LULU	Lululemon	+88%
BX	Blackstone	+86%
TSN	Tyson Foods	+71%

10-STOCK PORTFOLIO +109% | S&P 500 / SPY +29% | ADVANTAGE +80%

In 2019, improving expectations produced another spectacular result. **Shopify (+189%)** was the year's standout. The Canadian company provided software allowing merchants to build online shops, process payments and manage inventory without relying entirely on large marketplaces.

What began as relatively simple e-commerce software was turning into a broader infrastructure platform for retailers. Revenue was growing close to 50%, merchandise volumes were rising rapidly, and quarterly profitability began beating expectations. In August, Shopify reported adjusted earnings significantly above consensus and lifted its guidance. Investors increasingly valued it as an essential commerce platform. Its price-to-sales multiple expanded from roughly **16 to 33 times**.

AMD (+144%) returned to our list, but this time the story differed from 2016. The company was no longer merely promising a comeback. It had competitive 7-nanometre processors while Intel struggled with delays in its manufacturing technology. New Ryzen and EPYC processors gave AMD a credible opportunity to take share in PCs and servers. The evidence was turning technological progress into customer demand. Its P/E expanded from approximately 52 to 244 times.

Target (+93%) provided an entirely different example. Traditional American retailers had long been portrayed as inevitable casualties of Amazon's growth. Target responded by redesigning stores, strengthening its own brands and investing in digital ordering, same-day delivery and in-store pickup.

Those investments began generating measurable results. In August, Target reported stronger comparable sales and earnings, raised guidance and jumped around 20% in a day.

Another strong report in November triggered a further rally. A supposedly obsolete retailer had turned its physical stores into a competitive advantage.

Blackstone (+86%) benefited from its conversion from a partnership to a corporation, expanding the range of institutions and index funds able to own its shares. **Lam Research (+111%)** and **KLA (+96%)**, makers of semiconductor-manufacturing equipment, rallied as investors anticipated a recovery in chip-industry spending.

Chipotle (+89%), the burrito restaurant chain, showed its operational turnaround was working after years of food-safety problems: digital sales accelerated, customer traffic recovered and margins improved. **Lululemon (+88%)** continued growing earnings as demand expanded beyond women's yoga clothing into menswear and international markets.

> The common theme was not an industry or valuation multiple. It was a change in the market's understanding of what the business could become.

THE TEN-YEAR STUDY / CHAPTER 05

2020 — When the future arrived early

+213% WINNING PORTFOLIO | +15% SPY | +198% ADVANTAGE

TICKER	COMPANY	
TSLA	Tesla	+720%
SE	Sea Limited	+397%
PDD	Pinduoduo / PDD Holdings	+331%
ROKU	Roku	+142%
NVDA	Nvidia	+118%
FCX	Freeport-McMoRan	+97%
IDXX	IDEXX Laboratories	+89%
ALGN	Align Technology	+88%
AAPL	Apple	+77%
FDX	FedEx	+67%

10-STOCK PORTFOLIO	+213%	S&P 500 / SPY	+15%	ADVANTAGE	+198%

Then came the pandemic. Factories closed, people stayed at home and governments and central banks introduced extraordinary support. Traditional business models were disrupted overnight. Others experienced years' worth of growth in months.

The leader was **Tesla (+720%)**. At the beginning of 2020, investors still debated whether the electric-vehicle and battery manufacturer could produce consistent profits. It delivered a series of profitable quarters despite the disruption. The fourth consecutive quarterly profit made Tesla eligible for inclusion in the S&P 500; inclusion was announced in November, creating a further catalyst as index funds had to buy the stock. Its price-to-sales multiple expanded from approximately **3.2 to 23.7 times**. The business improved, but expectations improved much faster.

Sea Limited (+397%), a Singapore-based company, operated Shopee, an e-commerce marketplace across Southeast Asia, and Garena, its mobile-gaming business. Lockdowns accelerated online shopping and gaming. Shopee's revenue grew approximately 160% during 2020, with successive quarterly reports showing faster digital adoption than anticipated.

Pinduoduo (+331%), a Chinese e-commerce business specialising in bargain products and group buying, benefited from the migration to online consumption. **Roku (+142%)**, a streaming-TV device and advertising company, rallied as households spent more time watching online video and advertisers followed audiences. **Nvidia (+118%)** benefited from gaming and data-centre chip demand.

Other winners followed different economic forces. **Freeport-McMoRan (+97%)**, a copper producer, rallied as copper prices recovered and expectations for industrial demand improved. **IDEXX Laboratories (+89%)**, a veterinary diagnostics company, benefited from growing pet-healthcare demand.

Align Technology (+88%), maker of Invisalign aligners, recovered as dental clinics reopened. **FedEx (+67%)** benefited from the explosion in e-commerce deliveries.

For some businesses, the pandemic was a disaster. For others, it brought forward years of customer demand.

Now consider the portfolio's path: **it outperformed SPY in all twelve calendar months of 2020**. Even in March, when the basket declined 12.3%, SPY fell 13.0%. In April, the basket rebounded 24.7%, versus 12.7% for SPY. Its cumulative advantage reached approximately 54% by June and 198% by December.

> This was not one lucky stock that happened to surge at year-end. It was a group of companies benefiting throughout the year from changes in economic behaviour the market had initially underestimated.

THE TEN-YEAR STUDY / CHAPTER 06

2021 — Vaccines, hackers, pickup trucks and shopping malls

+115% WINNING PORTFOLIO | +29% SPY | +86% ADVANTAGE

TICKER	COMPANY	
BNTX	BioNTech	+201%
FTNT	Fortinet	+147%
F	Ford	+144%
NVDA	Nvidia	+124%
BX	Blackstone	+105%
DDOG	Datadog	+95%
SPG	Simon Property Group	+93%
COP	ConocoPhillips	+82%
CBRE	CBRE	+82%
EOG	EOG Resources	+78%

10-STOCK PORTFOLIO	+115%	S&P 500 / SPY	+29%	ADVANTAGE	+86%

By 2021, the world was beginning to reopen, but the pandemic continued creating unusual opportunities. **BioNTech (+201%)** was the leading winner. The German biotechnology company developed an mRNA COVID-19 vaccine with Pfizer. As governments ordered enormous quantities and booster programmes expanded, vaccine-sales expectations rose dramatically—from roughly €9.8 billion in March to around €17 billion by November.

It is hard to find a clearer example of a company's financial prospects changing substantially within a single year.

Fortinet (+147%) benefited from a less visible side-effect of digitalisation. As businesses relied more on networks, cloud services and remote working, cyberattacks and ransomware became increasingly serious threats. Fortinet makes security hardware, including firewalls, and sells recurring subscriptions to protect networks. In July, billings grew 35%, their strongest in years; in November, product revenue rose 51%. Its P/E expanded from approximately **52 to 106 times**.

Ford (+144%) provided a different surprise. The traditional carmaker unveiled the electric F-150 Lightning pickup, attracting approximately 44,500 reservations within 48 hours. By year-end, reservations approached 200,000. Investors began treating Ford as more than an old manufacturer threatened by Tesla.

Simon Property Group (+93%), America's largest shopping-mall owner, represented almost the opposite idea. As vaccinations progressed and shoppers returned, mall traffic and tenant sales recovered. Simon raised its dividend three times and repeatedly improved its earnings outlook.

Blackstone (+105%) benefited from record fundraising, strong private-asset valuations and expanding earnings. **Datadog (+95%)**, which helps businesses monitor cloud applications and IT systems, gained from cloud-spending growth and repeated revenue surprises.

ConocoPhillips (+82%) and **EOG Resources (+78%)**, both oil and gas producers, benefited from recovering crude prices and free cash flow. **CBRE (+82%)**, a global commercial-property services company, rallied as leasing and property transactions recovered faster than expected.

> Vaccines, cybersecurity, electric pickup trucks, shopping malls, commercial property and oil. Some businesses benefited from digitalisation; others from the reversal of restrictions. Finding the winners did not require subscribing to one economic narrative. It required recognising which companies faced the biggest positive changes in their prospects.

THE TEN-YEAR STUDY / CHAPTER 07

2022 — The year the market rediscovered profits

+53% WINNING PORTFOLIO | −20% SPY | +73% ADVANTAGE

TICKER	COMPANY	
OXY	Occidental Petroleum	+103%
MPC	Marathon Petroleum	+77%
MCK	McKesson	+51%
LNG	Cheniere Energy	+46%
PDD	Pinduoduo / PDD Holdings	+45%
MRK	Merck	+44%
ENPH	Enphase Energy	+44%
NOC	Northrop Grumman	+42%
CI	Cigna	+42%
LMT	Lockheed Martin	+37%

10-STOCK PORTFOLIO	+53%	S&P 500 / SPY	−20%	ADVANTAGE	+73%

After years of enthusiasm for growth stocks and low interest rates, 2022 brought a dramatic reversal. Inflation surged, central banks raised rates, and Russia's invasion of Ukraine disrupted global energy markets. SPY declined approximately 20%; the winning portfolio gained 53%.

Occidental Petroleum (+103%) is an oil and gas producer with extensive operations in America's Permian Basin. Higher oil prices generated substantial cash flow, allowing the company to reduce debt accumulated in its Anadarko acquisition. Its improving position coincided with another catalyst: Warren Buffett's Berkshire Hathaway began acquiring large quantities of Occidental shares. Each disclosure attracted new investor attention.

Marathon Petroleum (+77%) benefited from an even more specific industry tailwind. Unlike Occidental, Marathon is primarily a refiner: it buys crude and turns it into petrol, diesel and jet fuel. Its profits depend heavily on the spread between crude costs and refined-product prices. As refining capacity tightened, those margins widened dramatically. In the second quarter, Marathon reported earnings of $10.61 per share on refining margins of approximately $37.54 per barrel, compared with $12.45 a year earlier.

Cheniere Energy (+46%) operates US liquefied-natural-gas export facilities. Europe urgently sought substitutes for Russian pipeline gas, boosting demand and pricing; management repeatedly increased its profit forecasts.

Energy wasn't the only theme. **McKesson (+51%)** distributes medicines to pharmacies and healthcare providers. Its comparatively predictable business generated resilient earnings, with management raising guidance while many shares were falling. **Merck (+44%)** benefited from rising sales of its cancer treatment Keytruda and other medicines, alongside earnings upgrades.

Enphase Energy (+44%), which makes power electronics for residential solar installations, benefited from higher European electricity prices and accelerating solar adoption. The US Inflation Reduction Act added another tailwind. **Northrop Grumman (+42%)** and **Lockheed Martin (+37%)** gained as Western governments increased defence spending in response to the war in Ukraine. **Cigna (+42%)** delivered resilient healthcare-insurance earnings and substantial share buybacks.

Cash generation today became more valuable than distant projections. Rising rates punished many expensive growth companies, while high energy prices created exceptional opportunities elsewhere.

> The question wasn't whether technology or oil was better over the long term. It was which businesses were about to earn far more than the market had anticipated.

THE TEN-YEAR STUDY / CHAPTER 08

2023 — The year the earnings forecasts broke

+122% WINNING PORTFOLIO | +25% SPY | +97% ADVANTAGE

TICKER	COMPANY	
NVDA	Nvidia	+246%
META	Meta Platforms	+184%
NU	Nu Holdings	+134%
TSLA	Tesla	+130%
PANW	Palo Alto Networks	+113%
RKT	Rocket Companies	+104%
RYAAY	Ryanair	+79%
KKR	KKR	+78%
AMZN	Amazon	+77%
BKNG	Booking Holdings	+74%

10-STOCK PORTFOLIO	+122%	S&P 500 / SPY	+25%	ADVANTAGE	+97%

In 2023, the market discovered a new obsession: artificial intelligence. But the investment opportunity wasn't simply about mentioning AI on earnings calls. The real winners demonstrated that the technology could have an extraordinary financial impact.

Nvidia (+246%) designs graphics processors used to train and run AI models. Those chips were already important in gaming and data centres, but the launch of ChatGPT transformed expectations for AI-computing demand.

The decisive moment came on 24 May. Nvidia forecast approximately **$11 billion in quarterly revenue** when analysts had expected around $7.2 billion. The shares jumped approximately 25% in a day. Three months later it reported $13.5 billion of quarterly revenue, exceeding even its dramatically raised forecast.

A company operating in an attractive industry is interesting. A company whose earnings trajectory is suddenly far better than even optimistic analysts expected is something else.

Meta Platforms (+184%) offered a contrasting opportunity. After its disastrous 2022 share-price decline, Meta entered 2023 under pressure over spending and weakening advertising demand. Mark Zuckerberg declared the company's 'year of efficiency': management cut costs and staff, while advertising revenue began recovering. Expenses were falling as sales improved. Its P/E expanded from approximately **12 to 31 times**.

Nu Holdings (+134%), the Brazilian digital bank behind Nubank, showed how customer growth could turn into meaningful profit. Quarterly net income increased from approximately $142 million in Q1 to $225 million in Q2 and $303 million in Q3. Investors could now see the economics of its branchless banking model improving with scale.

Palo Alto Networks (+113%), the cybersecurity company, benefited from security demand, stronger margins and its first full year of GAAP profitability. **Rocket Companies (+104%)**, a US mortgage lender, rallied from depressed valuations as investors began to anticipate lower interest rates.

Ryanair (+79%) benefited from robust travel demand and constrained airline capacity. Higher fares and passenger volumes produced record profits and the announcement of its first regular dividend. **Amazon (+77%)** gained from cost reductions and improving retail profitability. **Booking Holdings (+74%)** rallied as international travel recovered.

> AI dominated the headlines, but the winners also included a recovering social-media company, a Brazilian bank, a mortgage lender and European airlines. The connecting theme wasn't technology. It was the scale of the positive surprise.

THE TEN-YEAR STUDY / CHAPTER 09

2024 — AI, Bitcoin, police cameras and cruise ships

+159% WINNING PORTFOLIO | +24% SPY | +135% ADVANTAGE

TICKER	COMPANY	
PLTR	Palantir	+356%
MSTR	MicroStrategy / Strategy	+323%
NVDA	Nvidia	+179%
AXON	Axon Enterprise	+136%
IBKR	Interactive Brokers	+109%
TRGP	Targa Resources	+106%
HWM	Howmet Aerospace	+104%
RCL	Royal Caribbean	+92%
ANET	Arista Networks	+91%
NFLX	Netflix	+90%

10-STOCK PORTFOLIO	+159%	S&P 500 / SPY	+24%	ADVANTAGE	+135%

The 2024 winning portfolio may be the most entertaining collection of businesses in the entire study. Its leader was **Palantir (+356%)**. Palantir develops software helping governments and large organisations combine data, analyse it and make operational decisions. Its Artificial Intelligence Platform lets customers incorporate AI models into existing data systems.

Demand from US commercial customers accelerated, with revenue growth near 70% early in the year. Successive quarters brought strong results and guidance increases. Inclusion in the S&P 500 created additional demand for the shares. Investors raised Palantir's price-to-sales multiple from approximately **18 to 70 times**—a substantial revaluation reflecting operational improvement and enormous expectations about future growth.

MicroStrategy, now Strategy (+323%), was a different kind of winner. Originally an enterprise-software business, it increasingly traded as a leveraged exposure to its enormous Bitcoin holdings. The approval of spot Bitcoin ETFs, Bitcoin's price appreciation and repeated capital-raising to acquire more coins all contributed. Its risk profile was very different from that of a conventional operating business.

Nvidia (+179%) appeared again, but with an intriguing feature: its profits grew so quickly that its P/E **declined from about 63 to 52** even after the shares rose 179%. The company became more valuable while its shares became less expensive relative to reported earnings.

Some of the most useful lessons came from less obvious companies. **Howmet Aerospace (+104%)** makes specialised metal parts for jet engines and aircraft. Strong air-travel demand combined with delays in new-aircraft deliveries meant older planes had to keep flying, requiring profitable maintenance and spare parts. Howmet repeatedly beat earnings estimates and raised its guidance.

Royal Caribbean (+92%) benefited from record cruise bookings, stronger fares and improving margins. Management increased earnings guidance several times as demand proved more resilient than expected.

Interactive Brokers (+109%) benefited from rapidly growing customer accounts, trading activity and client balances. **Targa Resources (+106%)** gained from natural-gas processing volumes, cash generation and increasing shareholder distributions. **Axon Enterprise (+136%)**, maker of TASER devices, police body cameras and related software, benefited from recurring subscriptions, new products and earnings upgrades.

Arista Networks (+91%) returned to the winners as major cloud operators increased spending on networking equipment for AI data centres. **Netflix (+90%)** rallied on subscriber growth, its password-sharing crackdown, advertising-supported subscriptions and improving profitability.

> The winners had remarkably little in common by industry. Nearly all, however, were experiencing a change in demand, earnings expectations or investor perception. One final timing detail is fascinating: November accounted for roughly 43% of the basket's full-year advantage over SPY. Even extraordinary businesses don't reward investors on a smooth schedule.

THE TEN-YEAR STUDY / CHAPTER 10

2025 — The gold rush moves to the suppliers

+148% WINNING PORTFOLIO | +17% SPY | +131% ADVANTAGE

TICKER	COMPANY	
MU	Micron Technology	+227%
STX	Seagate Technology	+219%
HOOD	Robinhood Markets	+187%
SAN	Banco Santander	+163%
NEM	Newmont	+160%
PLTR	Palantir	+136%
CVNA	Carvana	+112%
PUK	Prudential plc	+98%
KLAC	KLA	+91%
GLW	Corning	+88%

10-STOCK PORTFOLIO +148% | S&P 500 / SPY +17% | ADVANTAGE +131%

By 2025, investors understood that building AI infrastructure required enormous capital spending. But the beneficiaries extended far beyond the companies making AI processors.

Micron Technology (+227%) was the year's biggest winner. Micron manufactures DRAM and NAND memory chips used in computers, smartphones and servers. Its high-bandwidth memory is particularly important for AI accelerators, which require extremely fast data access.

Memory is a cyclical industry. When supply is plentiful, prices and margins can collapse. When demand outruns capacity, prices rise rapidly. High-bandwidth memory also consumes manufacturing capacity, tightening the broader market. Micron benefited from rising prices, AI demand and repeated earnings surprises. Its price-to-sales multiple increased from approximately **3.3 to 7.6 times**.

Seagate Technology (+219%) was another remarkable beneficiary. Seagate makes hard disk drives. Not particularly futuristic, perhaps, but cloud data centres still need huge amounts of inexpensive storage, and hard drives remain far cheaper than flash memory for many workloads. Seagate's new heat-assisted magnetic recording technology enabled higher-capacity drives. As cloud operators qualified the products, sales and margins improved. Its P/E rose from approximately **22 to 34 times**.

KLA (+91%) makes sophisticated semiconductor inspection equipment. As chips became more complex, manufacturers needed more tools to identify microscopic defects and increase production yields. **Corning (+88%)**, better known for smartphone Gorilla Glass, gained from demand for optical fibre and connectivity products inside AI data centres.

These companies weren't developing the AI models grabbing headlines. They supplied components essential to making the industry function.

The portfolio also included different winners. **Robinhood (+187%)**, the retail trading platform, benefited from trading activity, crypto participation and wider adoption of its products. **Banco Santander (+163%)** gained from stronger profitability, shareholder distributions and improving perceptions of European banks. **Newmont (+160%)**, one of the world's largest gold miners, benefited from higher gold prices and mining profitability.

Carvana (+112%), the online used-car retailer, gained as better operating results and profitability changed its outlook after earlier financial difficulties. **Prudential plc (+98%)**, the Asia-focused insurer, benefited from recovering demand, improving new-business profit and capital returns.

And then there is the month's-by-month record: **the basket outperformed SPY in all twelve months of 2025**. Its cumulative advantage was about 18% by March, 59% by June and 131% by December. This wasn't one short-lived rally; several companies were reporting better operating trends over an extended period.

> A portfolio containing several genuinely successful investment ideas can accumulate a remarkable advantage when their catalysts continue developing.

WHAT THE WINNERS SHARED

Four characteristics *worth looking for*

The striking fact is how different these businesses were. Their industries, valuations and financial profiles varied enormously. Yet four characteristics emerged repeatedly.

01 The market wasn't expecting what happened next

This is perhaps the single most important observation. A share price reflects the company's current earnings, analyst forecasts, industry outlook and prevailing expectations. Simply identifying a good business is not enough. You need a business whose future is likely to be **better than the market currently believes**.

AMD in 2016: Investors feared its competitive position against Intel was permanently impaired. New products demonstrated a credible technological recovery.

Target in 2019: Investors feared that traditional retail would lose business to Amazon. Target demonstrated that physical stores could strengthen, rather than undermine, its online business.

Meta in 2023: Investors worried about runaway spending and weak advertising. Cost reductions and an advertising recovery transformed the earnings outlook.

Nvidia in 2023: Investors anticipated strong AI-chip demand. They hadn't expected quarterly revenue guidance roughly 53% above consensus.

The businesses were different. The common feature was a development the market had not adequately anticipated. A stock does not have to be cheap to rise. It needs a reason for investors to believe it is worth more than they thought.

02 A serious industry or macroeconomic tailwind

Many winners operated in industries where conditions were changing dramatically. In 2016, commodity producers benefited from recovering iron-ore and oil prices. In 2020, the pandemic accelerated digital commerce, streaming and home deliveries. In 2022, energy shortages and geopolitical disruption transformed the profitability of producers, refiners and gas exporters. In 2023–24, AI investment increased demand for Nvidia chips and Arista switches. By 2025, the effects reached memory, storage and optical-fibre suppliers.

But an attractive industry does not automatically make every stock in it an attractive investment. **Marathon Petroleum in 2022** benefited not just from expensive oil but from an unusually tight supply of refining capacity that dramatically lifted its margins. **Seagate in 2025** benefited not just from AI spending but from demand for bulk storage, constrained industry supply and the commercial success of high-capacity drives.

The best opportunities often arise when a major industry change meets a company unusually well positioned to benefit from it. The industry provides the tailwind; competitive position determines how much reaches shareholders.

03 Improving results—and repeated earnings surprises

Many winners did not simply rally on one announcement. They kept exceeding expectations. Revenue accelerated, margins widened, orders increased, management raised guidance and analysts lifted forecasts.

Arista in 2017: Accelerating demand from cloud customers translated into earnings beats and stronger guidance.

The Trade Desk in 2018: Rapid connected-TV advertising adoption drove repeated revenue surprises and higher forecasts.

Target in 2019: Improving same-store sales and digital growth produced successive earnings beats.

Palantir in 2024: Commercial AI adoption translated into repeated revenue surprises and increased guidance.

Micron in 2025: Strong memory prices, constrained capacity and AI demand repeatedly raised expected profitability.

The direction of earnings expectations can matter more than the absolute growth rate. A company growing profits 30% when analysts expected 50% may disappoint; one growing 15% when investors expected a decline may soar. **The surprise matters as much as the growth itself.**

04 Valuation is about tomorrow, not just today

Some extraordinary winners started cheap; others began on demanding multiples; some rose sharply even as their P/E ratios declined. A low P/E would not have captured all of them. A high P/E would not have disqualified them.

Valuation matters—paying too much can turn a good company into a poor investment. But a snapshot of last year's earnings does not reveal the future. The crucial question is **where earnings are headed relative to what the market already expects, and how much investors are paying for that future**.

A stock on 50 times earnings may prove inexpensive if profit expands severalfold. One on five times earnings may be expensive if its profits are about to disappear. A valuation screen tells us what the market is paying. It does not tell us whether the market is right.

THE VALUATION QUESTION

Expensive can get dearer. *Cheap can stay cheap.*

Four extraordinary investments. Four very different valuation stories.

AMD

2016 / +309%

0.5× → 2.5×

PRICE / SALES

The business remained loss-making. New processor technology raised the probability of a recovery that the market had largely written off.

RE-RATING FROM PESSIMISM

PALANTIR

2024 / +356%

18.1× → 70.3×

PRICE / SALES

Commercial AI adoption strengthened. An enormous expansion in the multiple investors would pay also powered the return.

RISING GROWTH EXPECTATIONS

NVIDIA

2024 / +179%

63× → 52×

PRICE / EARNINGS

Profits expanded faster than the share price. An extraordinary rally came with a falling earnings multiple.

EARNINGS OUTRUN PRICE

TARGET

2019 / +93%

11× → 20×

PRICE / EARNINGS

Store and digital improvements convinced investors that a retailer previously viewed as vulnerable deserved a higher valuation.

BETTER BUSINESS, BETTER RATING

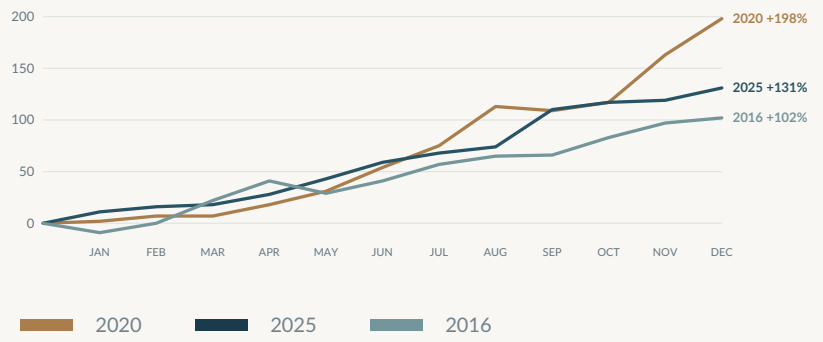
Valuation is not just where a company stands. *It is where its earnings are going versus what the market already expects.*

THE PATH MATTERS

Great portfolios don't always *wait until December.*

Monthly returns reveal how outperformance accumulates—and how uneven the journey can be.

FIGURE 02 CUMULATIVE LEAD OVER SPY (%, SHOWN AS RETURN DIFFERENCE)



YEAR	MONTHS AHEAD	YEAR ADVANTAGE
2016	10 / 12	+102%
2017	10 / 12	+93%
2018	10 / 12	+53%
2019	11 / 12	+80%
2020	**12 / 12**	+198%
2021	10 / 12	+86%
2022	10 / 12	+73%
2023	9 / 12	+97%
2024	10 / 12	+135%
2025	**12 / 12**	+131%

Annual returns tell us how successful an investment was. Monthly returns show how that success developed.

One striking finding is the consistency with which many annual winning baskets outperformed SPY. In both **2020 and 2025**, the baskets beat SPY **in every one of the twelve calendar months**. In most of the other years, they outperformed in at least ten months.

That does not mean the portfolios never fell. It means they generally declined less or rallied more than the index in the same month. In March 2020 the basket fell 12.3%, compared with a 13.0% SPY decline. In April it rebounded 24.7%, versus 12.7% for SPY. By June the basket's cumulative advantage was already 54%; by December, 198%.

The 2025 portfolio followed a similarly impressive path: its advantage widened to about 18% in March, 59% by June, 110% in September and 131% in December. **Strong portfolios can generate outperformance persistently, not merely through one spectacular trade.**

But these returns were not perfectly smooth. In January 2016, the basket lost 12.4% while SPY declined 3.6%. An investor who abandoned it after four weeks would have missed the subsequent rally; the basket gained 29.6% in March alone. In 2024, November accounted for around 43% of the entire annual lead.

The market rarely sends an invitation before the best month. The answer is not blind patience; it is knowing why you own the company, the evidence supporting the thesis and what would prove it wrong.

THE INVESTOR'S PLAYBOOK

How to hunt for *the next winner*

01 Start with what could change the business

A new processor taking share from a dominant competitor. A shortage that allows producers to raise prices. A medical treatment dramatically expanding the addressable market. A turnaround restoring profitability. An industry trend creating unexpected demand for an established product.

Before staring at a share-price chart, ask: **What could happen in the next 6–18 months that materially changes this company's earnings power?**

02 Find the companies best positioned to benefit

When AI investment accelerated, Nvidia was an obvious beneficiary. Demand subsequently spread to memory, networking, storage and optical-fibre suppliers. When oil prices rose, producers benefited—but refiners enjoyed a separate windfall because fuel-processing capacity was constrained. When travel recovered, the beneficiaries included airlines, cruise lines, hotel operators and specialist aircraft suppliers.

The most rewarding company is not always the one receiving the most attention.

03 Follow the numbers—not just the narrative

Are customer orders increasing? Is the company winning market share? Are prices rising, revenues accelerating and margins improving? Is management raising guidance? Are analysts revising forecasts upwards?

A business that repeatedly exceeds expectations deserves more attention than one whose thesis depends solely on what might happen several years from now.

04 Compare the opportunity with what is priced in

A company may have excellent products and favourable industry demand. If everyone already expects those things—and pays a very high price for them—there may be little upside.

The question isn't whether the company is good. It's whether the company is likely to be better than the market expects.

PRACTICAL RESEARCH CHECKLIST

FIVE QUESTIONS FOR AN INVESTMENT THESIS

WHAT TO MONITOR	WHAT WE ARE LOOKING FOR
Industry demand	A structural or cyclical change large enough to improve company economics
Competitive position	Evidence the company can capture a disproportionate share of that opportunity
Earnings revisions	Results and guidance consistently exceeding expectations
Valuation	A price that does not fully reflect the improved outlook
Investment thesis	Clear 6–18 month milestones and identifiable reasons the thesis could fail

THE BOTTOM LINE

The next great stock probably looks *ordinary today.*

There is an amusing parallel between this research and *Back to the Future Part II*.

In the film, Biff Tannen gets hold of a sports almanac containing the results of future sporting events. Armed with advance knowledge of the winners, he can place bets with extraordinary success.

Selecting the best-performing stocks after each year has ended offers a similar advantage. An excellent investment strategy, provided somebody invents a working time machine.

But the point isn't that predicting the exact winners is easy. It is that **the potential rewards from successful stock selection are enormous**.

Across 100 winning stock-year selections and ten very different market environments, extraordinary returns repeatedly came from recognisable changes in real businesses: a product that proved more successful than expected, an industry emerging from a downturn, a company taking share from its competitors, an unexpected surge in demand, a turnaround restoring profits, or an earnings outlook repeatedly revised higher.

These weren't supernatural events. They were changes often visible through company announcements, earnings releases, industry data and management guidance. The challenge is recognising their significance before the market fully adjusts expectations.

That takes research, judgement, patience and inevitably some luck. Not every apparent catalyst will develop, nor will every excellent company produce an excellent return at the price paid.

But the gap between the market average and the exceptional company can be extraordinarily large. That is why there is a compelling case for investors prepared to study individual businesses instead of relying solely on the index.

You do not need to identify every future winner.

You need to recognise a few genuinely exceptional opportunities before the market fully appreciates them—and have the conviction to act when the evidence supports your thesis.

That is what makes stock picking difficult. It is also what makes it worth doing.

> You do not need to identify *every* future winner. You need to recognise a few before they become obvious.

RESEARCH BASIS AND METHODOLOGY

Goltsblat Capital research into annual selections of ten high-returning stocks from the top-500-company research universe for 2016–2025, with a maximum of one stock per industry. Each equally weighted basket is constructed retrospectively using annual winners and held from the first trading day through year-end. The benchmark is SPY. Returns and multiples are rounded; the advantage shown is the difference in percentage returns. Research includes company catalysts, monthly performance and approximate trailing valuation ratios. Foreign-filer multiples may use approximate public-source data.

These hypothetical portfolios use hindsight and do not represent actual managed returns or a forward-tested strategy. No advisory fees, brokerage costs, taxes or independently reconciled dividend adjustments are included in the figures.

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The analysis reflects research available as of 5 November 2026 and may change without notice. Readers should evaluate investments independently in light of their objectives, risk tolerance and professional advice.

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