

# MarketWatch

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## Need to Know

# Stocks that benefit from chaos are helping a husband-and-wife investing duo beat the competition

## AutoZone, Ross Stores and Fastenal are all picks for Marshfield fund managers

By Barbara Kollmeyer

One way to survive chaotic markets? Invest in companies that thrive on it.

Husband-and-wife portfolio managers Elise Hoffmann and Christopher Niemczewski, who have 75 years of experience between them, have been doing just that for the Morningstar five-star Marshfield Concentrated Opportunity Fund.

Companies that can do well in tough times have “a different kind of cyclical,” that doesn’t just “obey prevailing economic cycles,” said Hoffmann, in an MarketWatch interview with the co-managers on Monday. “Our companies are better suited than many, to deal with changes in their environment in a way that kind of doesn’t fully immunize them, but gets a better outcome than many of their competitors.”

Revenue for insurers and auto-parts retailers, they say, are driven by something slightly different from the economic cycle. “And we like that because it makes the portfolio more resilient in times of stress, because it’s not all pro-cyclical in one direction,” said Hoffmann.

This fits into their process of not bending to market or economic stress — what they do in a robust economy is repeated for a difficult one, and if a stock hits their buy price, they buy it.



**Elise Hoffmann and Chris Niemczewski.** MAX HIRSHFELD

The fund seeks to preserve capital and beat its benchmark. In the first quarter of 2025 that has meant losses for rivals, the Marshfield fund is up, albeit just 0.7%. It also made money in 2022 when the S&P 500 fell 19%, and has beat that index over three and five years.

Their edge is also being so different from that index, shunning tech, healthcare and utilities. “We don’t want to own lots of stocks

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that other people want to own, the general stocks that are popular in the market and even stocks that are popular with other value investors," Niemczewski said.

As for those "chaos" beneficiaries, he pointed to auto parts retailers AutoZone and O'Reilly Automotive, the fund's No. 1 and No. 3 positions. "When the price of new cars goes up, people keep their old cars longer, and the auto parts retailers benefit," he said.

"We have another company we own called Fastenal, which we think of as a hardware store or hardware company for big manufacturing and construction companies," Niemczewski said. "They had their earnings last week and they talked about the fact that they benefit from this chaos because they have such great supply chain expertise and such a good supply chain all over Southeast Asia."

While the fund is heavy in consumer cyclicals whose fortunes are often tied to the economy, their picks also differentiate, such as home builder NVR, which doesn't own land. "They have options on land, which means that when the demand for new houses goes down, they have much less at risk in that time," he said.

Discount retailers Ross Stores and TJMaxx owner TJX Cos., which they own, are far less tied to the economy than companies like Macy's, said Niemczewski.

The fund typically holds up to 24 stocks, but currently has 16, and has a cash position near 28%, a signal of tough it is to find stocks that meet their criteria. Hoffmann explained that during a lofty market, they often can't find anything to buy and a number of stocks hit a price at which they have to sell, generating more cash.

So they've done their homework and their shopping list of companies to buy is ready. "What people expect from us is discipline – discipline to wait, discipline to buy it when everything's chaotic and then discipline to sell when it's perfect," Niemczewski said.

### The markets

U.S. stocks are rising across the board, pointing to a possible third-straight session of gains for major indexes, following back-to-back gains, with Treasury yields mostly steady. Gold continues to climb.

### The buzz

Johnson & Johnson shares are up after a profit and revenue beat and raised

KEY ASSET PERFORMANCE	LAST	5D	1M	YTD	1Y
S&P 500	5405.97	6.79%	-4.74%	-8.09%	6.80%
Nasdaq Composite	16,831.48	7.87%	-5.49%	-12.84%	5.96%
10-year Treasury	4.348	4.40	5.80	-22.80	-32.50
Gold	3247.1	8.28%	7.87%	23.03%	35.34%
Oil	61.83	1.43%	-8.37%	-13.97%	-27.81%

*Data: MarketWatch Treasury yields change expressed in basis points*

guidance. Bank of America is also rising after topping Wall Street's earnings and revenue targets. PNC Financial earnings fell short of Wall Street targets. Albertsons' stock is sliding after disappointing guidance. Citigroup's profit topped Wall Street estimates.

Netflix executives have reportedly set their sights on a \$1 trillion market capitalization and doubling of revenue by 2030.

The White House has opened a probe into pharmaceuticals and semiconductors that could lead to tariffs.

China appears to be swatting at U.S. levies, reportedly ordered the country's airlines to stop taking deliveries from Boeing, whose shares are down.

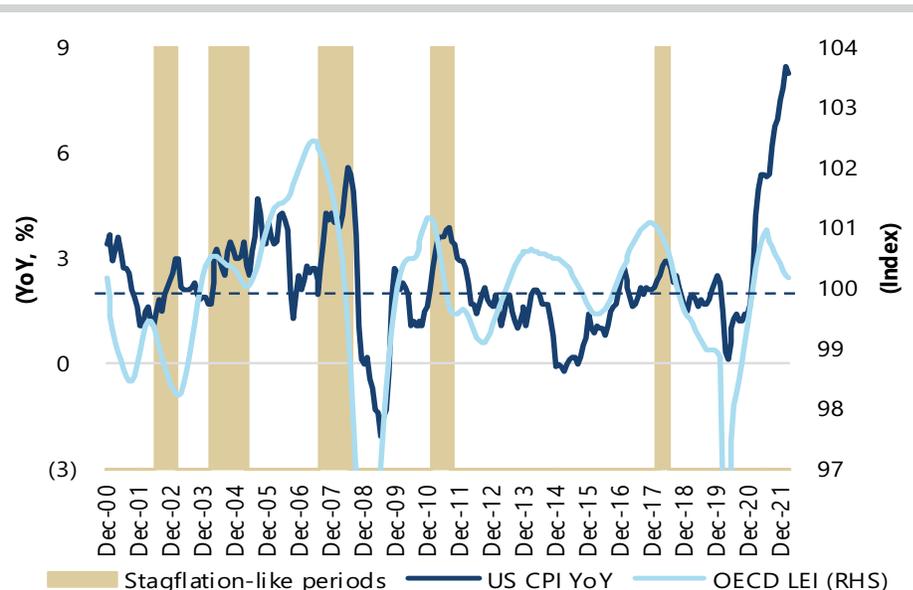
Fund managers have turned very negative, very fast on U.S. stocks, this survey shows.

Data showed import prices falling 0.1%. The Empire State manufacturing survey showed business activity declining modestly in March, but an outlook for business conditions the second-worst in the survey's history.

### The chart

Jefferies lowered its year-end S&P 500 target to 5,300, citing the risk of a stagflation-like scenario. They noted there have been five stagflation-like periods since 2001 with rising inflation and falling growth, and that returns struggled during those periods.

**Exhibit 12: Stagflation-like periods since 2001**



Source: Jefferies, Bloomberg, OECD

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The Fund is distributed by Ultimus Fund Distributors, LLC. Member FINRA / SIPC. Ultimus Fund Distributors, LLC and Marshfield Associates are separate and unaffiliated.

Fund Performance

Marshfield Concentrated Opportunity Fund	1 Year	3 Year*	5 Year*	Since Inception (12/28/2015)*
As of 3/31/25	6.94%	15.58%	19.09%	16.15%

\*Annualized

*The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Call 1-855-691-5288 for current month-end data.*

MRFOX Top 10 Holdings

As of 3/31/2025

27.9%	Cash
10.6%	Autozone
7.6%	Ross Stores
7.2%	O’Reilly Automotive
5.2%	Mastercard
5.2%	Cummins
5.1%	Visa
4.7%	Domino’s Pizza
4.1%	Arch Capital Group
3.8%	Progressive

*The current and future portfolio holdings are subject to risk and change.*

The Adviser has contractually agreed, until January 1, 2026, to reduce Management Fees and reimburse Other Expenses to the extent necessary to limit Total Annual Fund Operating Expenses (excluding brokerage costs and related expenses) to an amount not exceeding 0.99% of the Fund's average daily net assets.

Net Expense Ratio 1.02%.

Gross Expense Ratio 1.12%.

*S&P 500 Index*: a capitalization weighted index of 500 large capitalization stocks which is designed to measure broad domestic securities markets. You cannot invest directly in an index.

Morningstar Rating™: Effective as of 3/31/25, the Fund was rated 5 stars for the 3-year, 5-year, and overall periods (among 1,272, 1,169, and 1,272 Large Blend Funds, respectively), based on risk-adjusted returns.

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