

Future Stocks: Our best ideas in the US

September 2024

What's special about the US market? Investment specialist Ben James shares what makes it stand out, highlighting DoorDash, The Trade Desk and CoStar as exceptional growth companies making the most of it.

Your capital is at risk.

Ben James: The US is the most innovative market in the world, it creates more great growth companies than any other country combined, the best academic institutions, very strong business-friendly policies. Then there's that X factor, it's the culture of America.

So DoorDash is a delivery company powered by technology, the mission of the company is to empower local economies, so connect local citizens with their local economy and the more it can do that, the more embedded it can be in your daily life. So just think about every local community in America, just to begin with, which is pretty big. Imagine it has the infrastructure of connecting people to food, groceries and beyond. What we're seeing is their business model is better than others, they're making more money per unit delivered than anyone else, really. And they're growing their ability to deliver beyond just food. It's allowing it to dominate in a period where others are struggling, which is a really exciting characteristic, particularly for a growth company in this industry.

The Trade Desk is about digital advertising, it's a platform to serve up the best adverts to the right people at the right time on the open internet. Digital advertising is still really early, even though we're 20 years or so plus into the internet. Google and Facebook make up a big chunk of the internet but there's still about way more than half, I think, and that's where Trade Desk is operating. So you're watching a prime time television show with adverts, everyone sees an advert for this car company, but on a digital connected TV they have more data on who we are and so we're watching the same prime time show but you get your advert and I get my advert. And if you think about the opportunity, there's something like \$70bn to \$80bn spent every year on linear old-school TV that needs to shift to connected digital TVs, then Trade Desk is far and away the sort of leader there.

CoStar wants to become the Bloomberg of real estate, that's the financial services platform with loads of details on every company in the world, CoStar's trying to do that for every building

potentially in the world. It is leading the charge on commercial real estate in the US, and it's now making very strategic moves into the residential market in the US, which is massive. Real estate is facing all manner of headwinds, there's some good times and there's some bad times but on both sides of the market they need information and that's where CoStar is. The other thing that's making us really excited at the moment is the behaviour of the leadership, particularly Andy Florance. He is countercyclical, so when others are struggling that's when he's buying up weak and injured competitors. It's now moving into Europe, these are huge markets, trillions of dollars of opportunity there. There's a lot of it that isn't digitised, so years of potential digitisation of real estate in developed economies.

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