

*Matarin Capital Management, LLC aspires to be a symbol of stewardship within the investment management industry. We are dedicated to delivering above benchmark risk adjusted investment returns through insight, passion, and diligence. We aim to build strategic alliances with our clients based on the highest ethical standards.*

## Hindsight is 2020

In 2020, many stocks were truly “partying like it’s 1999”. We need context. How large were the gains of some large cap stocks in 2020 relative to history? Curious minds wanted to know, so we created universes of 800-900 large liquid U.S. stocks for each year between 1995 and 2020. You can see in the chart to the right that over this 25 year period, the top 10 annual performers were all found during the tech bubble of 1998 and 1999.

Top Performing Stocks in 2020

Company Name	Year	Ticker	% Return
Tesla	2020	TSLA	743
Peloton Interactive	2020	PTON	434
Moderna	2020	MRNA	434
Zoom Video Communications	2020	ZM	396

While all four of these stocks have been category killers / disruptors, history would suggest that the only other stocks that went up as much as they did in one year, performed very poorly over the subsequent five years. To the right, the current TPMZ (Tesla, Peloton, Moderna, Zoom) Quartet’s 2020 performance is overlaid on the performance of the top 10 tech bubble stocks. If the pattern continues, they may have a few more months to go, but only time will tell.

Company Name	Year	Ticker	% Return
Dell Computer	1995	DELL	69
Dell Computer	1996	DELL	207
Dell Computer	1997	DELL	216
Dell Computer	1998	DELL	248
Dell Computer	1999	DELL	39

Another example of extreme price performance due to speculation is seen in the first day returns of Initial Public Offerings (IPOs), which are their highest since the technology bubble of 1999-2000 as shown to the right.

So while history never repeats, it often rhymes and we would caution investors about holding positions in the very popular stocks like Tesla, Peloton, Moderna, and Zoom that have very strong one year stock price momentum, the likes of which we have not seen in a large cap universe since 1999.

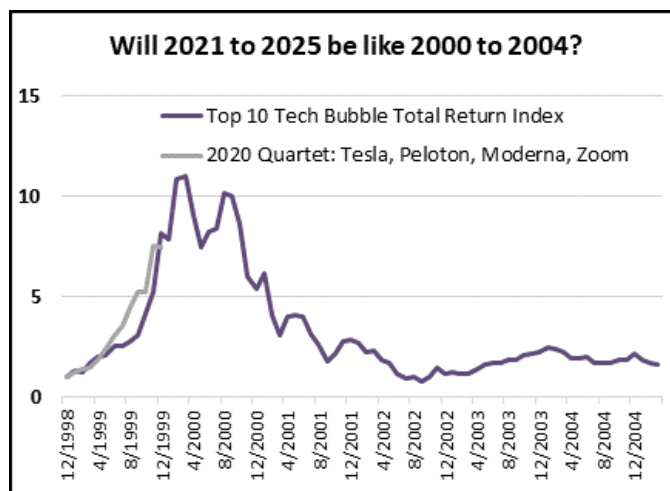
Sources: S&P Compustat, FactSet, Jay Ritter-University of Florida

Top Performing Stocks (Calendar Years 1995-2019)

Company Name	Year	Ticker	% Return
Qualcomm	1999	QCOM	2,619
CMGI	1999	CMGI	940
JDS Uniphase	1999	JDSU	830
EchoStar Communications	1999	DISH	706
VERITAS Software	1999	VRTS	616
America Online	1998	AOL	586
I2 Technologies	1999	ITWO	542
PMC-Sierra	1999	PMCS	408
Gemstar International Group	1999	GMST	398
Siebel Systems	1999	SEBL	395

Original company names and tickers

The top four performers of 2020 would all break into the list on the above chart as well.



In fairness, not all top performing stocks go on to underperform. One counter example is Dell Computer, which was a great performer over several years between 1995 and 1999. That said, since 1995, Dell has been the ONLY company that returned over 200% two years in a row. Dell actually did it three years in a row, before tanking.

