

## The Walt Disney Company (“DIS”)

### *Company Description*

The Walt Disney Company is a premier consumer entertainment company with an incredibly broad base of properties and businesses that leverage some of the most globally recognizable brands. Disney has traditionally operated media networks, theme parks and film studios, and has most recently developed over-the-top content streaming services that utilize its in-house brands, including Pixar, Marvel, ESPN, Lucasfilm, and others.

### *Fundamental Approach to Investing*

As part of Marsico Capital’s fundamental approach to investing, we are regularly on the road visiting companies. Insights we glean from these meetings can inform our perspective about a company and the industry it participates in. For example, we attended the analyst day at Disney’s headquarters, which was spent showcasing the company’s new streaming models and opportunities that are unlocked with the new approach of going direct to the consumer. The meeting was thesis-affirming, as management displayed a very well thought-out fundamental shift in its business that we believe will unlock Disney’s ability to thrive as consumer preference moves away from traditional content consumption methods.

***Insight: Disney is putting the future of its empire back in its own control which we believe will lead it to realize more value from its diverse and immense brand portfolio.***

Walt Disney has consistently churned out some of the most beloved franchises that resonate across various demographics. Since 2016, the Walt Disney Company has released 44 films which have collectively accumulated over \$37 billion dollars in box office receipts; no other company is close to generating these numbers. While immensely successful upfront, these films had previously been monetized for a profit by selling to third party aggregators. And as consumers have had access to faster download speeds, there has been a proliferation of content subscription services that were developed on the backs of content from the likes of Disney and others. Recognizing this, Disney has made an aggressive move in acquiring old titles from aggregators and determined that all new titles will remain Disney property going forward, as the company has developed its own streaming service, called "Disney+."

The launch of Disney+ could act as a catalyst for the stock as investors appreciate how moving the company’s model away from third-party distributors may positively impact the fundamentals and longevity of Disney’s branded content. Alongside Disney+, Disney is also investing heavily behind streaming services for ESPN, Hulu, and HotStar India. Through this proliferation of content services to be launched globally, Disney appears to be extremely well positioned to attract consumers toward its offerings. We believe that the company should have 100 million direct customer relationships in the next five years.

As Disney begins to fully leverage its brands and significant content library away from third party distribution, including titles from recently acquired 21<sup>st</sup> Century Fox, the stock seems poised to deliver solid returns for years. Nike most recently moved toward a more direct-to-consumer model and the stock price rose significantly. We view Disney in the same light. Disney has shown exceptional returns on capital for its business lines, particularly theme parks, where the company is fully in control of the end-to-end customer experience. We see Disney’s new streaming approach as no different and expect the stock to perform well as the company invests behind these services.

### **Disclosures**

*The performance information presented represents past performance and does not guarantee future results. The views expressed are as of the date of this writing and are those of the Advisor to the Funds.*

*As of 4/30/19, The Walt Disney Company comprised 4.22% of the Marsico Focus Fund, 4.13% of the Marsico Growth Fund, 0.00% of the Marsico 21<sup>st</sup> Century Fund, 0.00% of the Marsico International Opportunities Fund and 1.68% of the Marsico Global Fund.*

*Please keep in mind that our views on investments are subject to change at any time and the holdings represented here do not represent all of the securities purchased, sold, or recommended by Marsico. References to specific securities mentioned herein, which will change due to ongoing management of the Fund, are not to be construed as a recommendation to buy or sell those securities, and it should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list.*

*This individual stock is not representative of the other stocks in the Funds.*

### **Sources**

*Public Data TWDC Financial Statements  
UMB Fund Services, Inc. and MCM.*

***Please consider the Fund's investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, which contains this and other information about the Fund, call 888-860-8686 or visit [www.marsicofunds.com](http://www.marsicofunds.com). Please read the prospectus carefully before investing.***

*Investments in mutual funds carry risks and investors may lose principal value.*

*UMB Distribution Services, LLC is the distributor of The Marsico Investment Fund.*