

PRIMECAP MANAGEMENT

PRIMECAP MANAGEMENT PORTFOLIO



Portfolio Date: 2019-01-09

Updated on 2019-01-09

Portfolio Overview

Portfolio:	PRIMECAP Management
Fund Type:	Mutual Fund Company
Portfolio Date:	2018-09-30
13D/13G Date:	2019-01-09
Number of Stocks:	296
Equity Value:	\$148.14 Billion
Number of New Buys:	10
Q/Q Turnover:	3%

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I. Portfolio Overview, Profile

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Profile

PRIMECAP Management Company was founded in September 1983 in Pasadena, California. It manages Vanguard's PRIMECAP Fund, Vanguard Capital Opportunity Fund, and Vanguard PRIMECAP Core Fund. It also manages PRIMECAP ODYSSEY FUNDS. PRIMECAP was founded by Chairman and Chief Investment Officer HOWARD B. SCHOW, Vice Chairman MITCHELL J. MILIAS, and President THEO A. KOLOKOTRONES.

Investing Philosophy

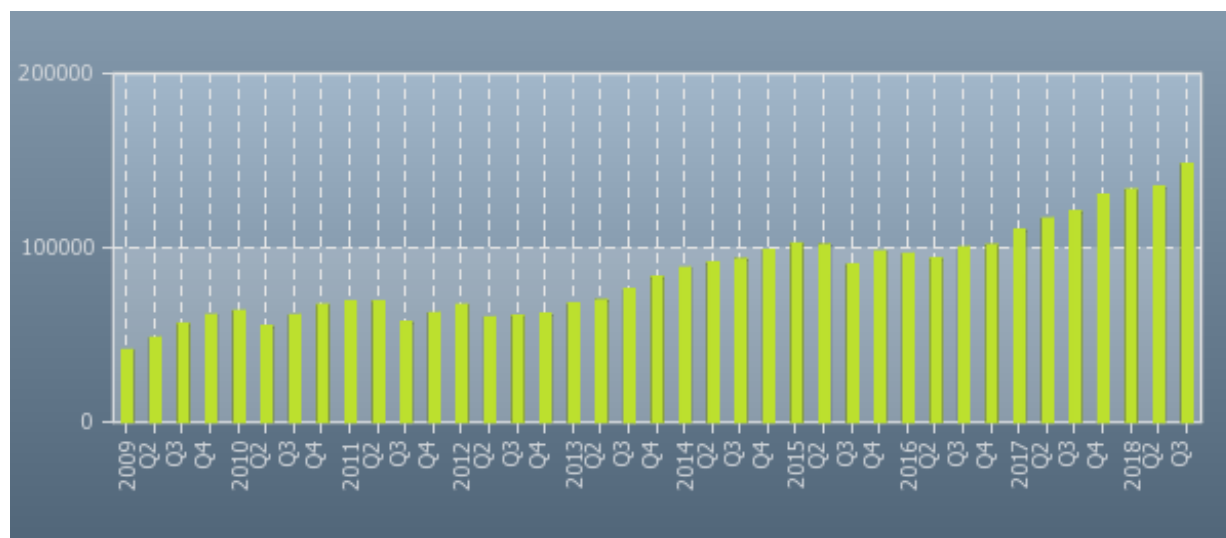
PRIMECAP team evaluates securities based on their outlook over a three to five year time horizon, with the intention of holding them considerably longer if their fundamentals warrant it. They believe successful investment decisions rests in correctly appraising the relationship between the fundamental value of a company and the market price of its stock. A company may be valuable because of its free cash flow, its assets, or both; however, a company will be a superior investment only if it is purchased at the right price. PRIMECAP only invest their highest conviction ideas.

II. Performance of Vanguard Primcap Fund

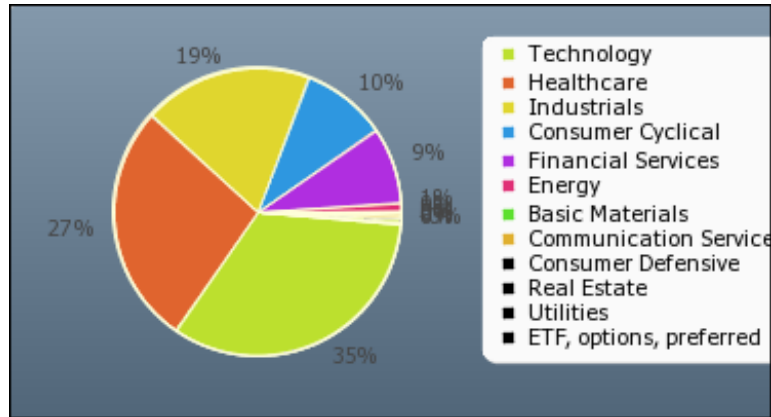
Year	Return (%)	S&P 500 (%)	Excess Gain (%)
2017	29.51	21.71	7.8
2016	10.63	11.99	-1.4
2015	2.58	1.24	1.3
2014	18.72	13.47	5.2
2013	39.73	32.3	7.4
5-Year Cumulative (Average)	143.8 (19.5%/year)	107.2 (15.7%/year)	36.6 (3.8%/year)
2012	15.27	15.99	-0.7
2011	0	1.9	-1.9
2010	12.89	15.05	-2.2
2009	34.45	26.35	8.1
2008	-32.41	-36.79	4.4
10-Year Cumulative (Average)	188.3 (11.2%/year)	125 (8.4%/year)	63.3 (2.8%/year)
2007	11.49	5.14	6.3
2006	12.3	15.85	-3.6
2005	8.49	4.83	3.7
2004	18.31	10.7	7.6

2003	37.75	28.19	9.6
15-Year Cumulative (Average)	538.2 (13.2%/year)	307.7 (9.8%/year)	230.5 (3.4%/year)
2002	-24.56	-21.58	-3.0
2001	-13.35	-11.76	-1.6
2000	4.47	-9.75	14.2
1999	41.34	20.4	20.9
1998	25.41	28.7	-3.3
20-Year Cumulative (Average)	672.6 (10.8%/year)	294.5 (7.1%/year)	378.1 (3.7%/year)
1997	36.83	33.47	3.4
1996	18.31	22.49	-4.2
1995	35.48	38.04	-2.6
1994	11.41	0.4	11.0
1993	18.03	10.08	8.0
25-Year Cumulative (Average)	2128.1 (13.2%/year)	883.9 (9.6%/year)	1244.2 (3.6%/year)
1992	8.99	7.62	1.4
1991	33.14	30.47	2.7
1990	-2.81	-3.1	0.3
1989	21.58	31.69	-10.1
1988	14.68	16.61	-1.9
30-Year Cumulative (Average)	4281.3 (13.4%/year)	1955.8 (10.6%/year)	2325.5 (2.8%/year)
1987	-2.25	5.1	-7.3
1986	23.51	18.6	4.9
1985	35.66	31.6	4.1

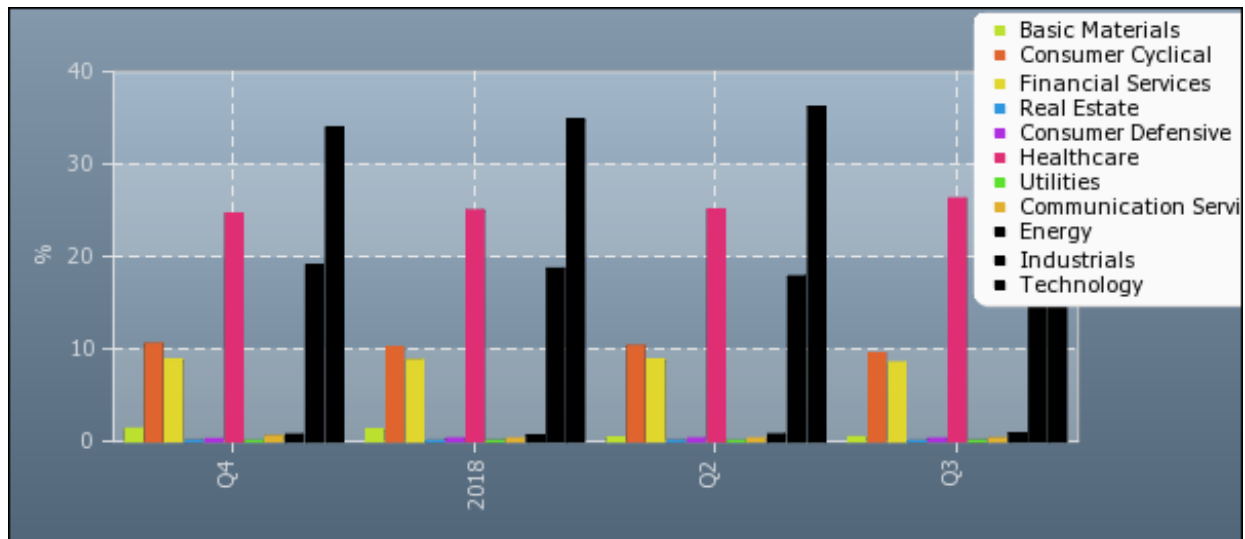
III. Historical Total Value (\$Billion) of Filings



IV. Industry/Sector Overview



V. Industry/Sector Shift in Past 12 Months



VI. Top Holdings (Up to 25)

These are the top holdings of PRIMECAP Management as of 2018-09-30 in the order of significance.

Ticker	Company	Shares (1000)	Value (\$Mil)	Weighting (%) ↓	Share # Change from Last Period	Current Price (\$)	Price Change Since Quarter End (%)
LLY	Eli Lilly and Co	54,792	5,880	3.97%	-0.56%	117.21	9.2%
ADBE	Adobe Inc	20,932	5,651	3.81%	-3.09%	235.43	-12.8%
BIIB	Biogen Inc	14,874	5,255	3.55%	-0.32%	326.63	-7.6%
LUV	Southwest Airlines Co	73,956	4,619	3.12%	+0.33%	49.08	-21.4%
MSFT	Microsoft Corp	39,818	4,554	3.07%	-3.35%	104.27	-8.8%
AMGN	Amgen Inc	20,793	4,310	2.91%	-1.80%	200.37	-3.3%
FDX	FedEx Corp	15,102	3,636	2.45%	-0.65%	170.59	-29.2%
TXN	Texas Instruments Inc	33,876	3,635	2.45%	-1.01%	96.24	-10.3%
UAL	United Continental Holdings Inc	38,376	3,418	2.31%	+0.29%	83.76	-6.0%
NTAP	NetApp Inc	38,119	3,274	2.21%	-3.32%	60.19	-29.9%
AAL	American Airlines Group Inc	68,945	2,849	1.92%	+16.30%	33.42	-19.1%
GOOGL	Alphabet Inc	2,266	2,735	1.85%	-1.09%	1081.65	-10.4%
GOOG	Alphabet Inc	2,215	2,644	1.78%	-1.30%	1074.66	-10.0%
MU	Micron Technology Inc	58,106	2,628	1.77%	-0.11%	35.44	-21.6%
JPM	JPMorgan Chase & Co	23,236	2,622	1.77%	-0.12%	100.40	-11.0%
SNE	Sony Corp	43,105	2,614	1.76%	-0.93%	49.93	-17.7%
BABA	Alibaba Group Holding Ltd	15,334	2,526	1.71%	+0.65%	151.92	-7.8%
AIR	Airbus SE	18,217	2,288	1.54%	-2.53%	89.68	-28.6%
AZN	AstraZeneca PLC	55,399	2,192	1.48%	+4.46%	37.80	-4.5%
WFC	Wells Fargo & Co	38,512	2,024	1.37%	+47.13%	47.80	-9.1%
ROG	Roche Holding AG	7,997	1,936	1.31%	-2.28%	253.40	4.7%
NVDA	NVIDIA Corp	6,877	1,932	1.3%	-38.01%	142.58	-49.3%
NVS	Novartis AG	22,242	1,916	1.29%	+0.50%	86.96	0.9%
BSX	Boston Scientific Corp	44,768	1,724	1.16%	-0.09%	35.88	-6.8%
DAL	Delta Air Lines Inc	28,555	1,651	1.11%	+1.23%	48.47	-16.2%

VII. Top Purchases of PRIMECAP Management

These are the top purchases of PRIMECAP Management as of 2018-09-30 in the order of significance.

Ticker	Company	Current Shares (1000)	Value (\$Mil)	Impact to Portfolio (%) ↓	Share # Change from Last Period	Average Cost	Current Price (\$)	Price Change(%)
WFC	Wells Fargo & Co	38,512	1,841	0.44%	Add 47.13%	\$57.1	\$47.80	-16.3%
SIE	Siemens AG	12,021	1,181	0.29%	Add 38.96%	\$113.05	\$98.28	-13.1%
AAL	American Airlines Group Inc	68,945	2,304	0.27%	Add 16.30%	\$39.08	\$33.42	-14.5%
RIG	Transocean Ltd	32,169	275	0.17%	Add 129.00%	\$12.42	\$8.54	-31.2%
WHR	Whirlpool Corp	7,650	929	0.16%	Add 36.14%	\$132.65	\$121.49	-8.4%
OLED	Universal Display Corp	3,076	270	0.1%	Add 65.57%	\$109.71	\$87.78	-20.0%
ACM	AECOM	19,077	550	0.09%	Add 26.97%	\$32.97	\$28.81	-12.6%
ELAN	Elanco Animal Health Inc	3,750	122	0.09%	New holding	\$35.17	\$32.55	-7.4%
ALB	Albemarle Corp	1,081	83	0.07%	New holding	\$96.75	\$76.84	-20.6%
FLEX	Flex Ltd	65,012	521	0.07%	Add 13.38%	\$13.89	\$8.02	-42.3%

VIII. Top Sales of PRIMECAP Management

These are the top sales of PRIMECAP Management as of 2018-09-30 in the order of significance.

Ticker	Company	Current Shares (1000)	Value (\$Mil)	Impact to Portfolio (%) ↓	Share # Change from Last Period	Average Cost	Current Price (\$)	Price Change(%)
NVDA	NVIDIA Corp	6,877	980	-0.74%	Reduce -38.01%	\$260.08	\$142.58	-45.2%
ABAX	Abaxis Inc	0	0	-0.13%	Sold Out	\$83.15	\$83.00	-0.2%
ADBE	Adobe Inc	20,932	4,928	-0.12%	Reduce -3.09%	\$257.68	\$235.43	-8.6%
DIS	Walt Disney Co	3,299	372	-0.11%	Reduce -30.77%	\$111.3	\$112.67	1.2%
MSFT	Microsoft Corp	39,818	4,152	-0.1%	Reduce -3.35%	\$108.32	\$104.27	-3.7%
NTAP	NetApp Inc	38,119	2,294	-0.08%	Reduce -3.32%	\$82.61	\$60.19	-27.1%
DXC	DXC Technology Co	3,797	225	-0.07%	Reduce -22.69%	\$88.49	\$59.19	-33.1%
ABMD	Abiomed Inc	3,372	1,134	-0.06%	Reduce -5.33%	\$394.63	\$336.40	-14.8%
V	Visa Inc	4,078	564	-0.06%	Reduce -12.42%	\$142.2	\$138.41	-2.7%
AMGN	Amgen Inc	20,793	4,166	-0.05%	Reduce -1.80%	\$196.94	\$200.37	1.7%

IX. Top Bargain Candidates of PRIMECAP Management

PRIMECAP Management bought these stocks in the quarter ended on 2018-09-30.
You can buy these stocks at lower prices.

Ticker	Company	Current Shares (1000)	Value (\$M)	Impact to Portfolio (%)	Share # Change from Last Period	Average Cost	Current Price (\$)	Price Change(%) ↓
JEC	Jacobs Engineering Group Inc	8,309	500	0%	Add 0.03%	\$70.95	\$60.15	-15.2%
AABA	Altaba Inc	5,856	369	0%	Add 0.09%	\$70.49	\$62.94	-10.7%
CCL	Carnival Corp	20,553	1,069	0%	Add 0.10%	\$60.67	\$51.99	-14.3%
SSYS	Stratasys Ltd	7,611	147	0%	Add 0.11%	\$22.52	\$19.35	-14.1%
EPZM	Epizyme Inc	9,669	94	0%	Add 0.14%	\$11.44	\$9.75	-14.8%
BB	BlackBerry Ltd	73,729	551	0%	Add 0.27%	\$10.22	\$7.47	-26.9%
AMAT	Applied Materials Inc	4,287	147	0%	Add 0.29%	\$44.23	\$34.30	-22.5%
LUV	Southwest Airlines Co	73,956	3,630	0.01%	Add 0.33%	\$58.49	\$49.08	-16.1%
CBS	CBS Corp	1,806	86	0%	Add 0.35%	\$55.2	\$47.80	-13.4%
TPX	Tempur Sealy International Inc	453	22	0%	Add 0.51%	\$53.34	\$47.78	-10.4%
BABA	Alibaba Group Holding Ltd	15,334	2,329	0.01%	Add 0.65%	\$176.96	\$151.92	-14.2%
MO	Altria Group Inc	529	26	0%	Add 0.72%	\$59.37	\$49.66	-16.4%
MAT	Mattel Inc	50,744	590	0%	Add 0.91%	\$16.01	\$11.63	-27.4%
DAL	Delta Air Lines Inc	28,555	1,384	0.01%	Add 1.23%	\$55.06	\$48.47	-12.0%
EBAY	eBay Inc	9,553	289	0%	Add 1.43%	\$34.68	\$30.29	-12.7%
BAC	Bank of America Corporation	17,785	458	0.01%	Add 1.46%	\$30.46	\$25.76	-15.4%
ACLS	Axcelis Technologies Inc	2,953	53	0%	Add 1.53%	\$20.59	\$18.07	-12.2%
SCOR	comScore Inc	8,383	134	0%	Add 1.63%	\$19.85	\$15.97	-19.5%
ETFC	E*TRADE Financial Corp	13,116	623	0.01%	Add 1.85%	\$58.67	\$47.47	-19.1%
ETM	Entercom Communications Corp	2,924	20	0%	Add 1.95%	\$7.75	\$6.96	-10.2%

X. Consensus Picks of PRIMECAP Management and Other Gurus

These are the stocks that PRIMECAP Management bought. They are also bought by other Gurus tracked by GuruFocus.

Ticker	Company	Current Shares (1000)	Value (\$Mil)	Impact to Portfolio (%) ↓	Share # Change from Last Period
ADVM	Adverum Biotechnologies Inc	835	5,052	0%	65.89
ALK	Alaska Air Group Inc	6,025	414,854	28%	0.39
ARLO	Arlo Technologies Inc	2,148	31,173	2%	10000.00
ELAN	Elanco Animal Health Inc	3,750	130,837	9%	10000.00
ELLI	Ellie Mae Inc	2,891	274,013	18%	0.00
ETM	Entercom Communications Corp	2,924	23,098	2%	1.95
FLDM	Fluidigm Corp	5,856	43,862	3%	1.10
MAXR	Maxar Technologies Inc	268	8,863	1%	1240.00
MTLS	Materialise NV	838	11,562	1%	401.73
PFNX	Pfenex Inc	3,413	17,440	1%	3.16
SCOR	comScore Inc	8,383	152,826	10%	1.63
SREV	ServiceSource International Inc	13,766	39,232	3%	3.60
XNCR	Xencor Inc	7,622	297,019	20%	0.72

XI. International Stocks

These are the international stocks in the portfolio of PRIMECAP Management.

Ticker	Company	Country/Region	Shares (1000)	Value (\$Mil)	Weighting as of 2018-09-30 (%)	Share # Change from Last Period
SIG	Signet Jewelers Ltd	Bermuda	0.0	3,143.8	0%	
BB	BlackBerry Ltd	Canada	0.0	753,508.3	0.57%	+0.27%
IMAX	Imax Corp	Canada	0.0	148,017.2	0.11%	
DSGX	The Descartes Systems Group Inc	Canada	0.0	149,249.6	0.1%	-0.28%
RBA	Ritchie Bros Auctioneers Inc	Canada	0.0	121,634.2	0.08%	-33.43%
GIL	Gildan Activewear Inc	Canada	0.0	43,109.9	0.03%	
SNE	Sony Corp	Japan	0.0	2,371,218.3	1.76%	-0.93%
QGEN	Qiagen NV	Netherlands	0.0	610,416.0	0.41%	+0.12%
ASML	ASML Holding NV	Netherlands	0.0	319,701.7	0.2%	-1.62%
FLEX	Flex Ltd	Singapore	0.0	903,011.4	0.58%	+13.38%

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