April 17, 2015

Separate Account Client Letter
First Quarter 2015

For the quarter, the Focus Equity Composite returned 5.4% net of fees[1] compared to 1.8% for the Russell 3000 Index. The returns for your individual account will differ somewhat from the Composite due to variations in account holdings and other client-specific circumstances. Your account's actual performance is presented in an attachment. We remind you that we manage your portfolio for long-term results, and we encourage you to evaluate its performance over a multi-year time frame. Long-term Composite returns are presented at the end of this letter.

During the quarter, we established new positions in Hexcel Corporation and Ashtead Group plc, each at about 1% of separate account assets. Hexcel is a leading producer of carbon fiber and other advanced materials for the aerospace industry. Ashtead is the owner of Sunbelt Rentals, the second largest equipment rental business in the U.S. We believe that both companies are undervalued, high quality, secular growth businesses – "compounders" – that we can likely hold for the long-term. Over time, should our continuing research reinforce our investment theses, we will look to add to the positions opportunistically.

As these new positions were initially given small weightings, we thought it made sense to use this letter to explain our approach to portfolio construction and position sizing. As you know, we manage concentrated, conviction-weighted portfolios. Typically we hold 20 to 30 total positions with 60% to 80% of assets in the top ten positions. While this is an unconventional approach – most investment managers are much more diversified – we believe it allows us to provide magnified exposure to our best ideas while still maintaining economic diversification across the holdings.

When sizing individual positions, we take into consideration: 1) our confidence in the business's long-term financial prospects (a function of its fit with our investment criteria, the nature of the business, and our depth of knowledge) and 2) its valuation / expected long-term return profile. Portfolio holdings fall into three general categories:

- Large weightings (6-9% of assets) are reserved for businesses in which we have a *very high level of confidence* in their long-term prospects, with the stock price at a valuation that allows for very good or excellent expected investment returns. Large weightings typically compose more than half of portfolio assets.
- Medium weightings (3-6% of assets) are typically businesses in which we have a *high level of confidence* about their long-term prospects, with the stock price at a valuation that allows for very good or excellent expected investment returns. In some cases expected returns may even exceed those of a larger weighted position, but we limit the position sizing to reflect our lower level of confidence about the medium-weighted business's prospects.
- Small weightings (1-3% of assets) are typically new positions under active review, positions migrating in or out of the portfolio, or small companies that cannot accommodate a larger Focus Equity allocation.

[1] Net of highest applicable fee of 1.0% per annum as described in our Form ADV, Part 2A

The deeper our knowledge of a business, the better positioned we are to assess its fit with our investment criteria (high quality business, large growth opportunity, excellent management, low tail risk [explained in more detail in our Q2'13 client letter]) and to judge its long-term prospects. Because knowledge increases with additional research and the passage of time, it is difficult to have the same level of confidence about a business followed for a month as a business followed for a year. Frequently, a new position will begin with a small or medium weighting only to graduate to a larger weighting if our conviction builds over time. Less frequently, but worthy of mention, a new position is sold after further research uncovers evidence that contradicts our initial thesis.

By way of example, the position in Brookfield Asset Management was initiated at about 1% of separate account assets in Q1'14 and was increased to about a 5.0% position by Q3'14. While we had monitored Brookfield's progress from afar for almost a decade, a six-month period of more in-depth research, including multiple conversations with Brookfield senior management, provided us with the conviction to increase the position's weighting (see our Q1'14 and Q3'14 letters for more detail). In contrast, UTi Worldwide, a position first established in Q1'12, never graduated from about a 1% position. We maintained a small allocation to UTi, until it was sold in Q1'14, because we could not develop the conviction that we needed to justify a larger position. This is an important element of our risk management approach. While our investment in UTi produced a loss, at just 1% of portfolio assets (at purchase price), the absolute impact on overall results was modest. In the words of George Soros, "It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong."

At the portfolio level, we contemplate how individual businesses interact as part of the whole. We attempt to limit overall exposure to any one industry or business factor risk. Our attempt is to build a portfolio in which we have high confidence in the component businesses, while also having high long-term expected returns. We seek enough diversification so that when one or several of these businesses encounter a setback, the balance of holdings can carry the overall portfolio forward.

Conclusion

We thank you for entrusting your capital to us. We take this responsibility seriously, and we will do our best to protect and grow your investment.

Please let us know if there is any change to your financial circumstances that might impact the manner in which we manage your account. In addition, please let us know if there are any updates that we should make to our records to keep your personal and account information current.

Sincerely,

Broad Run Investment Management, LLC

Annual Disclosure Updates: Please take notice that Broad Run's annual regulatory updates are available on our website at the following address: www.broadrunllc.com/documents/. These annual updates include our Form ADV 1A, 2A & 2B as well as our Privacy Policy Notice, Business Continuity Plan Notice and Proxy Voting Policy Notice. Each of these documents is in PDF format and may be found under the Legal & Regulatory heading on the Documents page. Please review these documents and contact us if you have any questions.

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Broad Run Investment Management, LLC
Focus Equity Composite
September 1, 2009 through March 31, 2015

Year	Focus Equity Composite			Russell 3000*		Number of Portfolios	Internal Disperson (%)[1]	Composite Assets ($ millions)	Firm Assets ($ millions)
	Gross Return (%)	Net Return (%)	3-Yr St Dev (%)	Return (%)	3-Yr St Dev (%)				
2015 (thru 3/31)	5.63	5.37	10.20	1.80	9.65	43	n.m.	1,751.4	1,777.0
2014	11.76	10.66	9.44	12.56	9.30	41	0.10	1,618.5	1,619.5
2013	37.18	35.85	12.52	33.55	12.54	30	n.m.	1,454.0	1,459.8
2012	18.27	17.11	16.80	16.42	15.74	1	n.m.	781.2	781.2
2011	5.13	4.08	-[3]	1.03	-[3]	1	n.m.	672.2	N/A
2010	26.40	25.16	-[3]	16.93	-[3]	1	n.m.	772.8	N/A
Sep - Dec 2009[2]	8.64	8.29	-[3]	10.34	-[3]	1	n.m.	812.5	N/A

Period Ending 3/31/15	Focus Equity Composite					Russell 3000*		
	Gross Cumulative Return (%)	Gross Annualized Return (%)	Net Cumulative Return (%)	Net Annualized Return (%)	St Dev (%)[4]	Cumulative Return (%)	Annualized Return (%)	St Dev (%)[4]
1 Year	19.91	19.91	18.73	18.73	n.m.	12.37	12.37	n.m.
3 Years	75.85	20.70	70.73	19.52	10.20	57.84	16.43	9.65
5 Years	138.74	19.01	127.25	17.84	14.42	98.64	14.71	13.36
Since Inception	176.49	19.98	161.68	18.80	14.35	132.20	16.28	13.32

Past performance is not indicative of future results.

* Supplemental information; this is not intended to be a benchmark for the composite, and is only shown for reference purposes.

Broad Run Investment Management, LLC ("Broad Run") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Broad Run has been independently verified for the periods October 27, 2012 through December 31, 2014. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Notes:

A. Broad Run is an investment advisor registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. Broad Run is defined as an independent investment advisor that is not affiliated with any parent organization. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. A list of composite descriptions is available upon request.

B. The Focus Equity Composite contains all fee-paying, discretionary accounts that are managed according to Broad Run's Focus Equity Strategy. The Focus Equity Strategy invests primarily in U.S equity securities—regardless of capitalization—and seeks long-term capital appreciation while incurring a low risk of permanent capital loss. The Strategy uses a concentrated and low turnover investment approach, and generally seeks to invest in what we believe are high quality growth-oriented companies trading at discounts to our assessment of their intrinsic value. Broad Run has determined that no appropriate benchmark for the Composite exists because the Focus Equity Strategy has minimal exposure to a number of sectors and is invested across the market capitalization spectrum.

C. Valuations are computed and performance is reported in U.S. dollars.

D. The Focus Equity Composite was created in October 2012; its inception date is September 1, 2009. For the time period September 1, 2009 to October 26, 2012, the Composite is composed solely of an equity mutual fund. Broad Run's Managing Members served as Portfolio Managers for this equity mutual fund while employed at the fund's Advisor. For the time period October 27, 2012 to February 28, 2013, the Composite is composed solely of the successor equity mutual fund to the aforementioned equity mutual fund. Broad Run is engaged as the sole Sub-advisor of the successor equity mutual fund (managing 100% of its assets) by its new Advisor, and the firm's Managing Members serve as Portfolio Managers for the successor equity mutual fund. Broad Run has met the GIPS portability requirements to link the returns of the equity mutual fund and the successor equity mutual fund. For the time period after February 28, 2013, the Composite is composed of the successor equity mutual fund and separate accounts. Currently, the assets in the mutual fund comprise a significant majority of the Composite's assets.

E. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Net of fees returns are calculated by deducting the monthly-equivalent amount of our highest applicable annual management fee of 1.00% ("Model Net Fee"), as described in our Form ADV, Part 2A (without the benefit of breakpoints) from the monthly composite gross return. All returns presented in the above tables (including the reference index) include the reinvestment of dividends, interest income, and capital gains.

F. The annual composite dispersion presented is a dollar-weighted standard deviation of the gross returns for all accounts in the composite for the entire year, using beginning of period values.

G. The three-year annualized standard deviation measures the variability of the gross returns of the composite and the reference index over the preceding 36-month period.

H. Broad Run's standard annual asset based management fee schedule is 1% of the account's total assets on the first $5,000,000 and 0.85% thereafter. Gross performance results do not reflect the deduction of Broad Run's investment advisory fee, which will affect a client's total return.

[1] n.m. - Not statistically meaningful for periods less than one year, or when five or less accounts in composite for the entire year.
[2] Annual Performance Results reflect partial period performance. The returns are calculated from September 1, 2009 to December 31, 2009 for the Focus Equity Strategy Composite.
[3] The 3-year annualized standard deviation is not shown due to having less than 36 months of composite returns.
[4] n.m. - This statistical analysis is based on monthly gross performance numbers and is not statistically meaningful for periods less than 3 years.

Other Disclosures

Additional Composite Details. The Focus Equity Composite includes a mutual fund for which we charge a sub-advisory fee that is lower than the Model Net Fee. However, the mutual fund's total operating expenses, which are not applicable to you, are in excess of the Model Net Fee. Therefore, the actual performance of the mutual fund in the Composite on a net fee basis will be different, and will normally be lower, than the Model Net Fee performance. However, the Model Net Fee performance is intended to provide the most appropriate example of the impact management fees would have by applying management fees relevant to you to the gross performance of the Composite. Actual fees and expenses in client accounts may differ from those reflected in this Composite presentation and would cause actual performance to differ. The performance figures do not reflect the deduction of any taxes an investor might pay on distributions or redemptions.

Index Disclosure. The S&P 500 Index is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation. The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. Both indexes are market-value weighted. Index figures reflect the reinvestment of dividends and capital gains. Index figures do not reflect deductions for any fees, expenses, or taxes. Investors cannot invest directly in an index. The indices' performance returns are included to illustrate the general trend of the U.S. equity market and are not intended as benchmarks for the Composite.

Investing Involves Risk. Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results and client accounts may not achieve the Focus Equity Strategy's investment objective. There may be market, economic, or other conditions that affect client account performance, or the performance of the referenced market index. The Strategy invests in small and medium size companies. Investments in these companies, especially smaller companies, carry greater risk than is customarily associated with larger companies for various reasons such as increased volatility of earnings and business prospects, narrower markets, limited financial resources and less liquid stock. A client account invested in the Focus Equity Strategy will hold fewer securities and have less diversification across industries and sectors than a diversified portfolio, such as a portfolio based on an index. Consequently a client account and/or the Composite performance may diverge significantly from the referenced market index, positively or negatively.

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