October 31, 2016

Separate Account Client Letter
Third Quarter 2016

For the quarter, the Focus Equity Composite returned 3.1% net of fees[1] compared to 4.4% for the Russell 3000 Index. Year to date, the Composite returned 4.8% net of fees compared to 8.2% for the Russell 3000 Index. The results for your account will differ somewhat from the Composite due to variations in account holdings and other client-specific circumstances. Your account's actual results are presented in an attachment. We remind you that we manage your account for long-term results, so we encourage you to evaluate its performance over a multi-year time frame. Long-term Composite performance is presented at the end of this letter.

There were no notable portfolio transactions during the quarter. This is not unusual for us, as our concentrated, long-term investment approach typically leads us to just three or four new positions per year, with some years higher, and others lower. At the end of the quarter, your portfolio was essentially fully invested in what we believe to be reasonably priced, high quality businesses that will compound their earnings at attractive rates for a long time to come. We continually search for opportunities to upgrade your portfolio, and will take action when circumstances warrant.

To further your understanding of what you own, and why, we will use this letter to describe our thinking behind American Tower (AMT), the largest holding (about 10% of assets) in your portfolio at the end of the quarter. We have a long history with AMT and believe it measures very well against our five investment criteria (high quality business, large growth opportunity, excellent management, low tail risk, and discount valuation) as explained below.

American Tower

AMT is the largest owner and operator of cellular towers in the U.S., with a growing presence in select emerging markets including Mexico, Brazil, India, Nigeria, and South Africa. These towers provide critical infrastructure to the wireless industry. Wireless carriers, such as AT&T, Verizon, T-Mobile, and Sprint, rent space on towers to install communications equipment that transmits and receives wireless signals from mobile phones and other devices.

A cell tower has wonderful economic characteristics. A typical tower has capacity for four tenants. The first tenant covers the cost of tower construction by providing a mid- to high-single digit return on capital. Each subsequent tenant requires virtually no incremental capital or operating cost by the tower owner, so more than 90% of rental revenue flows through to EBITDA. A tower with three or four tenants can have a 25%-plus return on invested capital and an 80%-plus EBITDA margin with de minimis maintenance capital expenditure needs.

So with these economics, what keeps everyone from building a cell tower in their back yard? For one, these are tall unsightly metal structures. So neighbors, preservationists, and zoning boards make it very

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

difficult to get a new cell tower permitted. But equally important, there are only a handful of large wireless carriers in most markets. Tower lease agreements typically include five to 10 year initial terms with multiple five-year renewal options. If an incumbent tower has two or three carriers under contract, a new tower in the same trade area has limited opportunity to win clients. Over the last four years, the number of cell towers in the U.S. has grown at less than 2% per annum.

While owning a cell tower is a good business, owning a nationwide portfolio of towers is an even better business. With over 40,000 towers across the U.S. (about 25% of all cell towers in the country), AMT gets scale efficiencies in purchasing, construction, and management, while also streamlining the administrative cost and time to market for national wireless carriers.

Against this backdrop of attractive tower economics and supply constraints, there is dramatic growth in wireless data demand that is pushing carriers to lease more space on more tower locations to maintain the quality of their signal. Over the last two years, U.S. wireless data demand has doubled as data intensive 4G phones replace less data intensive 3G phones. Continued 4G phone adoption, supplemented by growth in tablets and other devices, is forecast to drive 40-50% annual wireless data growth over the next five years (according to Cisco Systems). Further, we expect the U.S. 5G rollout to begin around 2020, driving another big uplift in data demand and cell tower utilization.

The wireless trends we see in the U.S. are playing out overseas on a lagged basis. We believe the U.S. is in the fifth or sixth inning of 4G adoption, while many emerging markets are still deploying 2G or 3G networks putting them about five or 10 years behind on the wireless technology adoption curve. Most emerging markets lack legacy fixed-line infrastructure for Wi-Fi offload, so the capture rate of data growth on wireless networks and cell towers is significantly higher than it is in the U.S. Today, AMT generates about 40% of its revenue from these faster growing overseas markets. We give credit to AMT management for investing in emerging market cell towers way ahead of competitors, establishing leadership positions that are paying off nicely today.

Unfortunately, a 40-50% annual increase in wireless data demand does not translate into a 40-50% increase in cell tower occupancy. Increased equipment occupancy is one of several solutions carriers have to meet this wireless demand, along with buying / deploying additional wireless spectrum, upgrading transmission equipment, and using non-tower transmission sites (rooftops, water towers, small-cells, DAS). Over the next five years, we expect AMT to grow revenue organically at 6-8% per annum in the U.S. and 10-14% overseas for a 9-10% blended organic revenue growth rate. With operating leverage, this organic revenue growth should translate into 10-12% organic EBITDA growth. In addition, AMT's 4-5% free cash flow yield, deployed into dividends and select acquisitions, should push total returns to the mid-teens. Today AMT trades at about 18x adjusted funds from operations (AFFO) [a reasonable approximation of owner earnings], a slight premium to the broader market earnings multiple, but with twice the expected growth of the market.

The risks we think are most pertinent to our AMT investment are technological threats / substitutes and financial leverage. Over the years, we have seen many perceived technological threats emerge, only to be proven uneconomic or technically flawed in practice. Today, traditional cell towers (150+ feet tall) are the most cost effective means to provide a strong wireless signal to a wide area. There are supplemental solutions, such as "small-cell" towers (under 30 feet tall), that can make economic sense for dense urban infill (mostly supplementing rooftop antennas, not cell towers), however, with an all-in-cost that is approximately 10x that of a macro tower site, small-cell towers have limited applicability elsewhere. Historically, satellite phones have been viewed as a possible alternative to terrestrial wireless, but billions of dollars of losses, accompanied by four major bankruptcies, have demonstrated satellite phones are only practical in niche situations (ships at sea, deep in jungles). Finally, Wi-Fi hot spots are a long rumored competitor to traditional cellular networks. Wi-Fi works well at a coffee shop or in your home, but it

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suffers from poor signal quality due to interference, a small service range, and a lack of mobility. We continue to watch technological developments in the industry by attending trade shows, reviewing industry publications, and speaking with consultants. This research informs our view that traditional cell towers will persist as the low cost, base-load solution for wireless communications.

Relative to most businesses we own, AMT uses significant financial leverage (~5x debt to EBITDA). We believe this leverage is appropriate given the predictable nature of the business (the debt is rated investment grade), however, it subjects the company to higher interest expense if rates rise. Simplistically, a 100 basis point (bps) rise in the cost of debt for AMT would increase interest expense by about 25%, decreasing AFFO by about 7.5% (the actual interest expense would change gradually over time since AMT has an average five year remaining term on its debt). Since we expect a mid-teens underlying growth rate in AMT's AFFO, it would take about two quarters of expected growth to recoup the AFFO lost to a 100 bps rise in financing rates, or about four quarters to recoup a 200 bps rise in rates. We would not be surprised to see a 100 or 200 bps rise in rates over our investment horizon, and consider this an acceptable risk / headwind in exchange for the significant underlying compounding of AFFO we expect from AMT. A rise in long-term rates might also impact the valuation multiple the market is willing to assign to AMT – as well as all other equities – but we believe we are reasonably well insulated with the current valuation of 18x AFFO.

Finally, we have followed the wireless and cell tower industry since the late 1990s. Over this time, we have observed that many investors understand near term industry growth, but consistently underestimate the long-term potential. We believe this is because they fail to appreciate the virtuous cycle that is at work across the industry; increasingly powerful handheld devices enable more robust applications, which require increased wireless bandwidth and throughput. Each turn of the cycle feeds the next, propelling the industry in unexpectedly favorable ways. We do not know of anyone that foresaw voice-centric Nokia phones from the late 1990s would be replaced by multifunctional BlackBerrys in the early 2000s, then full-featured Apple iPhones in the late 2000s. Without the now ubiquitous smartphone, demand for YouTube, Pandora, Google Maps, and Facebook would not be clogging up the airwaves creating the need for more broadband wireless today. With the arrival of 4G, and eventually 5G, the connected home, the connected car, and wireless delivery of cable TV become huge potential bandwidth hogs just over the horizon. While precisely modeling what impact these, and unknowable future applications will have on AMT is an exercise in futility, we believe the virtuous cycle is alive and well, and will lead to strong secular demand for wireless tower infrastructure far into the future.

In closing

We thank you for entrusting your capital to us. We will continue to do our best to protect and grow your investment over time.

Please let us know if there is any change to your financial circumstances that might impact how we manage your account. Additionally, please share any updates that may be necessary to keep our records current.

Sincerely,

Broad Run Investment Management, LLC

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Broad Run Investment Management, LLC
Focus Equity Composite
September 1, 2009 through September 30, 2016

Year	Focus Equity Composite Gross Return (%)	Focus Equity Composite Net Return (%)	Focus Equity Composite 3-Yr St Dev (%)	Russell 3000* Return (%)	Russell 3000* 3-Yr St Dev (%)	Number of Portfolios	Internal Dispersion (%)[1]	Composite Assets ($ millions)	Firm Assets ($ millions)
2016 (thru 9/30)	5.63	4.85	12.05	8.18	10.82	95	n.m.	2,589.3	2,591.1
2015	4.40	3.37	11.30	0.48	10.58	52	0.13	2,266.5	2,268.6
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 09/30/16	Focus Equity Composite Gross Cumulative Return (%)	Focus Equity Composite Gross Annualized Return (%)	Focus Equity Composite Net Cumulative Return (%)	Focus Equity Composite Net Annualized Return (%)	Focus Equity Composite St Dev (%)[4]	Russell 3000* Cumulative Return (%)	Russell 3000* Annualized Return (%)	Russell 3000* St Dev (%)[4]
1 Year	9.70	9.70	8.62	8.62	n.m.	14.96	14.96	n.m.
3 Years	34.85	10.48	30.90	9.39	12.05	34.71	10.44	10.82
5 Years	138.67	19.00	127.18	17.84	12.22	113.28	16.36	11.34
7 Years	183.22	16.03	164.27	14.89	14.12	137.96	13.18	13.15
Since Inception	188.66	16.13	169.13	14.99	14.03	147.93	13.67	13.12

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, 2015. 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 the firm believes are high-quality growth-oriented companies trading at discounts to Broad Run's 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 invests 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. From 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. From 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 Broad Run's highest applicable annual management fee of 1.00% ("Model Net Fee"), as described in the firm's 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 million 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 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.

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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.

Reference Index Disclosure. The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The index is 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 index's performance returns are included to illustrate the general trend of the U.S. equity market and are not intended as a benchmark 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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