

FIRM PROFILE

- SEC registered investment adviser
- Located in Arlington, Virginia
- \$1.2 billion in AUM (as of 9/30/13)
- Independent; 100% employee-owned
- Manage a single strategy

PORTFOLIO MANAGERS

These professionals have worked together since 2004 applying the same investment approach.

David S. Rainey, CFA
26 years of investment experience

Brian E. Macauley, CFA
13 years of investment experience

Ira M. Rothberg, CFA
11 years of investment experience

INVESTMENT PHILOSOPHY

We approach investing in a common stock with the mindset that we are taking a five to ten year ownership position in the underlying business. We seek to own secular growth businesses at discount valuations. We expect to be long-term owners of these businesses and to profit primarily from the growth in their intrinsic value as they expand their franchises and earnings power over time. We conduct rigorous fundamental research in an attempt to identify these wealth creating businesses. We concentrate capital in our best ideas while seeking to maintain prudent exposure limits to any one industry or business factor risk. Our risk control efforts are focused on trying to protect against the permanent loss of capital - we do this by seeking to own fundamentally sound businesses trading at modest valuations.

Objective

The Focus Equity Strategy seeks long-term capital appreciation while incurring a low risk of permanent capital loss.

Approach¹

- Concentrated portfolio: 20-30 stocks with:
 - Strong competitive positions
 - Large growth opportunities
 - Excellent management
- Conviction-weighted:
 - 60-80% of assets in top 10 positions
 - Largest position size typically 8-10%
- Low turnover: about 15% average annual

This Strategy uses fundamental research in an effort to identify high quality, well run growth companies trading at discounts to intrinsic value. The Strategy is long-term oriented and invests with an expectation of owning a company for at least 5 years. Portfolios are concentrated with about 20 to 30 holdings, and investments are conviction-weighted in the portfolio managers' best ideas. The Strategy seeks investments from a diversity of industries but does not factor benchmark index weightings into its process.

Strategy Overview

- ❖ U.S. Equity; Long-Only
- ❖ Composite inception: 8/22/09
- ❖ Strategy AUM: \$1.2 billion
- ❖ Vehicles: separate accounts; mutual fund (sub-advised)

Performance ² For period ending 9/30/13	YTD 2013	AVERAGE ANNUAL TOTAL RETURNS			CUMULATIVE SINCE INCEPTION (8/22/09)
		1 YEAR	3 YEAR	SINCE INCEPTION (8/22/09)	
Focus Equity Composite, Gross	25.4%	33.8%	20.6%	20.0%	111.2%
Focus Equity Composite, Net	24.1%	32.0%	19.0%	18.3%	99.2%
S&P 500 Index	19.8%	19.3%	16.3%	15.2%	78.7%

Summary Statistics from a representative separate account (9/30/13)³

Metrics		Top 10 Positions	% of Assets
Number of Holdings	23	O'Reilly Automotive, Inc.	9.6
Market Cap (median)	\$5.8B	Carmax, Inc.	9.2
Market Cap (wtd avg)	\$29.6B*	Bally Technologies, Inc.	8.7
Price-to-Cash Earnings (wtd avg; 2014 est.)	16.2x	Penn National Gaming, Inc.	7.9
Cash Earnings Growth Rate (wtd avg; 2014 est.)	18%	American Tower Corp.	7.9
		Markel Corp.	7.2
		21 st Century Fox, Inc.	6.4
		Aon plc	5.8
		Google Inc.	5.1
		The Charles Schwab Corp.	4.4
		Top 10 Total	72.2

*Wtd. avg market cap is \$15.3B excluding the position in Google, Inc. (\$292B market cap)

THE BROAD RUN DIFFERENCE

Consistency: People, Philosophy, Process... The firm's founders have worked together since 2004 using the same approach

Concentrated... We believe great investments are rare, so we concentrate capital and our time in our best ideas

Long-Term Horizon... With so many others focused on the short-term, we believe a long-term view provides perspective and opportunity

Proprietary Research... With a concentrated, low turnover portfolio, we can put more research time into each idea

Cost Efficiency... Over the long-term, our low turnover approach should result in relatively low trading costs and tax-efficient portfolios

¹ This is our general approach. We reserve the right to change elements of this approach given market conditions, client restrictions and/or other factors.

² **Composite Definition.** The performance presented is for the Focus Equity Strategy Composite. The Focus Equity Strategy invests primarily in U.S equity securities 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 high quality growth-oriented companies trading at discounts to intrinsic value. The inception date of the Focus Equity Strategy Composite is August 22, 2009.

Composite Construction. The Composite is comprised of all fully discretionary fee paying accounts that are managed according to Broad Run's Focus Equity Strategy. New accounts that are managed according to the Focus Equity Strategy are added at the beginning of the first full calendar month for which the account is under management. Closed account data is included in the Composite in order to eliminate survivorship bias. For the time period 8/22/09 to 10/26/12, 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 10/27/12 to 2/28/13, the Composite is composed solely of the successor equity mutual fund to the aforementioned equity mutual fund. Broad Run is engaged as the Sub-advisor of this successor equity mutual fund by its new Advisor, and Broad Run's Managing Members serve as Portfolio Managers for this successor equity mutual fund. For the time period after 2/28/13 the Composite is composed of this successor equity mutual fund and separate accounts.

Composite Performance Calculation Methodology. The Composite performance figures reflect the deduction of brokerage or other commissions and the reinvestment of dividends, interest income and capital gains. Percentage returns for the equity mutual fund and its successor are calculated monthly based upon beginning of month and end of month Investor-class NAVs per share, adjusted for distributions. Percentage returns for the separate accounts are calculated in Advent AXYS using the Modified Dietz Method with trade date accounting, daily time weighted rates of return, and cash accounting for dividends, interest income and advisory fees. Advent AXYS calculates the separate account composite return by rolling together and asset-weighting applicable separate accounts to calculate a daily composite return adjusted for inflows and outflows. These daily composite returns are then geometrically linked to create a monthly separate account composite return. The monthly equity mutual fund return and monthly separate account composite return are then asset-weighted based upon beginning of period values to compute the monthly Composite return. Monthly Composite returns are geometrically linked to calculate time-weighted rates of return for periods greater than one month and geometrically averaged to calculate average annual total returns. All returns are calculated in US dollars.

Fees. We have presented Composite returns gross of fees and net of fees. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Net of fees returns are calculated net of advisory fees for separate accounts and net of the Investor-class expense ratio for the equity mutual fund. For the included equity mutual fund, gross monthly returns are derived from the Investor-class net monthly returns by adding back the applicable SEC reported equity mutual fund expense ratio (which includes advisory fees and other fees) on a monthly equivalent basis. For separate account(s), gross and net monthly returns are calculated in Advent AXYS. The performance figures do not reflect the deduction of any taxes an investor might pay on distributions or redemptions. Our standard separate account fees are presented in our Form ADV Part 2A.

³ Information provided is from a representative separate account invested using the Focus Equity Strategy. Securities prices are as of the date cited in the Summary Statistics chart. The price-to-cash earnings ratio is calculated by dividing a security's price (as of the date cited in the Summary Statistics chart) by Broad Run's estimate of cash earnings per share for the noted period. Individual security price-to-cash earnings ratios are weighted based upon security position size in the account to determine the cited account price-to-cash earnings ratio. Cash earnings growth rate is a percentage change calculated by dividing Broad Run's estimate of a security's cash earnings (for the noted period), by the actual (or Broad Run's estimate if actual is not yet reported) cash earnings for the twelve months prior to the noted period. Individual security cash earnings growth rates are weighted based upon security position size in the account to determine the cited cash earnings growth rate.

Other Disclosures

Index Disclosure. The S&P 500 Index is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index. 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 are included to illustrate the general trend of the 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 we may not achieve the Focus Equity Strategy's investment objective. There may be market, economic, or other conditions that affect our performance, or the performance of the included 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. Consequently a client account and/or the Composite performance may diverge from the included market index, positively or negatively.

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