BROAD RUN
INVESTMENT MANAGEMENT, LLC

April 24, 2023

Focus Equity Client Letter
Q1 - 2023

For the quarter ended March 31, 2023, Broad Run's Focus Equity Separate Accounts[1] returned [redacted] net of fees[2] compared to 7.2% for the S&P Total Market Index[3]. The performance for your account will differ somewhat from these reported results due to variations in holdings and other client-specific circumstances. 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 performance is presented at the end of this letter.

Commentary

Leading economic news in the first quarter included the dramatic collapse of Silicon Valley Bank and Signature Bank, and the fire sale of Credit Suisse. While these banks took the ignoble headlines, their struggles drew attention to the broader stresses in the banking system caused by the rapid rise in interest rates over the last year and a half.

Financials compose about 30% of our portfolio, but we do not own any banks or have any direct exposure to this banking crisis. Our businesses categorized as financials include Aon (an insurance broker), Brookfield (an investment manager), Markel (a specialty insurer), and Encore (a debt collector). They are highly differentiated from each other in both their business models and our investment theses, and are not exposed to the same asset-liability duration mismatch as the banking industry. They each have varying sensitivity to the credit cycle and capital markets, but nothing so tied to the banks that it warrants a callout in this letter.

Surveying our broader portfolio, there is just one business that stands out as likely impacted by this banking crisis – Ashtead Group (about 9% of assets in most accounts). Roughly 40% of Ashtead's revenue comes from renting equipment to contractors working on non-residential construction projects. Banks are the primary lenders for these projects, so future projects (those that are a year or two out from breaking ground, given construction lead times) are at risk if bank lending is more restrictive. Reflecting on the state of the credit environment, we have tempered our expectations for non-residential construction activity in 2024 and 2025, and modified our expectations for Ashtead accordingly.

Non-residential construction is cyclical. In isolation, we would expect higher interest rates and tighter credit conditions to trigger a normal non-residential construction recession. However, we have recently experienced abnormal government largess; the CARES Act, the CHIPS Act, and the Inflation Reduction Act are rolling out and will provide a major tailwind to non-residential construction over the remainder of the decade. In addition, entirely new categories of demand have emerged with post-COVID supply chain nearshoring projects and large-scale long-duration decarbonization projects (such as EV battery plants, solar and wind farms, and transmission lines) providing a boost that may be enough to avoid a non-residential construction contraction.

1 See the end of this letter for historical performance and important disclosures.

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

3 S&P Total Market Index is a broad market index that includes 4,272 large, mid, and small cap U.S. equities (@12/31/22).

Ashtead is a business firing on all cylinders. In its most recently reported quarter (announced March 7th) it reported revenue up 23% and EPS up 30%, and raised guidance for its fiscal year. Over the last five years, Ashtead has posted annualized revenue growth and EPS growth of about 14% and 17%, respectively. This compares to annualized non-residential construction industry growth of about 5% over the same time period. Ashtead is outgrowing the non-residential construction industry—powered by a secular share shift from equipment ownership to equipment rental, same-store market share gains, new store openings, tuck-in acquisitions, rising rental prices, and product expansion into specialty categories.

With these numerous revenue drivers, our expectation is that Ashtead could grow through a mild or even moderate non-residential construction recession. In a severe downturn, which we do not expect, Ashtead would likely see a temporary decline in sales and earnings. However, with the best balance sheet, business model, and management team in the industry, we would also expect to see a period of supercharged market share gains as the company outcompetes and acquires distressed competitors as it did in the GFC.

Looking at the bigger picture, Ashtead remains one of our highest conviction long-term investments. From about 12% market share today, we are confident the company will reach 25%-plus market share over time by simply continuing to use the same strategy it has successfully employed over the last decade. With a highly fragmented industry, clear scale advantages, superior service offering, and 30% mid-cycle ROE, we expect Ashtead's EPS to compound at a high-teens rate over the next decade, or longer.

Ashtead's stock is down about 20% since the banks took over the headlines in March. The recent developments in the banking industry and the resulting tighter credit environment are incremental negatives for the company in the short- to intermediate-term. But with our long-term investment horizon, this is just one of those unavoidable bumps along the road in the value creation journey. We think that the recent stock price decline more than compensates for the risk of a downturn. From today's modest starting valuation of 13.4x NTM price-earnings (6.9x NTM EV/EBITDA), we expect a 15-20% rate of compounding in our investment over the next decade, inclusive of an industry downturn or two along the way.

Cogent Communications

During the quarter we again added to our Cogent position, increasing it to about 3% of assets. Since our last update in our Q4'22 client letter, published in late January, we have continued to follow Cogent closely and deepen our understanding of the business. Our recent research has included additional conversations with management, participation in recent company conference presentations, speaking with more current and former Cogent customers, and speaking with another buy-side investor knowledgeable about the business.

New revelations and learnings have been almost universally positive, including:

- The Sprint acquisition is on pace to close in Q2'23 rather than Q4'23, nearly 6 months ahead of our initial expectations.
- Wavelength sales have already begun under a licensing arrangement with T-Mobile/Sprint. While not financially material, this early start will enable Cogent's sales force to build familiarity with the offering and generate some early bookings prior to the closing of the transaction.
- The company now believes that it can get the legacy Sprint corporate business up to a 20% EBITDA margin over time, rather than the 10% margin target management initially shared.
- We believe dark fiber is likely to be a $50M-plus run-rate revenue business in several years' time, at 90%-plus gross margins. In addition, we believe Sprint data center assets can eventually be ramped to about $30 million of revenue and $15 million of EBITDA. Neither of these opportunities was explicitly included in our original underwriting.

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We have updated our model to reflect these developments, which has increased our expected IRRs and increased our conviction in a favorable long-term investment outcome.

Allegiant Travel

Finally, we sold the entirety of our Allegiant Travel position during the quarter to help fund the additional purchase of Cogent. In most accounts, Allegiant was about a 1% weighting.

We purchased Allegiant in the summer of 2020 in the midst of the pandemic lockdowns. Our thesis was that Allegiant was a fundamentally good airline business that would recover quickly as vaccines became widely available and leisure travel rebounded. In addition, we believed there was attractive growth opportunity beyond the rebound as Allegiant continued to roll out its high return business model to additional U.S. markets.

While we were generally right about the rebound in leisure air travel, we failed to anticipate that a slow rebound in business travel would leave other airlines with excess capacity that would be directed to the leisure market, creating oversupply. In addition, the unanticipated surge in inflation beginning in 2021 made it hard to raise prices without destroying demand from Allegiant's price-sensitive customers. Earnings never rebounded to the extent we expected, and with significant additional inflationary costs on the horizon (new union contracts), we determined that we had better, higher conviction uses for this investment capital.

Conclusion

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 have been any changes to your financial circumstances or investment objectives that might impact how we manage your account, let us know if your contact information changes, and let us know if you would like to add or modify any reasonable restrictions to our investment advisory services.

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/legal-and-regulatory/. These annual updates include our Form ADV 3 (Form CRS), 1A, 2A, & 2B as well as our Privacy Policy Notice, Business Continuity Plan Notice and Proxy Voting Policy Notice. Each of these documents may be found on the Legal & Regulatory page. Please review these documents and contact us if you have any questions.

Disclaimer: *The specific securities identified and discussed in this commentary pertain to the beneficial owner of this account and should not be considered a recommendation to purchase or sell any particular security. Rather, this commentary is presented solely for the purpose of illustrating Broad Run's investment philosophy and analytical approach. These commentaries contain our views and opinions at the time they were written, they do not represent a formal research report and are subject to change thereafter. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. These commentaries may include "forward looking statements" which may or may not be accurate in the long-term. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable.* ***Past performance is not indicative of future results. All***

investments involve risk and may decrease in value.

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Focus Equity Separate Accounts (FE-SA) Historical Performance and Disclosure

[redacted]

	1Q'23	**1 YEAR**	**3 YEARS**	**5 YEARS**	**10 YEARS**	**SINCE INCEPTION** (09.01.09)
FE-SA *(Gross)*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
FE-SA (*Net of 1% fee*)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
S&P Total Market Index	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

FE-SA Disclosures: *Broad Run presents these investment results (a subset of the Focus Equity Composite results) because it believes they are most relevant to institutional separate account investors in the Focus Equity Strategy; this information is supplemental to the GIPS® compliant presentation provided on the following page of this document. Returns presented consist of representative portfolios from the Focus Equity Composite. The representative portfolios are: (i) for the period September 1, 2009 to February 28, 2013 the sole portfolio in the composite, which is a single equity mutual fund; and (ii) for the period after February 28, 2013 (Broad Run accepted its first separate account in February of 2013) all of the separate account portfolios, which excludes any equity mutual fund(s), UCITS fund(s), and private fund(s). Broad Run believes this supplemental presentation approximates the return stream an investor in a Focus Equity separate account would have achieved for the period presented (data supporting this assertion is available upon request). 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 gross returns. Other Disclosures: Returns for time periods greater than one year are annualized. All results presented above (including the S&P Total Market Index) include the reinvestment of dividends, interest income, and capital gains. All other statistics referenced in this document for Focus Equity Separate Accounts or FE-SA were compiled using the same representative portfolios described above.* ***Past performance is not indicative of future results.***

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Broad Run Investment Management, LLC
Focus Equity Composite GIPS Report

Reporting Date March 31, 2023
Composite Inception September 1, 2009

GIPS Compliance and Verification Status. 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, 2022. The verification report is available upon request. Verification assesses whether (1) the firm has complied wi h 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.

Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. A list of composite descriptions is available upon request.

Firm Information. 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.

Composite Description. 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 grow h-oriented companies trading at discounts to Broad Run's assessment of their intrinsic value. The strategy holds a portfolio of approximately 20 securities. 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. The Focus Equity Composite was created in October 2012; its incep ion 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 aforemen ioned 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 he successor equity mutual fund and separate accounts. Currently, the assets in the mutual fund comprise a significant majority of the composite's assets.

Fee Schedule. 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.

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.

Reference Index Disclosure. The S&P Total Market Index (TMI) is designed to track the broad U.S. equity market, including large-, mid-, small-, and micro-cap stocks. 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.

Other. All returns presented in the table below (including the reference index) include the reinvestment of dividends, interest income, and capital gains. Valuations are computed and performance is reported in U.S. dollars. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. ***Past performance is not indicative of future results.***

	Focus Equity Composite			S&P Total Market Index (TMI)					
	Gross Return (%)	Net Return (%)	Standard Deviation [2]	Return (%)	Standard Deviation [2]	Number of Portfolios	Internal Dispersion [5]	Composite Assets (USD millions)	Firm Assets (USD millions)
Calendar Year									
2023 (thru 3/31)	5.41	5.15	23.33	7.24	19 37	179	n m.	919.7	926.2
2022	-25.02	-25.79	27.40	-19.53	21 53	181	1 66	908.9	914.9
2021	33.37	32.07	22.68	25.66	17 95	190	0 64	1,678.2	1,757.2
2020	7.91	6.83	23.25	20.79	19.44	175	0 92	1 569.7	1 574.5
2019	36.22	34.89	11.35	30.90	12 22	170	1.16	2,576.9	2,579.0
2018	-9.09	-10.01	11.25	-5.30	11 21	155	0 64	2 326.8	2 330.3
2017	21.43	20.24	10.31	21.16	10 09	137	0 96	3,309.6	3,311.2
2016	8.83	7.76	12.06	12.65	10 89	101	0 31	2,671.8	2,794.1
2015	4.40	3.37	11.30	0.47	10 57	52	0.13	2,266.5	2,268.6
2014	11.76	10.66	9.44	12.46	9 32	41	0.10	1,618.5	1,619.5
2013	37.18	35.85	12.52	33.40	12 58	30	n m.	1,454.0	1,459.8
2012	18.27	17.11	16.80	16.44	15.75	1	n m.	781.2	781.2
2011	5.13	4.08	- [3]	0.92	- [3]	1	n m.	672.2	N/A
2010	26.40	25.16	- [3]	17.30	- [3]	1	n m.	772.8	N/A
Sep – Dec 2009 [1]	8.64	8.29	- [3]	10.22	- [3]	1	n m.	812.5	N/A

Annualized (3/31/23)					
1 Year	-13.01	-13.89	n.m. [4]	-8.77	n m. [4]
3 Years	17.14	15.98	23.33	18.34	19 37
5 Years	7.52	6.45	23.30	10.32	19.10
10 Years	10.37	9.28	18.08	11.64	15 22
Since Inception	12.72	11.60	17.58	12.70	15.19

1 Annual Performance Results reflect partial period performance. The returns presented are calculated from September 1, 2009 to December 31, 2009. **2** Standard deviation measures the variability of the gross returns of the composite and the reference index. All standard deviation figures are calculated using monthly gross performance numbers. Figures presented for calendar year and YTD periods are three-year annualized standard deviations. **3** The three-year annualized standard deviation is not shown due to having less than 36 months of composite returns. **4** n m. - Not statistically meaningful for periods less than 3 years. **5** 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; not statistically meaningful (n.m.) for periods less than one year, or when there are five or fewer accounts in the composite for the entire year.

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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.

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. Therefore, it should not be assumed that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by Broad Run Investment Management, LLC) made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. 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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