BROAD RUN
INVESTMENT MANAGEMENT, LLC

July 29, 2024

Focus Equity Client Letter
Q2 - 2024

For the quarter ended June 30, 2024, Broad Run's Focus Equity Separate Accounts[1] returned 0.2% (and Broad Run's Focus Equity Composite returned -1.7%) net of fees[2] compared to 3.2% for the S&P Total Market Index[3]. At the half-year mark, the Focus Equity Separate Accounts returned 6.0% (and the Focus Equity Composite returned 3.0%) net of fees compared to 13.6% for the S&P Total Market Index. 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.

The market's robust first-half performance was largely driven by a small group of tech giants, with the "Magnificent Seven" accounting for nearly two-thirds of the market's gains. Just three of those seven stocks drove almost half of the market's return. More than 40% of U.S. stocks were down in the first half. The extreme outperformance of a handful of mega caps is unusual, and stands in striking contrast to the dramatic underperformance of small-cap equities. With small-cap equities barely up in the first half of the year, large-cap stocks outperformed small-cap stocks by the largest margin in history.

On July 11, the June CPI report showed that inflation cooled more than expected, which has proven a turning point for small cap stocks. Small cap stocks proceeded to outperform large cap stocks by the largest margin ever recorded in a 10-day period. While we suspect that this rotation has more to do with fund flows than fundamentals-driven investing, it is true that lower interest rates disproportionately benefit smaller companies, which are more reliant on floating-rate debt and external financing.

In our portfolio, our small-cap holdings and more rate-sensitive holdings have made up significant ground since the release of the impactful June CPI report. As of July 26, Broad Run's Focus Equity Separate Accounts returned 15.1% (and the Focus Equity Composite returned 14.0%) net of fees[2] year-to-date compared to 14.5% for the S&P Total Market Index. We believe that we are on the cusp of a less restrictive monetary policy that will prove beneficial to our holdings, and a wider range of companies and sectors overall.

During the quarter, we trimmed our Alphabet position from 11.7% to 9.7% of assets to return into range of our 10% maximum position size guideline. We also added to Cogent Communications, bringing it up from a 5.6% position to 8.5%. We are roughly 20 months into our ownership of Cogent. There have been some pluses (including the revelation of more than $2B of non-core monetizable assets acquired with the Sprint wireline business) and some minuses (including a delayed sales push of wavelength services). But overall, our ongoing research has added to our confidence in the quality of the business, management's

[1] Returns presented for the Focus Equity Separate Accounts are the aggregate returns of all of the separate account portfolios in the Focus Equity Composite, which excludes any equity mutual fund(s), UCITS fund(s), and private fund(s). Broad Run believes this information is most relevant to institutional separate account investors in the Focus Equity Strategy; this information is supplemental to the GIPS® Composite Report provided on page 6 of this document. 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 (@12/31/23).

capability, and the value creation opportunity ahead. We have built high conviction in this investment, and increased its position weighting to reflect that view.

We did not add any new positions, nor did we exit any positions during the quarter, but we have had some noteworthy developments at several portfolio companies, as discussed below.

AST SpaceMobile (5.4% of assets)

AST had a momentous second quarter with the announcement of a signed contract with AT&T (they had previously disclosed a MOU with a contract under negotiation), a strategic partnership with Verizon that includes a $100 million commitment, and the addition of Chris Sambar, AT&T's Head of Network, to the Board of Directors.

The emergence of Verizon as a partner was a significant positive surprise. This effectively doubles the addressable market for AST in the U.S. —the most lucrative wireless market in the world—while advancing AST's capital plan. Further, it is a major endorsement of AST's technology, given Verizon had historically been a vocal skeptic of AST's capabilities.

Meanwhile, Starlink—AST's most formidable and well-funded direct-to-cell competitor—is coming under increased scrutiny from the FCC for interference its satellites may cause to wireless services in adjacent spectrum bands. It is not clear that these issues can be resolved using Starlink's existing technology, posing a potential significant setback for the company.

In our view, these developments further solidify AST as the early leader in this emerging industry. Additionally, given the technological complexity, long lead times, and capital-intensive nature of building a space satellite network, we are increasingly thinking that there may be only one or two providers that manage to achieve global scale. If we are correct in this assessment, and AST is one of those networks, it should develop into a very high-quality, durable business franchise deserving a premium valuation.

Shenandoah Telecommunications (1.4% of assets)

Shenandoah Telecommunications ("Shentel") has substantially repositioned its portfolio over the last several months, buying a complementary business in an adjacent market and selling a non-core asset to help fund that acquisition. These were large transactions for Shentel, each representing 30-40% of the company's enterprise value.

- In early April (announced in October), Shentel closed on a $385M acquisition of Horizon Telecom, an Ohio-based commercial and residential fiber business that is geographically adjacent to Shentel's core western Virginia, Maryland, and West Virginia footprint. Like Shentel, Horizon provides rural residential broadband services, but it also has an attractive and fast growing commercial broadband fiber operation. There are obvious cost synergies from the combination of these two businesses, potential revenue benefits from commercial broadband learnings, and Horizon adds 86k homes to Shentel's fiber build growth pipeline. While Horizon has clear strategic fit, Shentel paid a full price—12.9x post-synergy EBITDA.
- In late March (announced early March) Shentel closed on the sale of its cellular tower business for $310M, or about 31x 2023 segment adjusted EBITDA—a full valuation for the asset. This was a high quality, but slow growth rural tower portfolio that was no longer core to the company after the sale of its T-Mobile wireless service franchise in 2021.

We have a mixed view of these transactions. While we were delighted to see the sale of the non-core tower assets at a rich valuation, we were disappointed with the purchase of such a richly valued fiber company. Based on our discussions with management, we had expected Shentel to be focused on acquiring distressed fiber overbuilders that overextended themselves the last few years during the period of cheap credit.

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The premium priced acquisition of Horizon is especially disappointing in light of Shentel's own stock trading at about 6x adjusted EBITDA at the time of the transaction. While it would have been impractical for the company to tender for hundreds of millions of dollars of thinly traded Shentel stock, we think a mid-sized share repurchase and continued patience waiting for distressed acquisition opportunities would have been preferable—a view that we have shared with management.

While we are disappointed with the price paid for Horizon, and the opportunity foregone, this was Shentel's "big pivot" and we do not foresee any other large capital allocation decisions in the next several years. Further, management has a long track record of adept capital allocation, so perhaps this decision was an outlier.

Meanwhile, Shentel is executing well on its aggressive organic fiber build plan, and the stock remains very inexpensive. We think intrinsic value is building at a nice clip, so we will likely continue to be owners until such time that the business quality and growth profile are more fully reflected in the stock.

Altus Group (0.6% of assets)

In early July, Altus Group announced a transaction to sell its Property Tax services business for about $500M. This is a material transaction for Altus, with the business composing about 40% of overall segment level EBITDA. As we have written before, the Property Tax business is an attractive, but mature business with organic revenue and EBTIDA growth likely to approximate 3 or 4% going forward.

Altus's Property Tax business was a "cash cow", useful for funding organic and inorganic investment in Altus's higher growth, higher quality Analytics segment. With the Analytics business recently restructured, margins climbing, and several foundational acquisitions completed, Analytics is now in a much better position to stand on its own without the financial support of Property Tax.

We view this transaction as a clear positive, with the company receiving an attractive price (10x EBITDA, compared to the 8-10x we used in our sum of the parts valuation) and concentrating its exposure to its data and analytics franchises. We applaud management for making this decision. While Altus will be a smaller overall organization, it should also be more focused, with sharper execution and a streamlined story for investors.

<u>In closing</u>

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

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Annualized Investment Results – Separate Accounts

We have been managing Focus Equity separate accounts (FE-SA[1]) since February 2013. Below we present the investment results for FE-SA next to the investment results for the full Focus Equity Composite.

	2Q'24 [2]	YTD [2]	1 YEAR	3 YEARS	5 YEARS	10 YEARS	FE-SA INCEPTION (02.28.13)
FE-SA *(Gross)*	**0.5**	**6.5**	**13.1**	**1.2**	**8.9**	**10.3**	**11.9**
FE-SA *(Net of 1% fee)*	**0.2**	**6.0**	**11.9**	**0.2**	**7.8**	**9.2**	**10.8**
S&P Total Market Index [4]	3.2	13.6	23.2	7.9	14.0	12.1	13.4

	2Q'24 [2]	YTD [2]	1 YEAR	3 YEARS	5 YEARS	10 YEARS	FE-SA INCEPTION (02.28.13)	COMPOSITE INCEPTION [3] (09.01.09)
Focus Equity Composite *(Gross)*	**-1.5**	**3.5**	**10.1**	**1.3**	**8.7**	**9.8**	**11.4**	**13.0**
Focus Equity Composite *(Net of 1% fee)*	**-1.7**	**3.0**	**9.0**	**0.3**	**7.6**	**8.7**	**10.3**	**11.9**
S&P Total Market Index [4]	3.2	13.6	23.2	7.9	14.0	12.1	13.4	13.8

1: Returns presented for FE-SA are the aggregate returns of all of the separate account portfolios in the Focus Equity Composite, which excludes any equity mutual fund(s), UCITS fund(s), and private fund(s). Broad Run believes this information is most relevant to institutional separate account investors in the Focus Equity Strategy; this information is supplemental to the GIPS® Composite Report provided on the following page of this document. **2:** Not annualized. **3:** Investment results for the period September 1, 2009 to October 26, 2012 were generated from an equity mutual fund which was managed by Broad Run's current portfolio management team while employed at an entity not affiliated with Broad Run. Investment results for the period after October 26, 2012 were generated by Broad Run. **4:** The S&P Total Market Index is designed to track the broad U.S. equity market, including large-, mid-, small-, and micro-cap stocks.

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. All returns 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. **For Composite construction and performance calculation methodology and other disclosures (including those related to the S&P Total Market Index) please see the following two pages of this document. Past performance is not indicative of future results.**

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Broad Run Investment Management, LLC
Focus Equity Composite GIPS Report

Reporting Date June 30, 2024
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, 2023. 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.

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 growth-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 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.

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									
2024 (thru 6/30)	3.53	3.02	22.24	13.61	17.90	164	n.m.	796.1	804.3
2023	23.25	22.04	22.08	26.06	17.53	169	0.80	826.3	835.7
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 (06/30/24)									
1 Year	10.09	9.00	n.m. [4]	23.20	n.m. [4]				
3 Years	1.33	0.32	22.24	7.90	17.90				
5 Years	8.68	7.61	24.04	14.04	18.55				
10 Years	9.83	8.74	19.10	12.08	15.72				
Since Inception	13.03	11.91	17.76	13.76	15.12				

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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