



# VULCAN VALUE PARTNERS

SECOND QUARTER 2025



Our results are detailed in the table below. As we have often said, we place no weight on short-term results, good or bad. When we think we can improve our prospective long-term returns and lower risk, we will make those decisions without regard to their effect on short-term performance.

INVESTMENT STRATEGY	QTD	YTD	Annualized Since Inception*
<b>Large Cap Composite (Gross)</b>	<b>7.2%</b>	<b>5.0%</b>	<b>10.5%</b>
<b>Large Cap Composite (Net)</b>	<b>7.0%</b>	<b>4.7%</b>	<b>9.7%</b>
Russell 1000 Value Index	3.8%	6.0%	7.4%
S&P 500 Index	10.9%	6.2%	10.5%
<b>Small Cap Composite (Gross)</b>	<b>6.9%</b>	<b>2.3%</b>	<b>8.1%</b>
<b>Small Cap Composite (Net)</b>	<b>6.7%</b>	<b>1.9%</b>	<b>7.2%</b>
Russell 2000 Value Index	5.0%	-3.2%	5.9%
Russell 2000 Index	8.5%	-1.8%	7.1%
<b>Focus Composite (Gross)</b>	<b>9.7%</b>	<b>3.4%</b>	<b>14.5%</b>
<b>Focus Composite (Net)</b>	<b>9.5%</b>	<b>3.2%</b>	<b>13.5%</b>
Russell 1000 Value Index	3.8%	6.0%	7.7%
S&P 500 Index	10.9%	6.2%	10.6%
<b>Focus Plus Composite (Gross)</b>	<b>9.2%</b>	<b>3.3%</b>	<b>14.0%</b>
<b>Focus Plus Composite (Net)</b>	<b>8.8%</b>	<b>2.3%</b>	<b>12.9%</b>
Russell 1000 Value Index	3.8%	6.0%	7.4%
S&P 500 Index	10.9%	6.2%	10.5%
<b>All Cap Composite (Gross)</b>	<b>8.3%</b>	<b>4.0%</b>	<b>11.0%</b>
<b>All Cap Composite (Net)</b>	<b>8.1%</b>	<b>3.6%</b>	<b>10.1%</b>
Russell 3000 Value Index	3.8%	5.5%	10.0%
Russell 3000 Index	11.0%	5.8%	13.0%

\*Inception date is 3/31/2007 for Large Cap, Small Cap, and Focus Plus Composites. Inception date is 11/30/2007 for Focus Composite. Inception date is 4/1/2011 for All Cap Composite. Past performance is no guarantee of future results. Please see important disclosures at the end of this document.

Please reference additional performance information for each of the composites in the strategy reviews that follow and important disclosures at the end of this document.

In the discussion that follows, we generally define material contributors and detractors as companies having a greater than 1% impact on the portfolio and should be viewed in context with the performance information provided for each strategy. With respect to the discussion of contributors and detractors or the performance of any individual holding shown here, no individual investment is intended to be representative of any particular strategy. For a complete understanding, please see the performance and accompanying disclosures at the end of this letter.



Market volatility related to tariffs increased markedly during the second quarter and gave us an outstanding opportunity to execute our investment philosophy. We follow a dual discipline. We limit ourselves to only buying companies with stable values. These companies comprise our MVP list. We buy them when we have a margin of safety in terms of price compared to our estimate of fair value. Increased market volatility combined with stable values enables us to increase our margin of safety. In the first part of the quarter, we sold higher price to value companies, some of which had very little tariff exposure, to buy companies at lower price to value ratios, some of which also had very little tariff exposure. As we approached the end of the quarter many of the companies we bought had rallied and were now overweight compared to their price to value ratios. In the meantime, some companies on our MVP list that we did not own experienced meaningful stock price declines during the second half of the quarter. We were able to reallocate capital once again from more fully valued businesses into businesses with very attractive price to values. We suspect that the shock of the tariff tantrum left many market participants jittery even as the market rose in the second half of the quarter. The specific actions we took are detailed in the discussion that follows.

Sincerely,

C.T. Fitzpatrick, CFA  
Chief Investment Officer



## Large Cap Review

As of 6/30/2025

INVESTMENT STRATEGY	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
<b>Large Cap Composite (Gross)</b>	<b>7.2%</b>	<b>5.0%</b>	<b>13.9%</b>	<b>21.3%</b>	<b>11.4%</b>	<b>9.7%</b>	<b>10.5%</b>
<b>Large Cap Composite (Net)</b>	<b>7.0%</b>	<b>4.7%</b>	<b>13.2%</b>	<b>20.6%</b>	<b>10.7%</b>	<b>9.1%</b>	<b>9.7%</b>
Russell 1000 Value Index	<b>3.8%</b>	6.0%	13.7%	12.8%	13.9%	9.2%	7.4%
S&P 500 Index	<b>10.9%</b>	6.2%	15.2%	19.7%	16.6%	13.6%	10.5%

Inception 03/31/2007

We purchased two positions during the quarter: UnitedHealth Group Inc. and IQVIA Holdings Inc.

We sold four positions during the quarter: Carlyle Group Inc., Heineken NV, UnitedHealth Group Inc., and Rentokil Initial plc.

There were two material contributors to performance: Microsoft Corp. and Ares Management Corp. There were no material detractors.

Market volatility increased meaningfully in early April due to concerns about tariffs and “Liberation Day.” Many companies with stable values that we follow closely, our MVP list, experienced sharp drops in their stock prices giving us the opportunity to buy them at attractive price to value ratios. UnitedHealth Group, which we owned at the time, had no material exposure to tariffs. Its stock price performed well and approached our estimate of fair value as its price to value ratio increased. Following our discipline, we sold it to reallocate capital into meaningfully more discounted companies and lowered our weighted average price to value ratio.

Shortly after “Liberation Day,” the Trump administration moderated tariff policies. Volatility increased again but, this time, to the upside. Many companies we had allocated capital to rallied meaningfully as a result. In the meantime, UnitedHealth Group lowered its earnings guidance for the year. In mid-May, UnitedHealth Group withdrew its revised 2025 guidance and announced that its CEO Andrew Witty was resigning. Additionally, headlines and news flow on UnitedHealth Group have remained negative. Over the course of a month, its stock price declined by more than 50%. This spike of volatility gave us the opportunity to follow our discipline and add the company to our portfolio once again. We funded the purchase of UnitedHealth Group with proceeds from companies that had rallied meaningfully following the tariff reversal.

There is no doubt that 2025 will prove to be a challenging year for UnitedHealth Group. The company is undergoing operational challenges across both its Medicare Advantage and Optum Health businesses. Management believes these challenges are largely within their own control. At its core, health insurance is a short-tail business that can be repriced annually. CEO Andrew Witty is being replaced by the chairman and former CEO from 2006-2017, Stephen

Hemsley. We believe that Stephen Hemsley and his team will restore some much-needed operational rigor to the company. While we recognize the company's exposure to government policy risk, we believe that the company's value remains stable.

IQVIA Holdings is a healthcare data and services company, commonly known as a contract research organization, or CRO for short. CROs are hired by sponsors ranging from large pharmaceutical companies to small biotech and medical device companies to support research, development and ultimately the commercialization of drugs, vaccines and devices. IQVIA was formed in 2016 through the merger of Quintiles and IMS Health. The merger combined the strong product development expertise of Quintiles with IMS's rich data assets to support better outcomes for clients. Today, IQVIA is the largest CRO in the world. It works with more than 10,000 customers, including 100% of the top 25 largest pharmaceutical companies, and 75% of the top 80 small and mid-sized pharmaceutical companies. Its sheer size and scale can be seen in the fact that it has helped develop more than 70% of all FDA-approved drugs since its merger. IQVIA is led by a highly aligned and focused management team and Board. The company generates mid-to-high single-digit earnings growth, trades at a high single-digit current free cash flow yield and is priced today at a healthy discount to our estimate of fair value.

There are a number of short-term challenges facing the CRO industry today, which has given us the opportunity to add IQVIA to our portfolio. We also own its smaller competitor Medpace. Large pharmaceutical clients have reprioritized and paused work in response to persistent inflation, higher interest rates, and policy uncertainty. Small biotech clients are experiencing a more difficult funding environment due to similar dynamics. Despite these challenges, IQVIA continues to make progress. The company has a current backlog of over \$30 billion (this backlog is up over 25% over the last three years), a growing customer base, and is growing earnings. Additionally, the company will generate approximately \$2 billion of free cash flow this year and is deploying that coupon both towards repurchasing shares and taking an opportunistic approach to M&A.

We sold Carlyle Group, Heineken, and Rentokil to reallocate capital into more discounted companies. These were good investments for us over our holding period.

Microsoft is the world's largest software company with a broad range of offerings including Microsoft Office, gaming, Azure cloud computing, LinkedIn, and more. Microsoft is a key beneficiary in the growth of AI and hyperscale cloud infrastructure. Azure growth accelerated from the prior quarter and is expected to maintain that growth in the coming quarter, driven both by an accelerating contribution from AI and an acceleration in its non-AI core Azure business. In addition, cost controls led to an increase in operating margin. Microsoft is deeply entrenched within its customer base, has high switching costs, and is benefiting from growth tailwinds such as cloud computing and artificial intelligence. We think an underappreciated strength of Microsoft's business model is that not only are its products designed to work together, but it is also more economical for the customer when multiple products are bundled together. This bundling approach enables Microsoft to gain share at the expense of less well positioned competitors over time.

Ares Management is a global, diversified alternative asset manager with a leading private credit franchise. Market sentiment began turning negative during the first quarter of this year and bottomed out during the tariff related sell-off in early April. We added to our position during this time. Ares is unique within the alternative space as they have a history of growing more quickly during times of dislocation. There are many reasons for this growth but some of the most important are the defensiveness of credit and Ares's ability to play offense in down markets. We continue to view the alternative asset management industry positively due to long-term secular growth tailwinds and long-term locked up capital that leads to annuity-like fee streams. We believe Ares is one of the highest quality alternative asset managers and has one of the best combinations of value stability and value growth in the industry.



## Small Cap Review

As of 6/30/2025

INVESTMENT STRATEGY	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
<b>VVP Small Cap (Gross)</b>	<b>6.9%</b>	<b>2.3%</b>	<b>3.7%</b>	<b>6.5%</b>	<b>8.2%</b>	<b>4.8%</b>	<b>8.1%</b>
<b>VVP Small Cap (Net)</b>	<b>6.7%</b>	<b>1.9%</b>	<b>3.0%</b>	<b>5.7%</b>	<b>7.4%</b>	<b>3.9%</b>	<b>7.2%</b>
Russell 2000 Value Index	<b>5.0%</b>	-3.2%	5.5%	7.4%	12.5%	6.7%	5.9%
Russell 2000 Index	<b>8.5%</b>	-1.8%	7.7%	10.0%	10.0%	7.1%	7.1%

Inception 03/31/2007

We did not purchase any positions during the quarter.

We sold one position during the quarter: Dun & Bradstreet Holdings Inc.

There were two material contributors to performance: ISS A/S and Littelfuse Inc. There were no material detractors. We sold Dun & Bradstreet to reallocate capital into more discounted companies.

ISS is a facilities management company based in Denmark specializing in services that are non-core to their customers such as cleaning, food management, building maintenance, security, technical support, and other services. We talked in depth about this company last quarter as it was a material contributor then as well. The company is executing well, repurchasing its shares, and generating strong free cash flow. In addition, the USD to DKK exchange rate moved in a favorable way during the quarter. The company's global scale allows it to service multinational accounts and benefit from increasing outsourcing opportunities. ISS has a stable, growing value with stable margins and high free cash flow. It also benefits from business contracts which allow it to pass through wages and other cost increases to its customers.

Littelfuse is an industrial manufacturing company focused on developing circuit protection, sensing, and power control products used to safeguard electrical systems in automotive, industrial, and electronics end markets. Its portfolio includes fuses, power semiconductors, relays, sensors, and surge protection devices that help prevent electrical damage and enhance reliability. Littelfuse provides mission critical products that are deeply embedded in secular growth markets such as industrial automation, electric vehicles, renewable energy, and electrical safety.

Market volatility increased meaningfully in early April due to concerns about tariffs and "Liberation Day." Many companies with stable values, including Littelfuse, experienced sharp drops in their stock prices. We added to our position. During its most recent quarter, the company reported strong operating results. The company's disciplined cost focus and return to top-line growth led to a significant increase in operating margins. Although Littelfuse operates in cyclical end markets, the company has a strong history of consistently good operating margins, disciplined capital allocation, strong free cash flow, and leadership in niche, high-barrier product categories. The company benefits

from durable demand and limited competition in many of its product categories. Littelfuse has a strong game plan to minimize the impact of tariffs. Shortly after “Liberation Day,” the Trump administration moderated tariff policies, and the stock rallied. Despite recent appreciation in its stock price, Littelfuse remains discounted, and we are happy to continue to own it.





## Focus Review

As of 6/30/2025

INVESTMENT STRATEGY	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
<b>VVP Focus (Gross)</b>	<b>9.7%</b>	<b>3.4%</b>	<b>16.4%</b>	<b>27.1%</b>	<b>19.0%</b>	<b>16.4%</b>	<b>14.5%</b>
<b>VVP Focus (Net)</b>	<b>9.5%</b>	<b>3.2%</b>	<b>15.9%</b>	<b>26.5%</b>	<b>18.5%</b>	<b>15.7%</b>	<b>13.5%</b>
Russell 1000 Value Index	<b>3.8%</b>	6.0%	13.7%	12.8%	13.9%	9.2%	7.7%
S&P 500 Index	<b>10.9%</b>	6.2%	15.2%	19.7%	16.6%	13.6%	10.6%

Inception 11/30/2007

We purchased two positions during the quarter: Ares Management Corp. and UnitedHealth Group Inc.

We sold two positions during the quarter: Carlyle Group Inc. and LVMH Moët Hennessy Louis Vuitton.

There were four material contributors to performance: Microsoft Corp., Amazon.com Inc., Ares Management Corp., and Alphabet Inc. There were no material detractors.

Ares Management is a global, diversified alternative asset manager with a leading private credit franchise. We originally became shareholders in Ares in the third quarter of 2022, when we purchased the business in our Large Cap portfolio. Market sentiment began turning negative during the first quarter of this year and bottomed out during the tariff related sell-off in early April. We took advantage of the volatility in early April to add Ares to our Focus portfolio. Ares is unique within the alternative space as they have a history of growing more quickly during times of dislocation. There are many reasons for this growth but some of the most important are the defensiveness of credit and Ares's ability to play offense in down markets. We continue to view the alternative asset management industry positively due to long-term secular growth tailwinds and long-term locked up capital that leads to annuity-like fee streams. We believe Ares is one of the highest quality alternative asset managers and has one of the best combinations of value stability and value growth in the industry.

We have owned UnitedHealth Group successfully a number of times in our Large Cap portfolio. We are gratified to be able to purchase it in our Focus portfolio. In April, UnitedHealth Group lowered its earnings guidance for the year. In mid-May, UnitedHealth Group withdrew its revised 2025 guidance and announced that its CEO Andrew Witty was resigning. Additionally, headlines and news flow on UnitedHealth Group have remained negative. Over the course of a month, its stock price declined by more than 50%. This spike of volatility gave us the opportunity to follow our discipline and add the company to our portfolio.

There is no doubt that 2025 will prove to be a challenging year for UnitedHealth Group. The company is undergoing operational challenges across both its Medicare Advantage and Optum Health businesses. Management believes these challenges are largely within their own control. At its core, health insurance is a short-tail business that can be

repriced annually. CEO Andrew Witty is being replaced by the chairman and former CEO from 2006-2017, Stephen Hemsley. We believe that Stephen Hemsley and his team will restore some much-needed operational rigor to the company. While we recognize the company's exposure to government policy risk, we believe that the company's value remains stable.

We sold Carlyle Group and LVMH Moët Hennessy Louis Vuitton to reallocate capital into more discounted companies and further improve the quality of the portfolio.

Microsoft is the world's largest software company with a broad range of offerings including Microsoft Office, gaming, Azure cloud computing, LinkedIn, and more. Microsoft is a key beneficiary in the growth of AI and hyperscale cloud infrastructure. Azure growth accelerated from the prior quarter and is expected to maintain that growth in the coming quarter, driven both by an accelerating contribution from AI and an acceleration in its non-AI core Azure business. In addition, cost controls led to an increase in operating margin. Microsoft is deeply entrenched within its customer base, has high switching costs, and is benefiting from growth tailwinds such as cloud computing and artificial intelligence. We think an underappreciated strength of Microsoft's business model is that not only are its products designed to work together, but it is also more economical for the customer when multiple products are bundled together. This bundling approach enables Microsoft to gain share at the expense of less well positioned competitors over time.

Amazon.com is a dominant, world-class company with powerful secular tailwinds in place including its e-commerce penetration, digital advertising growth, and the transition to the cloud. Amazon reported strong results during the first quarter. The company's stock rebounded during the second quarter.

Alphabet delivered strong results during the first quarter. We continue to monitor generative AI disruption risks and the ongoing antitrust cases against the company, and we will follow our discipline as we receive more information. The company's stock rebounded during the second quarter.



## Focus Plus Review

As of 6/30/2025

INVESTMENT STRATEGY	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
<b>VVP Focus Plus (Gross)</b>	<b>9.2%</b>	<b>3.3%</b>	<b>17.7%</b>	<b>27.7%</b>	<b>19.4%</b>	<b>16.6%</b>	<b>14.0%</b>
<b>VVP Focus Plus (Net)</b>	<b>8.8%</b>	<b>2.3%</b>	<b>16.4%</b>	<b>26.5%</b>	<b>18.3%</b>	<b>15.6%</b>	<b>12.9%</b>
Russell 1000 Value Index	<b>3.8%</b>	6.0%	13.7%	12.8%	13.9%	9.2%	7.4%
S&P 500 Index	<b>10.9%</b>	6.2%	15.2%	19.7%	16.6%	13.6%	10.5%

Inception 03/31/2007

We did not write any options contracts during the quarter. We use options to lower risk. Equity-like returns are possible when option prices reflect higher levels of implied volatility. If exercised, these options give us the right to purchase stakes in companies we want to own at a lower price than the market price at the time the option was written. We would like for these options to be exercised and have set aside cash for that purpose. We employ no leverage. In effect, we are being paid while we wait for lower prices and a corresponding larger margin of safety. We also use options to exit positions. Generally, we write covered calls with the strike price being our estimate of fair value. As with our puts, we are being paid to do something we would do anyway at a given price.

We purchased two positions during the quarter: Ares Management Corp. and UnitedHealth Group Inc.

We sold two positions during the quarter: Carlyle Group Inc. and Partners Group Holding.

There were four material contributors to performance: Microsoft Corp., Amazon.com Inc., Ares Management Corp., and Alphabet Inc. There was one material detractor: Partners Group Holding.

Ares Management is a global, diversified alternative asset manager with a leading private credit franchise. We originally became shareholders in Ares in the third quarter of 2022, when we purchased the business in our Large Cap portfolio. Market sentiment began turning negative during the first quarter of this year and bottomed out during the tariff related sell-off in early April. We took advantage of the volatility in early April to add Ares to our Focus Plus portfolio. Ares is unique within the alternative space as they have a history of growing more quickly during times of dislocation. There are many reasons for this growth but some of the most important are the defensiveness of credit and Ares's ability to play offense in down markets. We continue to view the alternative asset management industry positively due to long-term secular growth tailwinds and long-term locked up capital that leads to annuity-like fee streams. We believe Ares is one of the highest quality alternative asset managers and has one of the best combinations of value stability and value growth in the industry.

We have owned UnitedHealth Group successfully a number of times in our Large Cap portfolio. We are gratified to be able to purchase it in our Focus Plus portfolio. In April, UnitedHealth Group lowered its earnings guidance for the year. In mid-May, UnitedHealth Group withdrew its revised 2025 guidance and announced that its CEO Andrew Witty was resigning. Additionally, headlines and news flow on UnitedHealth Group have remained negative. Over the course of a month, its stock price declined by more than 50%. This spike of volatility gave us the opportunity to follow our discipline and add the company to our portfolio.

There is no doubt that 2025 will prove to be a challenging year for UnitedHealth Group. The company is undergoing operational challenges across both its Medicare Advantage and Optum Health businesses. Management believes these challenges are largely within their own control. At its core, health insurance is a short-tail business that can be repriced annually. CEO Andrew Witty is being replaced by the chairman and former CEO from 2006-2017, Stephen Hemsley. We believe that Stephen Hemsley and his team will restore some much-needed operational rigor to the company. While we recognize the company's exposure to government policy risk, we believe that the company's value remains stable.

We sold Carlyle Group to reallocate capital into more discounted companies.

We sold Partners Group and it was a material detractor during the quarter. This decision had more to do with timing than the company's fundamental performance or long-term outlook. We sold amid the tariff related sell-off in order to allocate capital to other businesses that, in our judgement, had larger margins of safety. We continue to believe that Partners Group has a bright future and continue to own it in some of our more diversified portfolios.

Microsoft is the world's largest software company with a broad range of offerings including Microsoft Office, gaming, Azure cloud computing, LinkedIn, and more. Microsoft is a key beneficiary in the growth of AI and hyperscale cloud infrastructure. Azure growth accelerated from the prior quarter and is expected to maintain that growth in the coming quarter, driven both by an accelerating contribution from AI and an acceleration in its non-AI core Azure business. In addition, cost controls led to an increase in operating margin. Microsoft is deeply entrenched within its customer base, has high switching costs, and is benefiting from growth tailwinds such as cloud computing and artificial intelligence. We think an underappreciated strength of Microsoft's business model is that not only are its products designed to work together, but it is also more economical for the customer when multiple products are bundled together. This bundling approach enables Microsoft to gain share at the expense of less well positioned competitors over time.

Amazon.com is a dominant, world-class company with powerful secular tailwinds in place including its e-commerce penetration, digital advertising growth, and the transition to the cloud. Amazon reported strong results during the first quarter. The company's stock rebounded during the second quarter.

Alphabet delivered strong results during the first quarter. We continue to monitor generative AI disruption risks and the ongoing antitrust cases against the company, and we will follow our discipline as we receive more information. The company's stock rebounded during the second quarter.



## All Cap Review

As of 6/30/2025

INVESTMENT STRATEGY	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
<b>VVP All Cap (Gross)</b>	<b>8.3%</b>	<b>4.0%</b>	<b>10.0%</b>	<b>16.8%</b>	<b>9.7%</b>	<b>8.5%</b>	<b>11.0%</b>
<b>VVP All Cap (Net)</b>	<b>8.1%</b>	<b>3.6%</b>	<b>9.2%</b>	<b>15.9%</b>	<b>8.8%</b>	<b>7.6%</b>	<b>10.1%</b>
Russell 3000 Value Index	<b>3.8%</b>	5.5%	13.3%	12.5%	13.9%	9.0%	10.0%
Russell 3000 Index	<b>11.0%</b>	5.8%	15.3%	19.1%	16.0%	12.9%	13.0%

Inception 04/01/2011

We purchased four positions during the quarter: Ares Management Corp., Forterra plc, UnitedHealth Group Inc., and IQVIA Holdings Inc.

We sold three positions during the quarter: Carlyle Group Inc., Dun & Bradstreet Holdings Inc., and Ares Management Corp.

There were three material contributors to performance: ISS A/S, Microsoft Corp., and Littelfuse Inc. There were no material detractors.

Ares Management is a global, diversified alternative asset manager with a leading private credit franchise. We originally became shareholders in Ares in the third quarter of 2022, when we purchased the business in our Large Cap portfolio. Market sentiment began turning negative during the first quarter of this year and bottomed out during the tariff related sell-off in early April. We took advantage of the volatility in early April to add Ares to our All Cap portfolio. Ares is unique within the alternative space as they have a history of growing more quickly during times of dislocation. There are many reasons for this growth but some of the most important are the defensiveness of credit and Ares's ability to play offense in down markets. We continue to view the alternative asset management industry positively due to long-term secular growth tailwinds and long-term locked up capital that leads to annuity-like fee streams. We believe Ares is one of the highest quality alternative asset managers and has one of the best combinations of value stability and value growth in the industry. Although we prefer to own businesses over our long-term time horizon, Ares rallied meaningfully after we bought it. Other companies became meaningfully more discounted, and we sold Ares to reallocate capital into those more discounted names.

Forterra is a UK domiciled manufacturer of bricks and blocks for residential homes. It is the second largest brick maker in the UK behind Ibstock, which we also own. There is a structural supply demand imbalance in UK housing. Demand for housing exceeds supply due to strict zoning regulations. In addition, the UK brick market is also structurally undersupplied. There is not enough domestic capacity to meet demand and the gap is made up by imports, which are more costly to ship and not very profitable. This structural imbalance gives Forterra and Ibstock a cost advantage over imports. The company is currently underearning due to a housing downturn in the UK caused by higher interest

rates and a weak economy. We remain confident in the company's long-term outlook and the fundamentals of the British brick market. We have owned Forterra in our Small Cap portfolio for a number of years and are pleased to add it to our All Cap portfolio.

We have owned UnitedHealth Group successfully a number of times in our Large Cap portfolio. We are gratified to be able to purchase it in our All Cap portfolio. In April, UnitedHealth Group lowered its earnings guidance for the year. In mid-May, UnitedHealth Group withdrew its revised 2025 guidance and announced that its CEO Andrew Witty was resigning. Additionally, headlines and news flow on UnitedHealth Group have remained negative. Over the course of a month, its stock price declined by more than 50%. This spike of volatility gave us the opportunity to follow our discipline and add the company to our portfolio.

There is no doubt that 2025 will prove to be a challenging year for UnitedHealth Group. The company is undergoing operational challenges across both its Medicare Advantage and Optum Health businesses. Management believes these challenges are largely within their own control. At its core, health insurance is a short-tail business that can be repriced annually. CEO Andrew Witty is being replaced by the chairman and former CEO from 2006-2017, Stephen Hemsley. We believe that Stephen Hemsley and his team will restore some much-needed operational rigor to the company. While we recognize the company's exposure to government policy risk, we believe that the company's value remains stable.

IQVIA Holdings is a healthcare data and services company, commonly known as a contract research organization, or CRO for short. CROs are hired by sponsors ranging from large pharmaceutical companies to small biotech and medical device companies to support research, development and ultimately the commercialization of drugs, vaccines and devices. IQVIA was formed in 2016 through the merger of Quintiles and IMS Health. The merger combined the strong product development expertise of Quintiles with IMS's rich data assets to support better outcomes for clients. Today, IQVIA is the largest CRO in the world. It works with more than 10,000 customers, including 100% of the top 25 largest pharmaceutical companies, and 75% of the top 80 small and mid-sized pharmaceutical companies. Its sheer size and scale can be seen in the fact that it has helped develop more than 70% of all FDA-approved drugs since its merger. IQVIA is led by a highly aligned and focused management team and Board. The company generates mid-to-high single-digit earnings growth, trades at a high single-digit current free cash flow yield and is priced today at a healthy discount to our estimate of fair value.

There are a number of short-term challenges facing the CRO industry today, which has given us the opportunity to add IQVIA to our portfolio. We also own its smaller competitor Medpace. Large pharmaceutical clients have reprioritized and paused work in response to persistent inflation, higher interest rates, and policy uncertainty. Small biotech clients are experiencing a more difficult funding environment due to similar dynamics. Despite these challenges, IQVIA continues to make progress. The company has a current backlog of over \$30 billion (this backlog is up over 25% over the last three years), a growing customer base, and is growing earnings. Additionally, the company will generate approximately \$2 billion of free cash flow this year and is deploying that coupon both towards repurchasing shares and taking an opportunistic approach to M&A.

We sold Carlyle Group, Dun & Bradstreet and Ares Management to reallocate capital into more discounted companies.

ISS is a facilities management company based in Denmark specializing in services that are non-core to their customers such as cleaning, food management, building maintenance, security, technical support, and other services. We talked in depth about this company last quarter as it was a material contributor then as well. The company is executing well, repurchasing its shares, and generating strong free cash flow. In addition, the USD to DKK exchange rate moved in a favorable way during the quarter. The company's global scale allows it to service multinational accounts and benefit from increasing outsourcing opportunities. ISS has a stable, growing value with stable margins and high free cash flow. It also benefits from business contracts which allow it to pass through wages and other cost increases to its customers.

Microsoft is the world's largest software company with a broad range of offerings including Microsoft Office, gaming, Azure cloud computing, LinkedIn, and more. Microsoft is a key beneficiary in the growth of AI and hyperscale cloud infrastructure. Azure growth accelerated from the prior quarter and is expected to maintain that growth in the coming quarter, driven both by an accelerating contribution from AI and an acceleration in its non-AI core Azure business. In addition, cost controls led to an increase in operating margin. Microsoft is deeply entrenched within its customer base, has high switching costs, and is benefiting from growth tailwinds such as cloud computing and artificial intelligence. We think an underappreciated strength of Microsoft's business model is that not only are its products designed to work together, but it is also more economical for the customer when multiple products are bundled together. This bundling approach enables Microsoft to gain share at the expense of less well positioned competitors over time.

Littelfuse is an industrial manufacturing company focused on developing circuit protection, sensing, and power control products used to safeguard electrical systems in automotive, industrial, and electronics end markets. Its portfolio includes fuses, power semiconductors, relays, sensors, and surge protection devices that help prevent electrical damage and enhance reliability. Littelfuse provides mission critical products that are deeply embedded in secular growth markets such as industrial automation, electric vehicles, renewable energy, and electrical safety.

Market volatility increased meaningfully in early April due to concerns about tariffs and "Liberation Day." Many companies with stable values, including Littelfuse, experienced sharp drops in their stock prices. We added to our position. During its most recent quarter, the company reported strong operating results. The company's disciplined cost focus and return to top-line growth led to a significant increase in operating margins. Although Littelfuse operates in cyclical end markets, the company has a strong history of consistently good operating margins, disciplined capital allocation, strong free cash flow, and leadership in niche, high-barrier product categories. The company benefits from durable demand and limited competition in many of its product categories. Littelfuse has a strong game plan to minimize the impact of tariffs. Shortly after "Liberation Day," the Trump administration moderated tariff policies, and the stock rallied. Despite recent appreciation in its stock price, Littelfuse remains discounted, and we are happy to continue to own it.



## CLOSING

Our dual discipline and MVP process served us well during the second quarter. Our MVP list contains companies that we have identified as having stable values. Most of these companies are overvalued most of the time according to our conservative valuation methodology. We follow them anyway, oftentimes for many years, before we are able to buy them with a margin of safety. Because we know these companies very well, we can respond quickly to take advantage of stock price volatility when it occurs. I am proud of how our research team executed our process during the second quarter. I am also grateful for the partnership we have with you, our client partners. Your stable capital and shared long-term time horizon enables us to execute our investment philosophy.

The Vulcan Value Partners Investment Team,

C.T. Fitzpatrick, CFA

McGavock Dunbar, CFA

Stephen W. Simmons, CFA

Colin Casey

Taylor Cline, CFA

David Shelton



# Important Definitions

TERM	VULCAN DEFINITION*
<b>Competitive Advantage/Position Moat or Economic Moat</b>	A company's ability to maintain competitive advantages over its competitors in order to protect its long-term profits and market share from competing firms.
<b>Discount</b>	The difference between Vulcan's estimated intrinsic value and the market price of a company.
<b>EBITDA</b>	EBITDA is earnings before interest, taxes, depreciation, and amortization.
<b>Fair Value/ Intrinsic Value/ Value/ Intrinsic Worth</b>	Vulcan's estimate of the price a willing buyer would pay and a willing seller would accept, assuming neither was compelled to enter into a transaction.
<b>Firm Assets</b>	Vulcan's fully discretionary assets under management.
<b>Free Cash Flow</b>	The amount of cash that a company has left over after a company has paid all of its expenses, including investments.
<b>Free Cash Flow Yield (FCF Yield)</b>	A company's free cash flow divided by its market price.
<b>High Quality Business</b>	A company that meets Vulcan's standards for investment.
<b>Investment Team</b>	Vulcan's Investment Team includes members from both its Research and Trading Teams.
<b>Investment Time Horizon</b>	Investment holding period considered by Vulcan when evaluating a potential investment.
<b>Macro Factors</b>	The general economic and business environment.
<b>Margin of Safety</b>	A favorable difference between the price of a company's shares and Vulcan's estimated fair value of those shares. A quantitative Margin of Safety is measured by discount (defined above). Qualitative Margin of Safety is measured by our assessment of the quality of a business.
<b>MVP List</b>	A proprietary list of qualifying businesses that Vulcan believes have identifiable, sustainable competitive advantages and the ability to consistently produce free cash flow through Vulcan's five-year investment lens. This list includes Vulcan portfolio companies in addition to others but is not representative of any existing Vulcan client accounts, composites, or funds.
<b>Name Turnover</b>	The number of companies bought plus the number of companies sold divided by 2 and then divided by the average number of companies in the portfolio during the relevant time period.
<b>Portfolio Improvement</b>	Overall improvement of the quality of the businesses in the applicable portfolio.
<b>Position Size</b>	A security's weight in the applicable portfolio or composite.
<b>Price to Value Ratio</b>	A calculation that compares the price of a company's stock to our appraisal of the company's intrinsic value.
<b>Risk Reduction/ Risk Management</b>	Reducing the portfolio's price to value ratio by either buying (or adding to existing positions) high quality companies which are trading well below fair value as estimated by Vulcan or selling positions which are trading at or near their fair values.
<b>Stable Value Companies</b>	Companies with intrinsic values that Vulcan believes will remain stable over its investment horizon of five years.
<b>Total Addressable Market (TAM)</b>	Also referred to as total available market, is the opportunity that would be available to a product or service if 100% market share was achieved.
<b>Value Growth</b>	The sum of the growth in a company's profitability and its free cash flow yield.

\*These definitions should be referenced in the context of Vulcan commentary and do not necessarily represent the meanings that are used in all contexts.



## DISCLOSURES

*Vulcan Value Partners LLC is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training. The performance presented is for our Large Cap Composite, Focus Composite, Focus Plus Composite, Small Cap Composite, and All Cap Composite. The model composite portfolio performance figures reflect the deduction of brokerage or other commissions and the reinvestment of dividends and capital gains. We have presented returns gross 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 management fees and transaction costs and gross of custodian fees, taken at the highest applicable fee. The performance figures do not reflect the deduction of any taxes an investor might pay on distributions or redemptions. Our standard fees are presented in Part 2 of our ADV.*

*Opinions and views expressed constitute the judgment of Vulcan Value Partners as of the date shown and may involve a number of assumptions and estimates which are not guaranteed and subject to change without notice. No representation is being made with respect to their accuracy on any future date. Although the information and any opinions or views given have been obtained from or based on sources believed to be reliable, no warranty or representation is made as to their correctness, completeness or accuracy. Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice, including any forward-looking estimates or statements which are based on certain expectations and assumptions. The views and strategies described may not be suitable for all clients. This document does not identify all the risks (direct or indirect) or other considerations which might be material when entering any financial transaction.*

*Vulcan focuses on long-term capital appreciation; purchasing publicly-traded companies that we believe are competitively entrenched and emphasize a margin of safety in terms of price as compared to our estimation of their intrinsic value. Value is our estimate of the intrinsic worth of a company based on our assessment of certain quantitative and qualitative factors. Vulcan defines risk reduction as reducing the portfolio's price to value ratio by either buying (or adding to existing positions) high quality companies which are trading well below fair value as estimated by Vulcan or selling positions which are trading at or near their fair values.*

*References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations. There is no assurance that any securities discussed herein will remain in the composite or that the securities sold will not be repurchased. The specific securities identified and described are not representative of all the securities purchased, sold, or recommended for client accounts. Actual holdings may vary for each client and there is no guarantee that a particular client's account will hold all of the securities described. The securities discussed do not represent the composite's entire portfolio. It should not be assumed that any of the securities transactions or holdings discussed will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. There may be market or economic conditions which affect our performance, or that of our relevant benchmarks, that may have changed Vulcan Value Partners' views regarding the prospects of any particular investment. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities discussed in this letter. Vulcan buys concentrated positions for our portfolios, at times averaging 5% in our model portfolios, which may make our performance more volatile than that of our benchmark indices, and our performance may diverge from an index, positively or negatively, as a result. Our focus is on long term capital appreciation, so our clients should consider at least a five year time horizon for an investment with Vulcan.*

*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. The Russell 1000® Value Index measures the performance of the large cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 2000® Index includes the 2000 firms from the Russell 3000® Index with the smallest market capitalizations. The Russell 2000® Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. Index figures do not reflect deductions for any fees, expenses, or taxes. Investors cannot invest directly in an index.*

*Vulcan Value Partners claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of Vulcan Value Partners' composites and a presentation that adheres to the GIPS standards, please contact Compliance at 205.803.1582 or write Vulcan Value Partners, Three Protective Center, 2801 Highway 280 South, Suite 300, Birmingham, AL 35223.*

## DISCLOSURES

**Large Cap Composite Information:** This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with above average economics that is too large to be included in our small capitalization composite would be a potential investment in this portfolio. A core position is 5% so that theoretically our clients would hold 20 names diversified across various industries. It is very rare that enough companies are sufficiently discounted to warrant this level of concentration so concentration will vary with the price to value ratio. We will invest client assets in positions as small as 1% when price to value ratios are higher. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the S&P 500 which is an index of 500 stocks selected based on market size, liquidity, and sector and is designed to provide a broad snapshot of the overall U.S. equity market. New accounts that fit the composite definition 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 as mandated by the standards in order to eliminate a survivorship bias. The composite was created on March 31, 2007. Portfolios below the minimum asset level of \$50,000 are not included in the composite.

**Focus Composite Information:** This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with above average economics that is too large to be included in our small capitalization composite would be a potential investment in this portfolio. This is a very concentrated portfolio holding between seven and fourteen positions. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the S&P 500 which is an index of 500 stocks selected based on market size, liquidity, and sector and is designed to provide a broad snapshot of the overall U.S. equity market. New accounts that fit the composite definition 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 as mandated by the standards in order to eliminate a survivorship bias. The composite was created on November 30, 2007. Portfolios below the minimum asset level of \$50,000 are not included in the composite.

**Focus Plus Composite Information:** This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with above average economics that is too large to be included in our small capitalization composite would be a potential investment in this portfolio. This is a very concentrated portfolio holding between seven and fourteen positions. We will use options instead of limit orders to acquire and/or sell the stock. We do not intend to employ any leverage, but will utilize options to sell volatility when it is expensive and buy volatility when it is cheap. We will focus on options which give our clients the right to buy or sell stock in companies at prices that we would buy or sell anyway, and we will generate revenue through option premiums. Generally, we plan to use options instead of buying stock directly when we can earn double digit returns from selling options. We only intend to purchase options under rare circumstances, and to continue to focus on reducing risk through the purchase of qualifying companies at attractive prices. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the S&P 500 which is an index of 500 stocks selected based on market size, liquidity, and sector and is designed to provide a broad snapshot of the overall U.S. equity market. New accounts that fit the composite definition 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 as mandated by the standards in order to eliminate a survivorship bias. The composite was created on March 31, 2007. Portfolios below the minimum asset level of \$50,000 are not included in the composite.

**Small Cap Composite Information:** This portfolio strategy invests in companies with smaller market capitalizations. Subject to price, any publicly traded company with above average economics that is not "large" would be a potential investment in this portfolio. While we do not have any defined cutoffs, we use the Russell 2000 as a guide to define small cap, and any small publicly traded company with reasonable economics would be a potential investment in this portfolio. A core position is 5% so that theoretically our clients would hold 20 names diversified across various industries. It is very rare that enough companies are sufficiently discounted to warrant this level of concentration so concentration will vary with the price to value ratio. We will invest client assets in positions as small as 1% when price to value ratios are higher. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the Russell 2000 Index which measures the performance of the small-cap segment of the U.S. Equity universe and includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. New accounts that fit the composite definition 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 as mandated by the standards in order to eliminate a survivorship bias. The composite was created on March 31, 2007. Portfolios below the minimum asset level of \$50,000 are not included in the composite.

**All Cap Composite Information:** This portfolio strategy invests in companies across all market capitalizations. Generally, positions held in this strategy will also be held in either the Large Cap or Small Cap strategies, though sometimes with differing weights. As with those strategies, a core position in this portfolio is 5% so that theoretically we would hold 20 positions diversified across various industries. Because it is rare that we would find 20 companies meeting our investment guidelines, concentration will vary with the price to value ratios we determine for companies in which we invest. We will invest client assets in positions as small as 1% when price to value ratios are higher. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the Russell 3000 Index which measures the performance of the largest 3000 US companies representing approximately 98% of the investable US Equity market. New accounts that fit the composite definition 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 as mandated by the standards in order to eliminate a survivorship bias. The composite was created on April 1, 2011. Portfolios below the minimum asset level of \$50,000 are not included in the composite. All returns are expressed in US dollars.