

IN LETTERS • FEBRUARY 12, 2026

# 2025 Q4 Shareholder Letter

February 12, 2026

Dear Fellow Shareholders:

While the market seems to alternate on a day-to-day basis between euphoria and apprehension about a bubble in artificial intelligence, we don't believe the overall market is in bubble territory at this point. Just fairly elevated. Given our long-term focus, we're okay missing out on the highly speculative parts of the AI craze, some of which appear to be bubble-like, even if it means lagging a bit when things are humming. We're finding pockets of value that we think will reward us well over time.

**Total Returns as of December 31, 2025**

	<u>4th Quarter</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>Since 9/30/10 Inception</u>
Bretton Fund	1.44%	11.58%	20.05%	14.08%	13.79%	12.77%

(A) 1 Year, 3 Years, 5 Years, 10 Years, and Since Inception returns include change in share prices and, in each case, include reinvestment of any dividends and capital gain distributions. The inception date of the Bretton Fund was September 30, 2010.

(B) The S&P 500® Index is a broad-based stock market index based on the market capitalizations of 500 leading companies publicly traded in the US stock market, as determined by Standard & Poor's, and captures approximately 80% coverage of available market capitalization.

*Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data current to the most recent month-end at here or by calling 800.231.2901.*

*All returns include change in share prices, reinvestment of any dividends, and capital gains distributions. The index shown is a broad-based, unmanaged index commonly used to measure performance of US stocks. The index does not incur expenses and is not available for investment. The fund's expense ratio is 1.35%.*

<u>Year</u>	<u>Bretton Fund</u>	<u>S&amp;P 500 Index</u>
2025	11.58%	17.88%
2024	20.27%	25.02%
2023	28.91%	26.29%
2022	-12.56%	-18.11%
2021	27.76%	28.71%
2020	8.44%	18.40%
2019	35.39%	31.49%
2018	-1.94%	-4.38%
2017	18.19%	21.83%

2016	10.68%	11.96%
2015	-6.59%	1.38%
2014	9.79%	13.69%
2013	26.53%	32.39%
2012	15.66%	16.00%
2011	7.90%	2.11%
9/30/10 – 12/31/10	6.13%	10.76%
Cumulative Since Inception	525.55%	697.32%

#### 4th Quarter

Alphabet's stock continued its surge in the fourth quarter when it released its latest version of its AI chatbot Gemini. Unlike its clumsy earlier attempts, Gemini exceeded expectations and was on par with leading AI models. Other major contributors to performance in the quarter were Ross Stores (+0.8%), American Express (+0.7%), and Bank of America (+0.4%).

The largest detractor was AutoZone, which reported disappointing margins from higher product costs, taking 1.5% from the fund. Our housing investments also had a tough quarter: Dream Finders Homes took off 1.2% and Eagle Materials 0.5%. Progressive dinged performance by 0.5%.

#### Contributors to Performance for 2025

Google had quite the year. At the stock's nadir in April, it traded hands at a bit under \$143. ChatGPT was going to replace Google, the Department of Justice was going to dismantle its search business, and Google was going to go the way of AltaVista. By the end of the year, the stock had more than doubled from that low point to \$314, adding two trillion dollars of market capitalization. We didn't have a crystal ball, but we knew that Google had so many attractive assets—the world's best computing infrastructure, more search and internet data than anyone else, the largest video platform in YouTube, the most

advanced self-driving platform, and much more—that it was likely worth more than the market was giving it credit for in April. We don't expect the stock to double again in 2026, but we like where the company is headed.

A strong consumer credit and banking environment helped American Express and JPMorgan add 1.9% and 1.6%, respectively. Retailer TJX added 1.5%.

The main hit to the fund this year was UnitedHealth, impacting performance by -1.1%, when health costs for its enrollees surged unexpectedly. We cover UnitedHealth in full below. Other significant detractors from performance were our three housing-related stocks, as high rates and weak consumer confidence froze the housing market. Dream Finders took off 1%, Eagle Materials 0.8%, and NVR 0.5%.

### Taxes

The fund issued a long-term capital gains tax distribution of \$1.228486 per share, amounting to roughly 1.5% of the fund's net assets value.

### Portfolio as of December 31, 2025

<u>Security</u>	<u>% of Net Assets</u>
Alphabet Inc.	14.58%
American Express Company	6.97%
JPMorgan Chase & Co.	6.30%
The Progressive Corporation	6.20%
The TJX Companies Inc.	5.88%
UnitedHealth Group Incorporated	5.84%
Bank of America Corporation	5.65%
AutoZone Inc.	5.53%
Ross Stores Inc.	5.09%

Visa Inc	5.09%
Microsoft Corporation	5.05%
Mastercard Inc.	4.36%
NVR Inc.	4.10%
S&P Global Inc.	3.96%
Eagle Materials Inc.	3.89%
Moody's Corporation	3.46%
Berkshire Hathaway Inc.	3.07%
Dream Finders Homes Inc.	2.38%
Cash	2.60%

\*Cash represents cash equivalents less liabilities in excess of other assets.

### *Financials*

American Express cardholders keep swiping—or these days, tapping—their cards and paying their credit card statements on time. Despite increased competition in the high-net-worth segment, their Platinum Card remains a desirable product, with high fees but high rewards. Earnings per share increased 15%, and the stock returned 26%.

Banks had a strong year due to increased lending, reduced regulation, and interest rates that remain moderately high.

JPMorgan's and Bank of America's stock returned 37% and 28%, respectively, while earnings per share increased 11% and 19%.

After a number of very strong years, Progressive's stock performance had some mean reversion, returning -3% in 2025, despite earnings per share increasing 48%.

Ratings agencies S&P Global and Moody's had good years as corporations and governments issued more bonds, increasing earnings per share by an estimated 27% and 31%, respectively. Their stocks returned a more moderate 7% and 10%.

### *Technology*

Alphabet was the headliner for the fund this year, returning 65%, more than doubling from its mid-year lows. Contrary to expectations, clicks on their search ads have *accelerated* since the release of ChatGPT, and Google has found more ways to make more money from their unmatched assets. While the stock is no longer as dirt cheap as it was last year, we think at least three of their other main businesses—YouTube, Google Cloud and Waymo—are still in the early stages of being monetized. Earnings per share increased 34%.

Microsoft's stock returned 17% as earnings per share increased 16%. Like Google, its growth and cash generation has come from different lines of business, in Microsoft's case from its productivity software (Office), cloud computing, AI, gaming (Xbox), and its Windows operating system, giving their economic model significant resiliency.

Visa and Mastercard continued their strong performance based on growing consumer spending and the still-progressing shift from cash to cards, returning 13% and 10%, respectively, while earnings per share increased 14% and 15%.

### *Consumer*

Off-price retailers TJX and Ross struggled during the post-Covid inflation era, but have returned to form since, their stocks returning 31% and 21%, respectively, as earnings per share increased an estimated 10% and 3%.

Meanwhile, AutoZone has had a tough time navigating the tariff minefield, its earnings per share slipping 1% and the stock returning a modest 6%. The auto parts retail market is relatively consolidated, and the industry has always been able to pass through price increases, so we believe this is a short-term issue as it will take time for higher retail prices to flow through their income statement.

When interest rates first shot up in 2022, home builders NVR and Dream Finders Homes surprisingly held up relatively well. People in existing homes who were locked into low rates didn't want to move, which left less competition for new homes. But as home builders ran through this demand, continued high rates—and hopes for imminently lower rates—left potential buyers on the sidelines. The result was a weak year for housing. Existing home sales as a percentage of all homes was one of the lowest on record.

This won't last forever. There's a lot of pent-up demand for housing: prices remain high; inventory and new builds are low compared to historical levels; and new households continue to be formed. We're not exactly sure when the housing market will unfreeze, but we expect these investments to perform well once they do. NVR and Dream Finders returned -10% and -27%, respectively, while earnings per share declined 18% and an estimated 29%.

#### *Industrial*

Cement and wallboard manufacturer Eagle Materials also had a stagnant year due to the weak housing demand. Earnings per share edged up 2%, and the stock returned -16%.

Berkshire Hathaway saw longtime CEO Warren Buffett step down after a stellar mutli-decade run, and while there's no replacing Warren Buffett, we like the collection of businesses Berkshire has assembled and the price we're getting for them. The stock returned 11%.

#### *Healthcare*

UnitedHealth had a disastrous 2025. The year began with a leak in February that the Department of Justice had launched an investigation into the company's Medicare Advantage (MA) coding practices. In March, it actually won an MA coding case dating back to the Obama Administration, but it was a good reminder that investigations are easier to start than to win.

In April, the floor gave way. UnitedHealth announced that its membership, both on the insurance side and on its Optum healthcare services side, turned out to be far sicker and more expensive to treat than the firm had anticipated. The health insurance business is a low margin business that depends on actuarial accuracy: tiny changes in medical loss ratio have a tremendous impact on profitability. In May, UnitedHealth replaced then-CEO Andrew Witty with former CEO Stephen Hemsley, which confirmed that the errors were not the result of a fluke month of bad luck, but reflected poor modeling that would take some time to resolve. By August, the stock that had begun the year at \$510 was trading below \$240. Hemsley focused on shedding unprofitable customers and righting the ship, and while he said it would take much of 2026 to get back on track, the earnings potential of the franchise was compelling.

We try to limit our discussion to events that happened during the period in question, but it is hard to discuss UnitedHealth without mentioning that in January 2026 the government issued its advance notice for MA rates in 2027. While the

government acknowledged a 4.97% growth rate in costs, it offset this increase with other changes in its model that yielded a net change of only 0.09%.

This is a proposal. The final rate determination will not take place until April or be effective until October. Quite a bit of back and forth will happen between now and then. That said, we are clear-eyed that it is not sustainable to run a business with costs that increase 5% and revenue that remains flat. MA is a wildly popular program. The majority of Medicare beneficiaries enroll in it, about 35 million Americans, and draconian changes to their plans won't go unnoticed. We believe UnitedHealth offers a compelling value proposition and, given its numerous advantages, will eventually manage through this, but we are aware that the risks are greatly elevated.

*Investments Exited in 2025 and Internal Rate of Return*

Revvity, -5.9%

Union Pacific, 13.0%

*Revvity*

We invested in the former PerkinElmer in the wake of Covid. In many ways we are in a new golden age for medicine—the growth of biologics and peptides, new frontiers in personalized medicine, AI to identify actionable therapies, mRNA to deliver them—and Revvity, which makes the consumables used in both research facilities and customer-facing diagnostics, seemed like a good platform. Unfortunately, management spent its Covid testing windfall on overpriced acquisitions while divesting its cash-generative but less exciting food testing division, and then was left flat-footed when pharma research spending stalled and the FDA dramatically reduced science spending. Our overall return was -28.5%, or a -5.90% IRR, but the most painful loss was our opportunity cost.

As always, thank you for investing.

Stephen Dodson

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Portfolio Manager

Portfolio Manager

[Contact Us](#)

***The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained [here](#) or by calling 800.231.2901. Read it carefully before investing.***

*An investment in the fund is subject to investment risks, including the possible loss of the principal amount invested. There can be no assurance that the fund will be successful in meeting its objectives. The fund invests in common stocks which subjects investors to market risk. The fund invests in small and micro-cap companies, which involve additional risks such as limited liquidity and greater volatility. The fund invests in undervalued securities. Undervalued securities are, by definition, out of favor with investors, and there is no way to predict when, if ever, the securities may return to favor. The fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. More information about these risks and other risks can be found in the fund's prospectus. The fund is a nondiversified fund and therefore may be subject to greater volatility than a more diversified investment.*

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