

IN LETTERS • APRIL 21, 2026

2026 Q1 Shareholder Letter

April 21, 2026

Dear Fellow Shareholders:

The market volatility over the last quarter and past year hasn't done our portfolio any favors. Given that we currently own only 18 stocks—versus 500 for the S&P 500—large variances are going to happen, sometimes positive and sometimes negative. Trailing the market is a lot less fun than being ahead, but we aim to generate durable returns by focusing on the fundamentals of the businesses we own and the prices we own them for.

With the exception of UnitedHealth, which we've discussed in recent letters, not much about our companies' economics has changed in the past year. For the most part, they continue to grow revenue and earnings, reinvest in their businesses at attractive rates, and return capital to shareholders. Over time, the market rewards those businesses, but that can be a bumpy process in the short term, especially in jittery markets.

FUND

The largest detractor from performance this quarter was American Express, taking 1.4% off the fund, as it, along with fellow payment processors Visa and Mastercard, fell in value due to the perception that artificial intelligence would somehow replace them. More on this below. Other underperformers this quarter were Alphabet (-1.4%) and Microsoft (-1.3%), as their stocks, along with much of the technology sector, cooled after a long run of outperformance.

On the plus side, our two best performers were old economy businesses selling goods in physical stores: Ross Stores (+1.1%) and TJX (+0.3%). In-person shopping for highly discounted, name-brand clothes continues to thrive. JPMorgan added 0.1%.

The bottom line is that all of this quarter's winners and losers mentioned above produced revenue and earnings that were greater than last year's and trade at reasonable valuations that we believe will generate good returns for us in the future. The market just may not recognize that in a given three-month period.

Total Returns as of March 31, 2026

	<u>1st Quarter</u>	<u>1 Year</u>	<u>Annualized 3 Years</u>	<u>Annualized 5 Years</u>	<u>Annualized 10 Years</u>	<u>Annualized Since 9/30/10 Inception (A)</u>
Bretton Fund	-9.06%	2.52%	14.60%	10.16%	12.72%	11.87%
S&P 500 Index (B)	-4.33%	17.80%	18.32%	12.06%	14.16%	14.01%

(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.

FUND

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%.

Portfolio as of March 31, 2026

<u>Security</u>	<u>% of Net Assets</u>
Alphabet Inc.	14.60%
Ross Stores Inc.	6.71%
The TJX Companies Inc.	6.70%
JPMorgan Chase & Co.	6.30%
American Express Company	6.24%
AutoZone Inc.	6.03%
The Progressive Corporation	5.91%
Bank of America Corporation	5.48%
UnitedHealth Group Incorporated	5.24%
Mastercard Inc.	4.90%
Visa Inc	4.80%
Microsoft Corporation	4.63%
NVR Inc.	4.06%
Eagle Materials Inc.	3.91%
S&P Global Inc.	3.53%
Moody's Corporation	3.23%
Berkshire Hathaway Inc.	3.21%
Dream Finders Homes Inc.	2.12%

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%.

Payments

As we mentioned above, American Express was our biggest detractor in the quarter due to concerns about AI replacing payment systems. The payments space is enormously attractive since it grows with overall spending plus the secular shift from physical cash and checks. Not surprisingly there are plenty of entrants looking to break in.

At heart, the core card companies—Visa, Mastercard, American Express—are digital infrastructure companies. They process massive volumes of transactions in real time. They ensure that the vendor gets their money, the customer gets their product, and if something fails along the way, it is made right. Visa and Mastercard leave the customer credit function to their partner banks; American Express acts as both the payment system and the bank for their cardholders who carry balances.

The market is deeply concerned that AI will disrupt the card business. We are AI optimists, but it is not clear to us that AI is a threat here. Suppose we send our AI agent out to buy running shoes. It is much more resourceful and patient than we are. It isn't limited to big American retailers; it can track a specific shoe to a Finnish specialty store or Japanese enthusiast; it can calculate exchange rates and shipping duties and delivery times. And in theory, it could finalize this purchase using some kind of AI-to-AI payment mechanism, maybe using crypto, circumventing the traditional card network.

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While this might be technically feasible, we're skeptical it will be widely adopted. The card networks are unrivaled in speed, flexibility, and, most importantly, fraud prevention and exception handling. In the payments world, there are "high trust" transactions between two parties who know and trust each other. Think paying your babysitter, splitting a meal with friends. These types of transactions can be handled using simple bank-to-bank transfers through platforms created by governments and bank consortia (Zelle in the US, Wero in Europe, Pix in South America) or private systems that run on top of these networks, like PayPal and Venmo.

But the vast majority of the payments we make are considered "low trust," even with relatively trusted businesses like Amazon. We take for granted that if we buy something online and it never shows up, we can call our bank, tell them what happened, and be fully refunded. And from the merchants' perspective, if a customer wants to make a large purchase that will take time to pay off, credit cards can pay the merchant immediately while the cardholder pays the balance over time.

Then there are "exceptions"—accidentally charging a customer twice, the wrong currency, returns, typos—and card networks handle these seamlessly countless times a day. This is a complex, smoothly running ecosystem and the main reason simple bank transfers—much less crypto transactions—haven't displaced cards. AI can do a lot, but we don't think it can recreate the network effects and massive ecosystem that the card companies have created. The most likely outcome is that AI systems—much like browsers and phones did when they were introduced—will simply use their operators' card information to pay for things.

As always, thank you for investing.

Stephen Dodson

Raphael de Balmann

Portfolio Manager

Portfolio Manager

FUND

Need to reach us? Call or email us.

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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