



VULCAN VALUE PARTNERS  
ANNUAL LETTER AND FOURTH QUARTER 2025



## PORTFOLIO REVIEW

All of our strategies had positive returns for the year. These 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>-1.4%</b>	<b>8.5 %</b>	<b>10.4%</b>
<b>Large Cap Composite (Net)</b>	<b>-1.5%</b>	<b>7.9%</b>	<b>9.6%</b>
Russell 1000 Value Index	3.8%	15.9%	7.7%
S&P 500 Index	2.7%	17.9%	10.9%
<b>Small Cap Composite (Gross)</b>	<b>3.4%</b>	<b>10.3%</b>	<b>8.3%</b>
<b>Small Cap Composite (Net)</b>	<b>3.2%</b>	<b>9.5%</b>	<b>7.4%</b>
Russell 2000 Value Index	3.3%	12.6%	6.6%
Russell 2000 Index	2.2%	12.8%	7.7%
<b>Focus Composite (Gross)</b>	<b>0.2%</b>	<b>7.5%</b>	<b>14.3%</b>
<b>Focus Composite (Net)</b>	<b>0.1%</b>	<b>7.1%</b>	<b>13.4%</b>
Russell 1000 Value Index	3.8%	15.9%	8.0%
S&P 500 Index	2.7%	17.9%	10.9%
<b>Focus Plus Composite (Gross)</b>	<b>0.2%</b>	<b>7.4%</b>	<b>13.9%</b>
<b>Focus Plus Composite (Net)</b>	<b>0.1%</b>	<b>6.2%</b>	<b>12.7%</b>
Russell 1000 Value Index	3.8%	15.9%	7.7%
S&P 500 Index	2.7%	17.9%	10.9%
<b>All Cap Composite (Gross)</b>	<b>1.5%</b>	<b>11.5%</b>	<b>11.1%</b>
<b>All Cap Composite (Net)</b>	<b>1.3%</b>	<b>10.7%</b>	<b>10.2%</b>
Russell 3000 Value Index	3.8%	15.7%	10.3%
Russell 3000 Index	2.4%	17.1%	13.3%

*\*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 face of a continuing bull market that is arguably overvalued and certainly not a bargain, we have meaningfully improved our price to value ratios while still delivering positive absolute returns. Although we are paying a price for doing so in terms of our short-term relative performance, we believe we have improved our margin of safety, thus lowering risk and improving our prospective returns. As we have said above and in every letter we have written, we place no weight on short-term results, good or bad. In fact, we have and will continue to make decisions that could negatively impact short-term performance when we think we can lower risk and improve our long-term returns. How have we managed to do so? Keep reading.

It is beginning to feel a little bit like the late 1990s to this grizzled value investor and to our investment team. It does not feel as extreme as 1999, but it is trending that way. In the late 1990s the “new economy” and Internet stocks were all the rage and not much else. Anything with “.com” in the name seemed to have stratospheric valuations, even though many of these (now bankrupt) companies had no earnings, negative free cash flow, and highly questionable business models. There were some truly great businesses being born and the Internet disrupted many formerly wonderful businesses. Does anyone remember when newspapers were actually good businesses? Cable TV was a growth business. In addition, bigger was better. The larger the market capitalization the higher the valuation and the greater the short-term stock price returns. Meanwhile, “old economy” companies that were only growing their values at low double-digit rates kept underperforming and getting cheaper and cheaper. Any good value investor (myself included) kept buying these ever cheaper “old economy” stocks at ever more attractive valuation levels with larger and larger margins of safety. The result: solid absolute returns but poor relative returns. It felt like it would last forever and articles about the death of value investing with titles like “What’s Wrong, Warren?” became commonplace. I was not very popular back then. We all know what happened next. The dot-com bubble burst, and the S&P 500 and NASDAQ suffered terrible bear markets. The “old economy” stocks rallied, and value investors never looked smarter.

Fast forward to today. Artificial Intelligence is in the early stages of disrupting numerous businesses just as the Internet did in the 1990s and is continuing to do so today. I would argue that AI would not be here today without the Internet and the infrastructure built to support it. The Internet was and is a transformational technology that has had, and is continuing to have, a major impact on the economy and businesses. In our opinion, AI is every bit as real as the Internet.

The trouble with the late 1990s dot-com era is that, even though the Internet was real, many investors lost a lot of money because they bought trendy ideas without regard to valuation. They paid way too much for the truly great businesses that were created during that time. It feels like the same thing is beginning to happen today. It is not as bad (yet) but it rhymes.

There are a number of anecdotes and data points that support this contention:

- We used AI (Gemini) to tell us how AI stocks performed in 2025. It told us that approximately 61% of the S&P 500's 17.88%'s return came from AI related stocks.
- The largest market capitalization stocks are dominating returns. The top 10 largest market capitalization stocks in the S&P 500 accounted for over 50% of its return in 2025, continuing a trend that began several years ago. Interestingly, all of them have market capitalizations in excess of 1 trillion dollars.
- Lower quality companies (by definition, more speculative) have outperformed higher quality companies, especially in Small Cap. Companies with negative earnings accounted for approximately 28% of the Russell 2000 Value Index's return in 2025. The S&P 600 Small Cap Value Index, which excludes unprofitable companies, returned 6.70% in 2025 compared to 12.59% for the Russell 2000 Value Index, which, as mentioned, includes companies with negative earnings.
- Our MVP List, which we believe contains the highest quality, most stable value companies in the world, and is the raw material for our portfolios, returned approximately 7% in 2025, which is in line with our Large Cap portfolios.

On a top-down basis "the market," however one defines it, is not particularly cheap. One could argue that it is at fair value (although we would take the opposite of that argument) but it is very difficult to say that it is at bargain levels.

What is different between the late 1990s and now is that some of the AI leaders are real businesses that are financing their substantial AI investments with self-generated cash flow. Valuations for some of them are actually attractive. What is increasingly the same is that there are a large number of non-AI related companies (should we start calling them old economy companies again?) that are steadily compounding their values that are being ignored. Also, there seems to be a strong correlation between size and valuation, just as there was in the late 1990s.

How are we responding to this environment? We are following our investment discipline. We limit ourselves to only buying companies that we believe have stable values (our MVP list). We believe that these businesses are among the very best businesses in the world. Most of them are overvalued by our conservative valuation metrics. We follow them anyway, sometimes for more than a decade before they become discounted enough to qualify for investment in our portfolios. Our portfolios change over time as the MVP list evolves and as individual companies on the MVP list go from being overvalued to discounted. We buy the businesses from our MVP list with the greatest margins of safety. This dual discipline forms the decisions we make that impact the composition of our portfolios.

Today, we own less "tech" than we have over the past several years. We own more health care-related businesses, and we own more insurance-related businesses. We are finding tremendous opportunities in the 490 stocks that are not in the top 10 largest market capitalization stocks in the S&P 500. In particular, we are finding more discounted names in the smaller side of large caps or SMID Caps. We are so pleased with the companies trading at attractive discounts in this part of our MVP list that we internally funded a SMID Cap strategy this year. Our Small Cap portfolio remains the most discounted of our portfolios with a weighted average price to value ratio in the mid 50's.

It is incredible to have a portfolio with a weighted average price to value ratio in the mid-50's in today's environment. The economy is healthy and resilient. Interest rates are headed down. The majority of our MVP list is overvalued, as is usually the case. The broader market, dominated by very large cap companies, is certainly not cheap on any metric. Yet, we have a portfolio trading at a large discount to our estimate of intrinsic value. Could our values be wrong? Yes, but our track record, supported by comps, suggests that we are reasonably good at valuation. We use the same math for every company we value. The same math that says our discounted companies are discounted is the same math that says the overvalued companies we do not own really are overvalued.

Medpace is a great example. The company is competitively entrenched, produces robust amounts of free cash flow, has a strong balance sheet, and its management team excels both as operators and capital allocators. Medpace's value has steadily compounded since we first purchased it in Small Cap in 2021. Its stock price began to underperform in 2024 and continued to decline during the first half of 2025. The company's growth had slowed, which we believed would be a temporary phenomenon. It continued to produce strong free cash flow and our value was moving north while its stock price was moving south. During the tariff tantrum we were able to purchase it in Large Cap and All Cap. We also added to our position in Small Cap, where we have owned it successfully for many years. Medpace's growth accelerated during the second quarter, catching Wall Street by surprise. Its stock rose over 40% the day they reported earnings. For the year, Medpace's stock is up over 73%. During the first 6 months of the year, Medpace used its strong balance sheet and free cash flow to repurchase over 8% of its shares at approximately 50% of our estimate of intrinsic value. Because of the company's brilliant capital allocation decisions, our estimated value per share increased approximately 29% in a single quarter! In effect, every dollar that the company spent on share repurchases gave us a 100% return because they were purchasing at half of our estimated fair value.

Medpace hurt our results in the first half of 2025. Obviously, it has been a major contributor to our performance this year, as it has over our long-term holding period. We believe that our portfolios are full of "Medpaces." We cannot control when we will be rewarded, but as long-term investors, we can control the types of businesses we own and the price we pay for them. While there are always one or two disappointments, we believe that our companies are compounding their values at attractive rates and that their prices do not reflect their fair values.

What could explain the attractiveness of our portfolios compared to the more fully valued broader market? Small Cap returns, which historically have exceeded Large Cap returns, have lagged for an extended period of time. Small Cap Value has been even worse. We have had conversations with clients and friends in the investment community who are questioning if they even want to continue to allocate capital to Small Caps. Sell side coverage of Small Caps is much less robust than it is for Large Caps. In some of the companies we own it is spotty to nearly non-existent. When you have an entire segment of the market ignored and unloved, it is often a good time to allocate capital to it.

I could not be more pleased with how our portfolios are positioned for long-term compounding. Small Cap leads the pack in terms of most discounted, however, we have improved our price to value ratios across the board. All Cap is nearly as discounted as Small Cap. Large Cap, Focus, and Focus Plus all have price to value ratios in the low 60's. Large Cap, Focus, and Focus Plus improved their price to value ratios between approximately 8 and 9 percentage points while also producing positive absolute returns. We believe that we have also upgraded the already outstanding quality of the companies in our portfolios. We remain fully invested in every portfolio.

This pleasant state of affairs is the result of solid execution by our research team. The day-in, day-out work of curating, maintaining, and updating our MVP companies enables us to respond quickly to opportunities that arise from stock price volatility. We took full advantage of the tariff tantrum in the early part of 2025 to improve our price to value ratios. We used the proceeds from more fully valued companies to purchase more discounted companies with larger margins of safety. As the year progressed the market rallied and companies we purchased and added to in the first part of the year rallied as well. Meanwhile, some of the names we sold in the first part of the year, some very close to our estimate of fair value, to pay for more discounted names, experienced meaningful stock price declines after we sold them. Following our investment discipline, we used the proceeds of positions we had bought earlier in the year to purchase the newly discounted names we had sold close to our estimate of fair value. United Healthcare Group is one example that we highlighted in our second quarter letter of 2025.

It seems fitting to conclude with some words of wisdom from Warren Buffett. After an amazing multi-decade career, the Oracle of Omaha retired on December 31. Warren Buffett has had such a positive influence on me personally, our entire investment team, and on Value Investing. The whole world owes him a debt of gratitude. He has always been incredibly generous in sharing his insights. He has been a tireless advocate of capitalism, intelligent investing, common sense, and has advanced Value Investing while never departing from its core principles. We strive to do the same.

In Berkshire Hathaway's 1999 letter to shareholders, which was published on March 1, 2000, the week the Internet bubble burst, Buffett refers to an article he had written for Fortune in November of 1999, approximately three months before the bubble burst. This quote from Warren Buffett sums up much of what I have been trying to convey in this letter: "The key to investing is not assessing how much an industry is going to affect society, or how much it will grow, but rather determining the competitive advantage of any given company and, above all, the durability of that advantage. The products or services that have wide, sustainable moats around them are the ones that deliver rewards to investors."

We believe that we own businesses with sustainable competitive advantages and we believe that we own them with a substantial margin of safety. Our portfolio companies continue to compound their values. We have increased our margin of safety in 2025. We have paid a short-term price, and as long-term investors we are thrilled to have had the opportunity to do so.

Sincerely,

A handwritten signature in black ink, appearing to read 'C.T. Fitzpatrick', with a long horizontal line extending to the right.

C.T. Fitzpatrick, CFA  
Chief Investment Officer

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.



As of 12/31/2025

INVESTMENT STRATEGY	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
<b>Large Cap Composite (Gross)</b>	<b>-1.4%</b>	<b>8.5%</b>	<b>8.5%</b>	<b>22.4%</b>	<b>7.1%</b>	<b>11.1%</b>	<b>10.4%</b>
<b>Large Cap Composite (Net)</b>	<b>-1.5%</b>	<b>7.9%</b>	<b>7.9%</b>	<b>21.7%</b>	<b>6.5%</b>	<b>10.5%</b>	<b>9.6%</b>
Russell 1000 Value Index	3.8%	15.9%	15.9%	13.9%	11.3%	10.5%	7.7%
S&P 500 Index	2.7%	17.9%	17.9%	23.0%	14.4%	14.8%	10.9%

Inception 03/31/2007

We purchased two new positions during the quarter: Ryan Specialty Holdings Inc., and TransUnion.

We sold four positions during the quarter: Skyworks Solutions Inc, SS&C Technologies, LVMH Moet Hennessy Louis Vuitton SE, and Pernod Ricard.

There were no material contributors to performance.

There was one material detractor to performance: Fiserv Inc.

Ryan Specialty Holdings, Inc. is a commercial excess and surplus insurance broker with a delegated authority business. The company was founded by Pat Ryan in 2010. Pat Ryan is one of the insurance industry's crucial pioneers, having also founded Aon where he served as the CEO and Chairman for 41 years. Roughly 55% of Ryan Specialty's revenue is generated from brokerage and 45% is generated from its delegated authority businesses which include underwriting management and binding authority. The excess and surplus brokerage market is dominated by three large players: Amwins Group, Ryan Specialty, and CRC Group and represents 26% of commercial property and casualty premiums today. Over the last 25 years, the excess and surplus market has grown at an 11% CAGR while the admitted market has grown at a 4% CAGR. We believe that the excess and surplus market will continue to outgrow the admitted market. Ryan Specialty's delegated authority business writes policies on behalf of insurance carriers which means they do not retain any balance sheet risk. The company has grown organically at a double-digit rate for each of the past 15 years. Ryan Specialty's margins are stable and free cash flow is robust. The portion of Ryan Specialty's business exposed to commercial property is entering a soft pricing cycle. We believe this is a short-term phenomenon, not a long-term negative structural issue. This pricing headwind has caused underlying industry growth to slow. Ryan Specialty's stock price has been negatively impacted by this overall negative industry sentiment. This price volatility has pushed the stock well below what we believe to be their long-term intrinsic value therefore giving us this opportunity to add this wonderful business to the portfolio.

TransUnion is one of the three leading credit bureaus in the U.S. They collect consumer borrowing and payment data from over 95,000 financial institutions and generate a credit report and credit score, which is then sold to

lenders, insurance companies, landlords, and others. TransUnion has also been diversifying beyond just credit reports and credit scores. Their consumer business includes free and subscription-based tools that enable consumers to manage their personal finances and shop for financial products, including loans and insurance. Lenders, insurance companies, and other financial services companies then purchase leads from TransUnion to target those consumers. TransUnion also has other business lines that utilize its existing consumer data, including insurance, marketing, fraud detection, identity verification, and tenant screening. TransUnion historically has grown organically in the high single digits with an attractive 30% operating margin, generating high returns. They operate in an oligopoly industry and compete with the likes of Experian and Equifax, which are also MVP businesses. They have massive data sets using both public and proprietary data. Their customers embed TransUnion's products into their own workflows. TransUnion has also been successfully deleveraging its balance sheet and is now placing a much greater emphasis on share buybacks. We have followed this business for many years and are happy to own it.

Skyworks is a leading designer and manufacturer of semiconductors used in radio frequency (RF) solutions for wireless communications. The company's products transmit and receive a wide array of different signals, including cellular, Bluetooth, Wi-Fi, and GPS. While smartphones account for approximately two-thirds of revenue, Skyworks also generates revenue from Wi-Fi, automotive, aerospace & defense, and other IoT applications. There are only a few companies in the world capable of designing and manufacturing high-performance RF chips. Growth in the industry is driven by both an increasing number of wireless devices, as well as higher RF content per device. Higher RF spending is driven by demand for higher data throughput, lower latency, and smaller size chips. During the quarter, we sold Skyworks to take advantage of more discounted opportunities, but we continue to like the business and follow it closely. In fact, after we sold Skyworks, the Company made a bid for Qorvo, which we continue to hold. Both businesses are very similar and we continue to hold Qorvo because it is more discounted than Skyworks. If the acquisition is consummated, we will become Skyworks shareholders once again. Qorvo remains discounted on a stand-alone basis, and it is even more discounted on a combined basis.

SS&C Technologies was an excellent investment for us. We purchased shares in the summer of 2023 amid concerns around slowing organic growth and a potentially challenging environment for many of the company's financial services clients. Our view was that the investments SS&C was making into sales & marketing and product development had already begun to yield positive results. Over the last couple of years, SS&C has exceeded our expectations around organic revenue growth, margins and free cash flow. The market has increasingly appreciated the company's results and our margin of safety has narrowed. As a result, we sold our position and reallocated to more attractive opportunities.

We also sold LVMH Moët Hennessy Louis Vuitton SE and Pernod Ricard to reallocate capital into more discounted companies and further improve the margin of safety of the portfolio.

Fiserv was a material detractor in the quarter. This is a company that we have discussed extensively over the past few years as we owned it successfully from 2023 until we sold it in 1Q 2025. After we sold it very close to our estimate of fair value, the stock price began to decline as the Company revised its guidance downwards and said initiatives were taking longer than expected to come to market. Following this substantial decline in share price, we began acquiring a new position in September. On the 3Q 2025 earnings call, the new CEO and CFO revised its guidance



down again and by a wide margin. They explained that the team uncovered aggressive tactics used to boost short-term revenue at the expense of long-term customer relationships and, therefore, earnings. As such, management explained that it would be temporarily backing off of the steady organic revenue compounding, earnings margin expansion, and free cash flow generation that investors had grown accustomed to in order to reinvest in the business and reposition Fiserv for higher quality, long-term growth through entrenched customer relationships. While this news was unexpected, we agree that this course of action is in the best interests of the business and long-term shareholders. Despite all of these disruptions, Fiserv still expects to grow revenues throughout its reinvestment period and generate substantial free cash flow. Fiserv remains a strong business with high recurring revenues and essential offerings across its end markets. We took advantage of the share price declines following the 3Q 2025 earnings call by adding to our position. We are excited to own Fiserv at these levels.



As of 12/31/2025

INVESTMENT STRATEGY	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
<b>VVP Small Cap (Gross)</b>	<b>3.4%</b>	<b>10.3%</b>	<b>10.3%</b>	<b>10.9%</b>	<b>2.6%</b>	<b>6.4%</b>	<b>8.3%</b>
<b>VVP Small Cap (Net)</b>	<b>3.2%</b>	<b>9.5%</b>	<b>9.5%</b>	<b>10.1%</b>	<b>1.8%</b>	<b>5.6%</b>	<b>7.4%</b>
Russell 2000 Value Index	3.3%	12.6%	12.6%	11.7%	8.9%	9.3%	6.6%
Russell 2000 Index	2.2%	12.8%	12.8%	13.7%	6.1%	9.6%	7.7%

Inception 03/31/2007

We purchased one position during the quarter: Everest Group Ltd.

We did not sell any positions during the quarter.

There was one material contributor to performance: Ituran Location and Control Ltd.

There were no material detractors to performance.

In many ways we have come full circle with Everest Group – it is an old friend. We owned Everest RE, now called Everest Group, for 11 years in our Small Cap strategy during which it grew into a large cap, and we purchased it in our Large Cap program as well. We sold it out of both portfolios in 2020 to reallocate capital to companies with larger margins of safety. In the third quarter of 2023, we repurchased Everest Group in our Large Cap strategy. Despite steady value per share growth, Everest Group's stock price declined in 2024 and 2025 so we were able to buy it again in our Small Cap strategy. Everest Group is one of the top reinsurance companies in the world. They also have a meaningful primary insurance segment. Everest Group's quarterly numbers can be volatile, but over a cycle the company produces positive underwriting results. An underwriting loss is the cost of funds from premiums paid to an insurance company. An underwriting profit means that those funds do not have a cost. In fact, it means the insurance company is being paid to keep your money. They are able to invest these funds and earn investment income. Insurance companies that produce underwriting profits should trade at a meaningful premium to tangible book value. Everest Group, on the other hand, trades at a discount to tangible book value. The company realizes that its shares are significantly undervalued and is using its free cash flow to repurchase stock which positively impacts our value per share growth. We are thrilled to have the opportunity to own this well-managed leading insurance company again.

Ituran provides stolen vehicle recovery services, primarily in Israel, Brazil, and other parts of Latin America and was a material contributor during the quarter and year. Using a device installed in the car, Ituran is able to detect when a vehicle has been stolen, notify law enforcement, and assist in the locating and recovery of the vehicle. Ituran's customers include auto OEMs, individual drivers, and insurance companies. 70% of its revenue comes from ongoing

subscriptions. Ituran performed well in 2025, with YTD revenue up +5%, while the EBITDA margin has contracted slightly due to currency headwinds. In May, the company announced a major agreement with Stellantis, which covers multiple countries in South America over a multiyear period. In November, they announced a new 3-year agreement with Renault in Latin America. We continue to like Ituran's business and believe it trades at a substantial discount to intrinsic value.



## Focus Review

As of 12/31/2025

INVESTMENT STRATEGY	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
<b>VVP Focus (Gross)</b>	<b>0.2%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>29.1%</b>	<b>14.6%</b>	<b>17.8%</b>	<b>14.3%</b>
<b>VVP Focus (Net)</b>	<b>0.1%</b>	<b>7.1%</b>	<b>7.1%</b>	<b>28.5%</b>	<b>14.1%</b>	<b>17.1%</b>	<b>13.4%</b>
Russell 1000 Value Index	3.8%	15.9%	15.9%	13.9%	11.3%	10.5%	8.0%
S&P 500 Index	2.7%	17.9%	17.9%	23.0%	14.4%	14.8%	10.9%

Inception 11/30/2007

We purchased one new position during the quarter: Ryan Specialty Holdings Inc.

We sold one position: during the quarter: CBRE Group Inc.

There were two material contributors to performance: Alphabet Inc. and Salesforce Inc.

There were two material detractors to performance: CoStar Group, Inc. and Microsoft Corporation.

Ryan Specialty Holdings, Inc. is a commercial excess and surplus insurance broker with a delegated authority business. The company was founded by Pat Ryan in 2010. Pat Ryan is one of the insurance industry's crucial pioneers, having also founded Aon where he served as the CEO and Chairman for 41 years. Roughly 55% of Ryan Specialty's revenue is generated from brokerage and 45% is generated from its delegated authority businesses which include underwriting management and binding authority. The excess and surplus brokerage market is dominated by three large players: Amwins Group, Ryan Specialty, and CRC Group and represents 26% of commercial property and casualty premiums today. Over the last 25 years, the excess and surplus market has grown at an 11% CAGR while the admitted market has grown at a 4% CAGR. We believe that the excess and surplus market will continue to outgrow the admitted market. Ryan Specialty's delegated authority business writes policies on behalf of insurance carriers which means they do not retain any balance sheet risk. The company has grown organically at a double-digit rate for each of the past 15 years. Ryan Specialty's margins are stable and free cash flow is robust. The portion of Ryan Specialty's business exposed to commercial property is entering a soft pricing cycle. We believe this is a short-term phenomenon, not a long-term negative structural issue. This pricing headwind has caused underlying industry growth to slow. Ryan Specialty's stock price has been negatively impacted by this overall negative industry sentiment. This price volatility has pushed the stock well below what we believe to be their long-term intrinsic value therefore giving us this opportunity to add this wonderful business to the portfolio.

CBRE Group Inc. was an excellent investment for us. As the world's largest commercial real estate services company, CBRE has a market-leading position in leasing and property sales brokerage. It also has a large and growing recurring business, which includes facilities management, project management, and investment management. These

businesses provide earnings stability during cyclical downturns in commercial real estate transactions. CBRE also benefits from robust diversification across asset classes, including office, industrial & logistics, life sciences, retail, and multifamily. We purchased shares in June 2022 at peak concern regarding the future of the office due to remote work, rising interest rates, and a weakening economy. Since then, less-transactional segments have continued to grow strongly, and leasing has largely recovered. While property sales remain below pre-COVID levels, CBRE expects its Core EPS to achieve a new record in 2025. CBRE's value grew over the course of our ownership, but its share price rose faster, and we reallocated capital to more discounted businesses.

Alphabet delivered strong results during the third quarter. Management reported that Gemini had reached 650 million monthly active users, which is up from 450 million in July with queries growing threefold. Google Cloud's backlog increased 46% quarter-over-quarter. In November, Google released its new Gemini 3 model receiving strong feedback from users and large language model benchmarks. Based on media reports, Google's tensor processing unit chips are receiving significant interest from large technology companies. We continue to monitor the AI disruption risks to Google's core search business and the ongoing antitrust cases against the company and we will follow our discipline as we receive more information.

Salesforce is the world's leading SaaS vendor for customer relationship management (CRM) and salesforce automation (SFA) software, including AI agents. Salesforce offers many other products including software for marketing automation, customer service automation, analytics, application integration, and enterprise collaboration among others. The company held an Investor Day where they provided targets through FY2030 for 10%-plus organic top line growth and significant margin expansion. Additionally, they delivered more successful data points related to Agentforce including triple digit revenue growth and a significant number of new customer wins and existing customer expansions. Salesforce is deeply entrenched within its customer base, has high retention, high recurring revenue, and is a very scalable business with high margin potential. Salesforce is dominant across its offerings and is constantly innovating with new products like Agentforce to deepen customer relationships and grow the business.

CoStar Group is a premier information services provider to the commercial and residential real estate industries. It sells access to mission critical data and information assets, supported by a largely recurring, subscription-based revenue model. For the last few years, we have watched the core businesses under the CoStar umbrella enjoy solid double-digit revenue growth along with consistent margin expansion, all in line with our expectations. That said, at the enterprise level, margins have contracted significantly due to the company's large and persistent investment in Homes.com. We will always support and even encourage our companies to reinvest over and above what is required into their business to both extend the duration of their growth and to defend their moats. However, the moat within CoStar has always resided in its commercial products, not in its residential endeavors. Therefore, we have viewed any success from Homes.com as pure optionality for some time and have attributed no value to this asset. The results of the company's residential efforts have fallen dramatically short of its long-term expectations provided years ago. Despite its limited success to date, the company has provided medium term targets indicating that its non-core, residential efforts will continue to be loss making for many years to come. We are in the process of evaluating this new information.

Microsoft is the world's largest software company with a broad range of offerings including Microsoft Office, Gaming, Azure cloud computing, LinkedIn, and more. Despite the stock being down, Microsoft delivered another strong quarter and our value grew nicely. Azure grew at a robust +39% constant currency, which we thought was pretty darn good. Additionally, the company said that it would increase capital spending as it continues to build capacity to meet customer demand, which continues to outstrip supply. 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 they are also more economical for the customer when multiple products are bundled together. This bundling approach positions Microsoft well to gain share at the expense of less well positioned competitors over time.



As of 12/31/2025

INVESTMENT STRATEGY	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
<b>VVP Focus Plus (Gross)</b>	<b>0.2%</b>	<b>7.4%</b>	<b>7.4%</b>	<b>29.7%</b>	<b>14.9%</b>	<b>18.0%</b>	<b>13.9%</b>
<b>VVP Focus Plus (Net)</b>	<b>0.1%</b>	<b>6.2%</b>	<b>6.2%</b>	<b>28.4%</b>	<b>13.9%</b>	<b>17.0%</b>	<b>12.7%</b>
Russell 1000 Value Index	3.8%	15.9%	15.9%	13.9%	11.3%	10.5%	7.7%
S&P 500 Index	2.7%	17.9%	17.9%	23.0%	14.4%	14.8%	10.9%

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 one new position during the quarter: Ryan Specialty Holdings Inc.

We sold one position: during the quarter: CBRE Group Inc.

There were two material contributors to performance: Alphabet Inc. and Salesforce Inc.

There were two material detractors to performance: CoStar Group Inc. and Microsoft Corporation.

Ryan Specialty Holdings, Inc. is a commercial excess and surplus insurance broker with a delegated authority business. The company was founded by Pat Ryan in 2010. Pat Ryan is one of the insurance industry's crucial pioneers, having also founded Aon where he served as the CEO and Chairman for 41 years. Roughly 55% of Ryan Specialty's revenue is generated from brokerage and 45% is generated from its delegated authority businesses which include underwriting management and binding authority. The excess and surplus brokerage market is dominated by three large players: Amwins Group, Ryan Specialty, and CRC Group and represents 26% of commercial property and casualty premiums today. Over the last 25 years, the excess and surplus market has grown at an 11% CAGR while the admitted market has grown at a 4% CAGR. We believe that the excess and surplus market will continue to outgrow the admitted market. Ryan Specialty's delegated authority business writes policies on behalf of insurance carriers which means they do not retain any balance sheet risk. The company has grown organically at a double-digit rate for each of the past 15 years. Ryan Specialty's margins are stable and free cash flow is robust. The portion of Ryan Specialty's business exposed to commercial property is entering a soft pricing cycle. We believe this is a short-term phenomenon, not a long-term negative structural issue. This pricing headwind has caused underlying industry growth to slow. Ryan Specialty's

stock price has been negatively impacted by this overall negative industry sentiment. This price volatility has pushed the stock well below what we believe to be their long-term intrinsic value therefore giving us this opportunity to add this wonderful business to the portfolio.

CBRE Group Inc. was an excellent investment for us. As the world's largest commercial real estate services company, CBRE has a market-leading position in leasing and property sales brokerage. It also has a large and growing recurring business, which includes facilities management, project management, and investment management. These businesses provide earnings stability during cyclical downturns in commercial real estate transactions. CBRE also benefits from robust diversification across asset classes, including office, industrial & logistics, life sciences, retail, and multifamily. We purchased shares in June 2022 at peak concern regarding the future of the office due to remote work, rising interest rates, and a weakening economy. Since then, less-transactional segments have continued to grow strongly, and leasing has largely recovered. While property sales remain below pre-COVID levels, CBRE expects its Core EPS to achieve a new record in 2025. CBRE's value grew over the course of our ownership, but its share price rose faster, and we reallocated capital to more discounted businesses.

Alphabet delivered strong results during the third quarter. Management reported that Gemini had reached 650 million monthly active users, which is up from 450 million in July with queries growing threefold. Google Cloud's backlog increased 46% quarter-over-quarter. In November, Google released its new Gemini 3 model receiving strong feedback from users and large language model benchmarks. Based on media reports, Google's tensor processing unit chips are receiving significant interest from large technology companies. We continue to monitor the AI disruption risks to Google's core search business and the ongoing antitrust cases against the company and we will follow our discipline as we receive more information.

Salesforce is the world's leading SaaS vendor for customer relationship management (CRM) and salesforce automation (SFA) software, including AI agents. Salesforce offers many other products including software for marketing automation, customer service automation, analytics, application integration, and enterprise collaboration among others. The company held an Investor Day where they provided targets through FY2030 for 10%-plus organic top line growth and significant margin expansion. Additionally, they delivered more successful data points related to Agentforce including triple digit revenue growth and a significant number of new customer wins and existing customer expansions. Salesforce is deeply entrenched within its customer base, has high retention, high recurring revenue, and is a very scalable business with high margin potential. Salesforce is dominant across its offerings and is constantly innovating with new products like Agentforce to deepen customer relationships and grow the business.

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success from Homes.com as pure optionality for some time and have attributed no value to this asset. The results of the company's residential efforts have fallen dramatically short of its long-term expectations provided years ago. Despite its limited success to date, the company has provided medium term targets indicating that its non-core, residential efforts will continue to be loss making for many years to come. We are in the process of evaluating this new information.

Microsoft is the world's largest software company with a broad range of offerings including Microsoft Office, Gaming, Azure cloud computing, LinkedIn, and more. Despite the stock being down, Microsoft delivered another strong quarter and our value grew nicely. Azure grew at a robust +39% constant currency, which we thought was pretty darn good. Additionally, the company said that it would increase capital spending as it continues to build capacity to meet customer demand, which continues to outstrip supply. 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 they are also more economical for the customer when multiple products are bundled together. This bundling approach positions Microsoft well to gain share at the expense of less well positioned competitors over time.



## All Cap Review

As of 12/31/2025

INVESTMENT STRATEGY	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
<b>VVP All Cap (Gross)</b>	<b>1.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>21.5%</b>	<b>6.5%</b>	<b>10.3%</b>	<b>11.1%</b>
<b>VVP All Cap (Net)</b>	<b>1.3%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>20.6%</b>	<b>5.7%</b>	<b>9.4%</b>	<b>10.2%</b>
Russell 3000 Value Index	3.8%	15.7%	15.7%	13.8%	11.2%	10.4%	10.3%
Russell 3000 Index	2.4%	17.1%	17.1%	22.2%	13.1%	14.3%	13.3%

Inception 04/01/2011

We purchased three new positions during the quarter: Ryan Specialty Holdings Inc., Carmax Inc., and TransUnion.

We sold two positions during the quarter: Skyworks Solutions Inc. and Sodexo.

There were no material contributors to performance.

There was one material detractor to performance: Fiserv Inc.

Ryan Specialty Holdings, Inc. is a commercial excess and surplus insurance broker with a delegated authority business. The company was founded by Pat Ryan in 2010. Pat Ryan is one of the insurance industry's crucial pioneers, having also founded Aon where he served as the CEO and Chairman for 41 years. Roughly 55% of Ryan Specialty's revenue is generated from brokerage and 45% is generated from its delegated authority businesses which include underwriting management and binding authority. The excess and surplus brokerage market is dominated by three large players: Amwins Group, Ryan Specialty, and CRC Group and represents 26% of commercial property and casualty premiums today. Over the last 25 years, the excess and surplus market has grown at an 11% CAGR while the admitted market has grown at a 4% CAGR. We believe that the excess and surplus market will continue to outgrow the admitted market. Ryan Specialty's delegated authority business writes policies on behalf of insurance carriers which means they do not retain any balance sheet risk. The company has grown organically at a double-digit rate for each of the past 15 years. Ryan Specialty's margins are stable and free cash flow is robust. The portion of Ryan Specialty's business exposed to commercial property is entering a soft pricing cycle. We believe this is a short-term phenomenon, not a long-term negative structural issue. This pricing headwind has caused underlying industry growth to slow. Ryan Specialty's stock price has been negatively impacted by this overall negative industry sentiment. This price volatility has pushed the stock well below what we believe to be their long-term intrinsic value therefore giving us this opportunity to add this wonderful business to the portfolio.

CarMax is the largest used car retailer in the U.S. and has the third largest vehicle wholesale business in the U.S. alongside a large captive finance business. CarMax has underperformed both our and their own expectations over the past two quarters. We believe that the factors causing the weak results are part-macro, part-competitive, and

part-operational. The used car industry is still feeling the effects of COVID. Very depressed used car supply, low but improving new car inventories, higher new and used car prices and higher rates have combined to create a perfect storm that has been a headwind to CarMax and industry-wide volumes. These largely cyclical macro factors along with the resurgence of Carvana have led to a more competitive used car market. Although the market is competitive, we believe that CarMax's customer experience, brand, scale, vertical integration, and omnichannel approach are competitive advantages. These advantages should enable them to remain a leader and to take market share in a highly fragmented market over time. As a reminder approximately 95% of the used car market is made up of players not named CarMax or Carvana. We believe that CarMax can compete and win against the franchise dealers and the smaller independent dealers as they typically have. We also believe that CarMax has all the assets to compete effectively with Carvana. We are encouraged by the operational changes the company is making to increase volumes, lower costs, and expand profitability. We anticipate that these changes, along with a normalizing used car market, will lead to a recovery in earnings. Although results may remain bumpy in the short-term, we believe CarMax is a very good business, with favorable long-term prospects. The company has a deep bench of talent, a solid balance sheet, produces significant free cash flow, and is currently buying back shares at a significant discount to our estimate of intrinsic value.

TransUnion is one of the three leading credit bureaus in the U.S. They collect consumer borrowing and payment data from over 95,000 financial institutions and generate a credit report and credit score, which is then sold to lenders, insurance companies, landlords, and others. TransUnion has also been diversifying beyond just credit reports and credit scores. Their consumer business includes free and subscription-based tools that enable consumers to manage their personal finances and shop for financial products, including loans and insurance. Lenders, insurance companies, and other financial services companies then purchase leads from TransUnion to target those consumers. TransUnion also has other business lines that utilize its existing consumer data, including insurance, marketing, fraud detection, identity verification, and tenant screening. TransUnion historically has grown organically in the high single digits with an attractive 30% operating margin, generating high returns. They operate in an oligopoly industry and compete with the likes of Experian and Equifax, which are also MVP businesses. They have massive data sets using both public and proprietary data. Their customers embed TransUnion's products into their own workflows. TransUnion has also been successfully deleveraging its balance sheet and is now placing a much greater emphasis on share buybacks. We have followed this business for many years and are happy to own it.

Skyworks is a leading designer and manufacturer of semiconductors used in radio frequency (RF) solutions for wireless communications. The company's products transmit and receive a wide array of different signals, including cellular, Bluetooth, Wi-Fi, and GPS. While smartphones account for approximately two-thirds of revenue, Skyworks also generates revenue from Wi-Fi, automotive, aerospace & defense, and other IoT applications. There are only a few companies in the world capable of designing and manufacturing high-performance RF chips. Growth in the industry is driven by both an increasing number of wireless devices, as well as higher RF content per device. Higher RF spending is driven by demand for higher data throughput, lower latency, and smaller size chips. During the quarter, we sold Skyworks to take advantage of more discounted opportunities, but we continue to like the business and follow it closely. In fact, after we sold Skyworks, the Company made a bid for Qorvo, which we continue to hold. Both businesses are very similar and we continue to hold Qorvo because it is more discounted than Skyworks. If the

acquisition is consummated, we will become Skyworks shareholders once again. Qorvo remains discounted on a stand-alone basis, and it is even more discounted on a combined basis.

Fiserv was a material detractor in the quarter. This is a company that we have discussed extensively over the past few years as we owned it successfully from 2023 until 1Q 2025. However, last quarter was a different story. On the 3Q 2025 earnings call, the new CEO and CFO unwound the former team's guidance for the year. They also explained that the team uncovered aggressive tactics used to boost short-term revenue at the expense of long-term customer relationships and, therefore, earnings. As such, management explained that it would be temporarily backing off of the steady organic revenue compounding, earnings margin expansion, and free cash flow generation that investors had grown accustomed to in order to reinvest in the business and reposition Fiserv for higher quality, long-term growth through entrenched customer relationships. While this news was unexpected, we agree that this course of action is in the best interests of the business based on what we've learned. Despite all of these disruptions, Fiserv still expects to grow revenues throughout its reinvestment period and generate substantial free cash flow, because Fiserv remains a strong business with high recurring revenues and essential offerings across its end markets. We are excited to own Fiserv at these levels, as we believe substantial price compounding will be in order over the coming years.



VULCAN  
VALUE  
PARTNERS

2025

## Annual Letter and Fourth Quarter

### CLOSING

We enter the New Year fully invested with improved, attractive price to value ratios in all of our investment strategies. This outcome is the product of following our investment discipline, solid execution by the research team, and stable capital from you, our client partners. We are grateful to you for our partnership and look forward to working with you in the New Year and beyond.

The Vulcan Value Partners Investment Team,

C.T. Fitzpatrick, 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 Anne Jones at 205.803.1582 or write Vulcan Value Partners, Three Protective Center, 2801 Highway 280 South, Suite 300, Birmingham, AL 35223.*

**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.