September 2026

A MESSAGE FROM CHRIS

For two decades, these letters have asked you to slow down while everything around you sped up: to think in decades while markets measure in minutes. I have applied that standard rigorously to your capital, but loosely to my own life. The time has come for me to correct that while I still have decades in front of me. So, I am taking my own advice.

I am stepping down as President and Chief Investment Officer of Broyhill Asset Management and Patrick Wells and Matt McLean are taking ownership of the firm. The transition is planned, voluntary, and comes at a moment of my choosing. It is bittersweet. And it is only possible because of who is staying.

Twenty years of allocating your capital taught me that the capital was never really the point. The people behind it were. That is true at both ends of these letters: the people who trusted us with their capital, and the people who have been doing the work behind it, because the decisions you have read about here carry their fingerprints.

I hired Patrick out of Wake Forest as an intern around the Great Financial Crisis; even that wasn't enough to scare him off, so we hired him as an analyst. He left for New York, built a career there, saw how the rest of this industry looked and operated, and chose to come back to Broyhill. Today he runs our separate accounts day to day, and many of you have been reading his work in Equity Highlights. Patrick is like family, to me and to the Broyhills, and that was true long before any of this was on the table.

I met Matt later, when he moved to Charlotte during the pandemic. He was reading these letters long before we met, and we traded ideas for years before I was ever in a position to hire him. The day that changed, he joined the team. He has owned our models and our data since he arrived, and I have rarely touched them since. No one in twenty years has brought more horsepower to our investment process.

Between them they have driven much of the work behind the investments in the portfolio and the ideas across these pages. What I am handing over is the title, not the judgment. I have spent my career judging management teams from the outside. This is the only one I have ever seen from the inside. And it is the most informed endorsement I will ever give.

My name was never on the door here, and that wasn't an accident. That name was here before I arrived and it will be here long after I'm gone. We built this firm to outlast whoever happens to be sitting in my chair, which is why I can leave it. You hired us for the strategy, the process, and the independent thinking. A change in ownership does not change any of that. These letters will simply be signed by the people whose work already fills them.

What you should expect going forward is more of the same, run by two people with more road in front of them. I will be here through the transition, and I will make sure every one of you knows how to reach the two of them, and me. After that, I intend to continue writing at Vitruvian Value, where I will have more to say about these twenty years and about what comes next. The firm is the only thing changing hands. The relationships we've built took twenty years to compound, and compounding is the last thing you interrupt.

To everyone who has read along and trusted us across those years: thank you. The privilege has been mine. Twenty years ago, this firm asked me to think in decades. Today, I am handing it to people who already do.

Gentlemen, the pen is yours.

Sincerely,

Christopher R. Pavese, CFA

AND FROM PATRICK & MATT

The Broyhill legacy pre-dates Chris by decades, but he has spent the last twenty years building on it. What he has handed us is not a title. It is a standard, and a group of clients who expect us to hold to it. We are grateful for his confidence, and neither of us would be writing this without him.

We thank you for the trust you have placed in this firm. To reiterate what Chris said, nothing about the way your capital is managed changes. The philosophy, the process, the research, and the patience behind them are the same ones you have been reading about here for years. The signatures at the bottom are the only thing that is different.

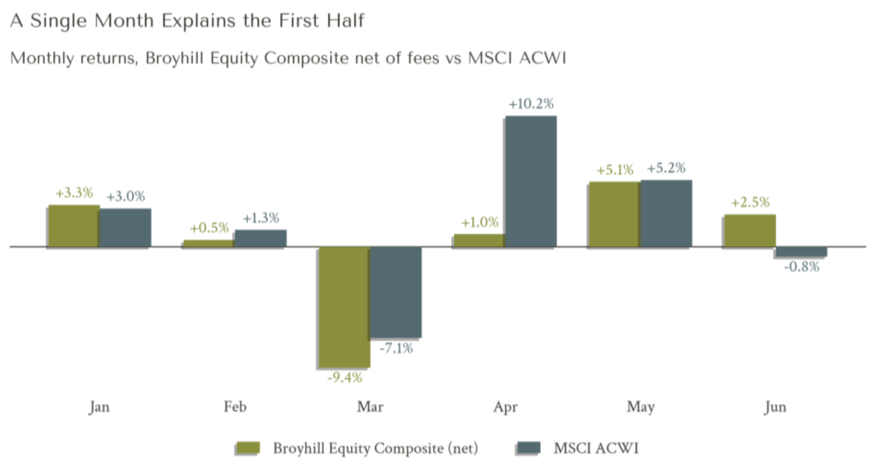
We plan to follow up with more information on our backgrounds and what the go-forward firm and any changes will actually look like. We look forward to working with each of you, to earning that trust again every quarter, and to writing many more of these letters. As always, please reach out anytime. Now, to the quarter.

THE FIRST HALF IN REVIEW

The Broyhill Equity Composite returned 8.8% in the second quarter, net of all fees and expenses, while the MSCI All Country World Index returned 15.1% and the MSCI ACWI Value Index returned 10.8%. For the six months ended June 30, the Composite returned 2.3% against 11.5% for the Index. Individual performance may vary depending on individual account allocations, legacy positions, and capital flows. Detailed quarterly reports, including account and benchmark performance, portfolio holdings, and transaction history, have been posted to our investor portal.[1]

[1]For standardized performance data, including 1-year, 5-year, 10-year, and since-inception net returns with benchmark comparisons, please refer to the Broyhill Equity Fact Sheet. Past performance is not indicative of future results.

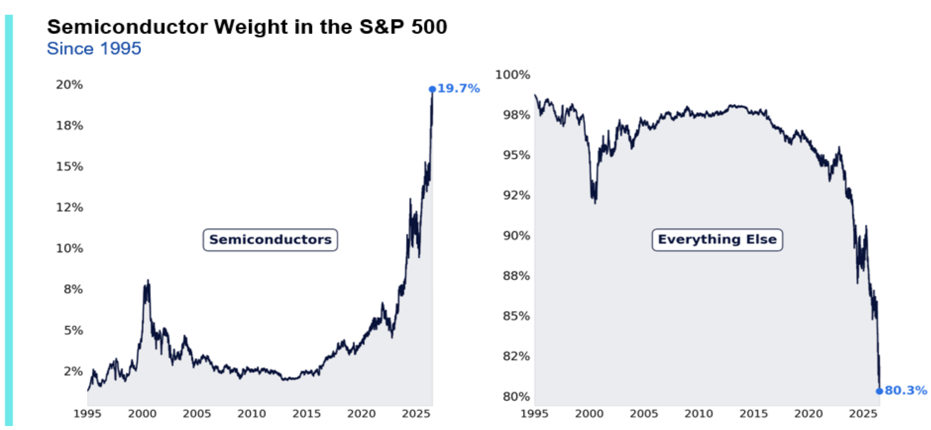
That shortfall is far more concentrated than the quarterly figures suggest. Excluding April, the Composite finished the half marginally ahead of the Index, and in June, when the Index declined, we gained 2.5%. The gap was created in a single month, as we discussed in our first quarter commentary. Importantly, it improved throughout, a trend which continued into the third quarter.



Source: Broyhill Asset Management, Bloomberg

April is the exception. On April 8th planned strikes on Iranian infrastructure were postponed under a two-week ceasefire, the first of several twists and turns in negotiations. Brent fell roughly 13% and capital moved straight back into the most aggressive corners of the market. Global equities posted their strongest month in more than five years, the Nasdaq gained 15.3%, and technology advanced more than 20%. We gained 1.0%.[2]

A significant driver of recent market performance has been semiconductors, an area where we lack direct exposure. The industry has rallied as a beneficiary from the AI infrastructure buildout. As with many cycles, the beneficiaries may have gotten carried away. Semiconductors ended the quarter at almost 20% of the S&P 500.



Source: Bloomberg and S&P Global, as compiled by Citadel Securities, June 30, 2026

[2]April 2026 market data: MSCI World returned 9.6% in US dollar terms, its strongest monthly gain since late 2020; the Nasdaq Composite gained 15.3%; Brent crude declined approximately 13%.

Investors now see them as a secular growth story, rather than the cyclical one from the last several decades. We acknowledge that the advent of AI changed the industry's story. But we haven't seen evidence that the cyclical boom-and-bust cycle is dead, rather than supercharged. We have exposure through Microsoft with its custom AI chip, Maia, and would be happy to gain more exposure if an attractive opportunity presents itself, but we will not force the issue just because these companies are the topic of the moment.

We have said for many years that you do not need Broyhill in a bull market. A portfolio built to protect capital when the world looks fragile will not lead when that perception changes suddenly. April was a concentrated example of that cost.

PERFORMANCE REVIEW

We define top contributors and top detractors as companies impacting 100 basis points or more on the portfolio's return for the period. The second quarter produced five top contributors: Sotera Health, Middleby, Valvoline, Masco, and IQVIA. No individual position detracted 100 basis points or more.

Top Contributors

Sotera Health was our largest contributor, with shares gaining 25%. We bought it in the first quarter, when the litigation docket was the only thing anyone wanted to discuss, and the price gave no weight to the fact that there are only two companies of scale doing this work. Results beat on revenue, adjusted EBITDA, and earnings per share; guidance was reaffirmed across every line, and management described March as its best volume month in three to four years. The EPA has proposed a full repeal of the 2024 ethylene oxide standard. At the time, the shares traded at roughly 14x forward earnings against 20x for the closest comparable.

Middleby gained 31%. Commercial Foodservice grew organic revenue 8% as chains returned to growth and management raised full-year guidance by roughly 4%. More important was the structural progress: the Food Processing separation was confirmed at the May investor day (which our investment team attended) and completed on July 6th, creating Midera. Following the majority sale of the residential business earlier this year, what remains is a cleaner business with leverage approaching 2.5x.

Valvoline gained 18%, having also led the first quarter. Comparable sales grew 8.2% against consensus near 5.4%, adjusted EBITDA grew 28%, and guidance was raised across comparable sales, EBITDA, and earnings. The company added 31 stores and now operates 2,409 stores, with ticket sales driving roughly two-thirds of the gain.

Masco gained 37%, the best result in the portfolio, and was initiated in the first quarter as one of two investments in the depressed housing sector. The quarter was plumbing-led and, more to the point, volume-led, with the strongest volume growth since the end of the pandemic and pricing intact. Management raised the topline outlook, took out delayed-draw leverage to repurchase stock, and increased the buyback guide by $200 million, to more than $800 million against a $2 billion authorization. Earlier in the quarter, our investment team also attended Masco's investor day and was able to interact with management at the event.

IQVIA gained 14% after being our largest detractor in the first quarter. We set out our full case last quarter and will not repeat it here. The second quarter added evidence: results came in ahead, and request-for-proposal flow and award timing both improved. We trimmed the position in June and rolled the proceeds into Thermo Fisher, an exercise in portfolio management rather than a statement about our conviction.

Top Detractors

No position reached the 100-basis-point threshold on the downside, but a few are worth commenting on.

Accenture fell 38%, and we exited in June. Our case rested on unpriced optionality appearing as revenue per employee, and that measure grew only marginally while bookings declined 3% and the managed services book-to-bill fell below one. Management's response was to raise the acquisition guide to $9 billion. An inflection in bookings was a key point in the thesis, and the fact that management fell back on acquisitions when it came in weak does not inspire confidence in the core business. We sold the position following these results.

Rentokil Initial declined 9%. North American pest organic growth of 2.8% was entirely price, and customer retention remains near 80%. Our thesis is that the significant valuation discount to peer Rollins (almost half at the end of the second quarter) narrows as the Terminix integration is delivered.

ServiceNow, added in May, fell 21%. The general argument against software fits it poorly. The Now Assist annual contract value target was raised by 50% to $1.5 billion, customers spending more than $1 million on it grew 130% year over year, more than half of new business is now priced on consumption rather than seats, and the gross renewal rate is 97%. That is not the profile of an obvious AI victim. While we exited other related exposure where we could not frame the range of outcomes with enough confidence to hold the position (HubSpot and Intuit), we added to ServiceNow.

KEY TRANSACTIONS

A normal year here produces a handful of new ideas. This one has not been normal. We did the bulk of our buying in the first quarter, and the second quarter stayed busy.

We liquidated Leggett & Platt in April when the anticipated bid from Somnigroup emerged, and Charles River Laboratories in May. We exited Accenture in June. On the buy side, we initiated First Citizens BancShares and added ServiceNow, Intuit, and HubSpot in May. Neither Intuit nor HubSpot lasted long. We sold both in the months that followed as better businesses with similar exposure surfaced at prices we preferred.

Honeywell completed the separation of its aerospace business on June 29th, a catalyst we flagged in the first quarter, and Middleby completed the Midera separation on July 6th. We continue to hold both spin-offs as of July month-end.

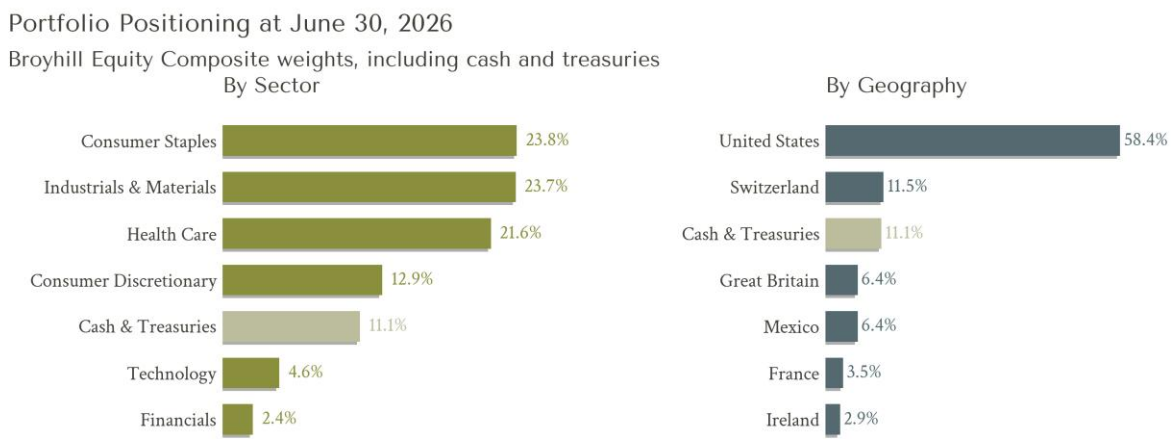
WHERE WE SEE VALUE

The portfolio that produced those results was positioned as follows, with roughly three quarters of equity capital in consumer staples, industrials, and health care, and about a third invested outside the United States.

Masco and Floor & Decor are the same macro bet made twice, but with different company-specific drivers: both companies will earn more at the next normal level of housing activity than they did at the last one, because each won share and took out costs while volumes were falling. What we are underwriting is that a business leaves the trough structurally better than it entered it, which is a different exercise from guessing when the trough ends.

Sotera Health and IQVIA are now both top holdings and both in the health care sector. In each case, the market has taken a threat it can name, litigation in one and artificial intelligence in the other, and priced it as though the underlying service will be needed less. The numbers behind IQVIA argue otherwise: its data covers roughly 90% of global prescription activity across more than 1.2 billion patient records, the industry faces a patent cliff estimated at $300 billion, and book-to-bill reached 1.22x in the second quarter, its strongest bookings quarter since 2022. Meanwhile, sterilization, Sotera's business, has no substitute on the horizon.

We increased the Nestlé position during the quarter. The growth is starting to come from volume rather than price, and the cost increases the company pushed through in prior years are working their way onto shelves. New leadership is taking cost out through a CHF 3 billion program running through the end of 2027 and putting the savings, in part, behind the brands. At roughly 17x forward earnings at the end of July, the shares are cheaper than at any point in the decade through 2023, though they briefly traded lower last summer. Margins should normalize as those price increases lap, and the reorganization takes hold.



Source: Broyhill Asset Management. Sector and geography weights are shown on an equity-only basis and exclude the 11% of assets held in cash and equivalents at June 30. Weights shown in the Broyhill Equity Fact Sheet include that allocation and will differ.

First Citizens BancShares, initiated in June, is a well-run company which we believe to be undervalued and with catalysts on the horizon. The company has retired almost 20% of its Class A shares since July 2024, and inside its roughly $25 billion market capitalization sits a rail leasing fleet of approximately 128,000 cars valued by the market at bank multiples. Management has proven themselves highly competent and highly aligned with shareholders, with the Holding family in key executive positions, owning over 20% of the economics and controlling roughly half the vote through their Class B shares.

Much of what we are waiting on has a date attached to it: two separations have completed, and Masco and First Citizens are retiring shares at a pace that improves per-share value whether or not the multiples change.

BOTTOM LINE

The first half produced a result that lagged the Index, but performance has turned the corner more recently. The shortfall relative to the Index occurred in April, when the perceived easing of geopolitical risk sent capital racing into parts of the market we deliberately do not own. Areas that surge when risks recede can leave capital at risk when times are normal. We aim to protect your capital throughout the cycle.

Performance in recent years has trailed the broader market, and we do not take for granted what that has asked of you. We laid out at length in our first-quarter letter why we believe this pattern will break, and we will not repeat that argument here. What we would add is narrower: the five positions that drove our second quarter did so on reported results, not on a change in how the market views them. That is the kind of progress that compounds.

Our approach has not changed and will not. We think these businesses are performing better than their share prices suggest, and we are content to wait for that to close.

We are grateful for your continued trust and partnership. We come into the office each day striving to earn it, and we realize just how fortunate we are to have such a wonderful group of like-minded, long-term investors who place their confidence in us. You enrich our network, strengthen our competitive advantage, and just make our work all the more enjoyable.

As always, please feel free to reach out anytime with questions. We enjoy hearing from you.

Sincerely,

Patrick Wells, CFA

Matt McLean

ABOUT BROYHILL

Broyhill Asset Management, LLC ("Broyhill" or the "Firm") is a Charlotte-based investment firm managing over $270 million in assets. Originally established as a family office nearly half a century ago, the firm spun out in 2022 to become an independently owned investment manager under the leadership of Chris Pavese. While Broyhill has historically explored a variety of investments for its clients, the firm is now focused on managing its flagship, global, value-oriented, public equity strategy. With a verified track record approaching ten years, the firm serves a diverse client base – including institutions, advisors, and high-net-worth families – by delivering long-term capital appreciation with a rigorous focus on capital preservation through disciplined, bottom-up security selection.

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SEPARATELY MANAGED ACCOUNTS

The performance of the Broyhill Equity strategy is representative of a composite of numerous separately managed accounts and is considered to be a "carve out" or "extracted performance." The calculation methodology for this composite for the period from 9/1/15 through 12/31/23 has been verified by a third-party performance verification firm and reflects the equity returns of actual Broyhill client portfolios. The calculation methodology for the periods after 12/31/23 is the same as the methodology that was verified. The Broyhill Equity strategy performance results are based on the weighted average performance of the portion of individual managed accounts invested in the Broyhill Equity strategy, but may not represent the performance of the entire client portfolio. Since many of BAM's managed accounts are invested per a "balanced" investment model, we believe that this extracted performance composite, which includes only fully discretionary equity holdings of all BAM discretionary accounts, is the most accurate representation of BAM's long-term equity performance. Additionally, since this performance represents a pure equity allocation, it does not include the impact of any cash allocation. Performance figures for the total portfolio composite are available upon request. This data may be useful for an investor evaluating Broyhill, although individual results may differ based on each account's investment objectives, the date of initial funding, the opportunity set available at the time, specific investment vehicles available to the accounts, and individual fee schedules.

Performance of the Broyhill Equity strategy composite is calculated using time-weighted rates of return, net of all fees and expenses, and reflects the reinvestment of dividends and other earnings. Since the composite returns are calculated gross of fees, in order to report net returns, the highest annual management fee we charge (1.5% per annum) has been subtracted from gross reported returns to arrive at the net returns shown.

BROYHILL VITRUVIAN VALUE, LP

The performance of the Broyhill Vitruvian Value ("BVV") strategy presented herein is hypothetical and does not reflect the performance of any actual investment portfolio. The results are provided for illustrative purposes only and do not represent actual trading or investment results. Hypothetical returns have inherent limitations and do not account for all factors that may affect actual performance, including market conditions, liquidity constraints, fees, and other expenses. Past or hypothetical performance is not indicative of future results, and no representation is being made that any investment will or is likely to achieve returns similar to those shown.

The performance of the BVV strategy is representative of a composite considered to be a "carve out" or "extracted performance." The calculations performance of this composite from 9/1/15 through 12/31/23 has been verified by a third-party performance verification firm and reflects the equity returns of actual client portfolios invested in the BVV strategy. The performance calculation from 1/1/24 through 6/30/25 uses the same methodology as the verified period and also reflects the equity returns of actual client portfolios invested in the BVV strategy. For the period from 7/1/25 onward, the returns shown use the actual monthly returns for Broyhill Vitruvian Value, LP ("BVV LP"). These results are based on the weighted-average performance of the portion of individual accounts invested in the BVV strategy and may not reflect each account's entire portfolio performance. Since some of BAM's accounts are invested per a "balanced" investment model, we believe that this extracted performance composite, which includes only discretionary equity holdings of all BAM discretionary accounts deploying the BVV strategy, is the most accurate representation of the BVV strategy's long-term equity performance. Additionally, since this performance represents a pure equity allocation, it does not include the impact of any cash allocation. Performance figures for the total portfolio composite are available upon request. This data may be useful for an investor evaluating an investment in BVV LP.

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Performance of the BVV strategy composite is calculated using time-weighted rates of return and reflects the reinvestment of dividends and other earnings. Since the composite returns are calculated gross of fees, in order to report net returns, management fees and performance fees with rates and terms matching the BVV LP Class A interests have been subtracted from gross reported returns. This calculation means these returns are considered to be "hypothetical." Hypothetical returns have inherent limitations and are provided for illustrative purposes. The fees, rates, and terms applied are summarized as follows: an annual management fee of 1% per year, a performance fee of 20% on earnings over an annual hurdle rate of 8%. The 8% hurdle rate resets annually and does not compound. The account is also subject to a high-water mark, so a performance fee is not earned if the account value is below that mark.

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