Akre Focus Fund Commentary – Third Quarter 2025

Greetings from Middleburg.

The Akre Focus Fund's (the "Fund") third quarter 2025 performance for the Institutional share class was -3.65% compared with the S&P 500 Total Return of 8.12%. Performance for the trailing 12-month period ending September 30, 2025, for the Institutional share class, was 3.71% compared with 17.60% for the S&P 500 Total Return.

Performance	Average Annual Total Returns % as of 9/30/25							
Net Assets	QTD	YTD	1 YR	3 YR	5 YR	10 YR	15 YR	Since Inception 8/31/09
Retail	-3.73	3.93	3.42	19.81	9.75	14.37	15.01	14.61
Institutional	-3.65	4.14	3.71	20.13	10.04	14.68	15.32	14.91
S&P 500 TR	8.12	14.83	17.60	24.94	16.47	15.30	14.64	14.54

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Fund performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by calling 1-877-862-9556. The Fund's annual operating expense (gross) for the Retail Class shares is 1.32% and 1.06% for the Institutional Class shares. The Fund imposes a 1.00% redemption fee on shares held less than 30 days. Performance data does not reflect the redemption fee, and if reflected, total returns would be reduced.

The S&P 500 TR is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. It is not possible to invest directly in an index.

What a difference a single quarter can make. When we wrote last quarter, the Fund's Institutional share class performance for the trailing 12-month period ended June 30, 2025, was 20.43% compared with 15.16% for the S&P 500 Total Return. Clearly, the third quarter was a rough one for us.

The primary reason for the rough quarter was a 26.06% decline in the share price of Constellation Software, our second largest holding. From an attribution standpoint, Constellation detracted 3.56% from performance in the quarter. In other words, Constellation accounted for almost the entirety of the Fund's negative third quarter return.

Given the impact on our third quarter results we would like to go into some depth as to why we have owned Constellation Software for more than 11 years and why this latest share price drawdown does not phase us in the least.

For context, we first purchased shares of Constellation on June 5, 2014, at a price of $226.06 in U.S. dollars. As of market close on September 30, 2025, those shares were worth $2,751.04 in U.S. dollars. This translates into a 24.97% compound annual rate of return excluding dividends and the shares of Topicus and Lumine that Constellation spun off to its shareholders during the period. On the way to that nearly 25% compound annual rate of return from our first purchase, Constellation experienced share price drawdowns from all-time highs (in Canadian dollars) of approximately 25% on three separate occasions: February 2016, December 2018, and March 2020. This latest drawdown from the recent high has been the sharpest yet during our 11+ year

tenure as shareholders: a drop of 29.37% from May 8th to September 26th of this year, the bottom as of this writing.

As we wrote in our second quarter letter, long-term compounding in publicly traded equities comes with costs – unpleasant drawdowns among them. For Constellation, we believe there are two primary drivers of the recent drawdown:

1. A growing narrative that vertical market software companies will be disrupted by new "AI-native" competitors using "large language models" such as ChatGPT.

2. The September 25th announcement that Mark Leonard, Constellation's founder, would step down from the President role immediately due to health reasons.

We believe that Constellation has shown the ability to navigate many periods of technological innovation and should be able to protect its market position from competitors who are leveraging large language models. Constellation began in 1995, before the rise of the software-as-a-service business model. For years, shareholders questioned whether the company was moving its products into the cloud quickly enough and whether its measured, customer-driven approach would backfire. Similarly, years before large language models shocked the world with their ability to generate code, the rise of "low-code" tools was supposed to make it easier than ever to create software that could compete with Constellation's 1,000+ business units. Despite these risks, from 2014 to 2024, Constellation generated positive organic growth, on average, and a compound annual total revenue growth rate (including acquisitions) of approximately 20% over this time period.

In our opinion, Constellation achieved this success because of its customer intimacy. On a recent call with shareholders, Mark Leonard described vertical market software as the "*distillation of a conversation between a software vendor and a customer that has gone on often for a couple of decades*". Over the course of a couple of decades, Constellation has learned more and more about the software needs of a given niche industry vertical, whether it be country clubs or homebuilders, and has refined its software to better serve those needs. Customers have never relied upon Constellation for the slickest user interfaces or the newest technology. Rather, they view Constellation as a trusted partner who understands the intricacies of their verticals. We believe this intimacy will continue to bolster the company's prospects in a post-AI world. Additionally, Constellation generally has access to the same commercially available large language models that might be used by so-called "AI-native" competitors and recently disclosed that its business units are experimenting with approximately 15,000 unique models which Constellation can toggle between with just a single line of code. To us, this speaks favorably for Constellation in terms of competitive advantage relative to the purveyors of large language models, though it's the latter that presently dominate the fantasies of AI-investors.

The second driver of Constellation's recent drawdown gives us more pause. Mark Leonard has been an exemplary leader and capital allocator for 30 years. We search for executives who focus on long-term value creation and who treat shareholders as partners, and it is hard to find a better example of an individual who fits this mold. Mark clearly communicated his priorities to shareholders in brilliant letters and stopped taking a salary after leading the company for 20 years because he wanted to have more time for his personal life and saw forgoing cash compensation as a fair tradeoff. He achieved many rare feats, such as canceling quarterly earnings calls with Wall Street analysts, believing they did not add value for long-term shareholders, and convincing his colleagues to leave hurdle rates for acquisitions essentially untouched while scaling the

business from a revenue base of a few hundred million dollars to over ten billion. We are saddened to hear the news of Mark's health issues and wish him a fast recovery. We are incredibly thankful that Mark chose to share so much of his wisdom in public and we have benefited greatly as investors from studying his teachings.

In an ideal world, we would prefer that Mark stay at the helm for as long as possible. That said, we think Constellation is uniquely suited to continue to prosper under the next generation of leadership due to its decentralized structure. Think of Constellation as 1,000+ autonomous software companies that will continue to operate autonomously no matter who is sitting in the President's office. In terms of capital allocation, Mark long ago placed all but the largest M&A decisions in the hands of other managers, realizing this was the only way to acquire over 1,000 companies. Mark's role in recent years has been to weigh in on only the largest acquisitions and to curate and disseminate best practices relating to operations and acquisitions. From the board seat that he plans to maintain, he may be able to continue with these duties.

Additionally, we are optimistic that Mark Miller, Constellation's Chief Operating Officer who will be replacing Mark Leonard as President, will continue to uphold the foundations that Mark Leonard built. Mark Miller joined Constellation in 1995 when Trapeze Group, a software company he co-founded, was acquired by Constellation in Constellation's first-ever acquisition. He has played a key role in the long-term value creation that Constellation shareholders have enjoyed.

In short, we have no fundamental concerns about Constellation Software or its position size in the portfolio. Even the best compounders experience significant drawdowns in share price. This is the fourth drawdown of approximately 25% or more that we have experienced during our tenure as Constellation Software shareholders, and it will not be the last. Though painful in the short run, we remain steadfast in the name of the long-term compounding we have enjoyed and expect to continue.

The top five contributors to performance during the quarter were Brookfield Corporation, O'Reilly Automotive, LVMH, CoStar Group, and Fair Isaac. Nothing notable to call out.

The top five detractors from performance during the quarter were Constellation Software, Topicus.com, Roper Technologies, Moody's, and Visa. Topicus.com, a European-focused spinoff of Constellation, and Roper Technologies, are both decentralized serial acquirers and operators of vertical market software businesses. The AI-oriented concerns described above also weighed on Topicus.com and Roper, and here again we see AI as a net positive for these businesses.

Cash was 6.2% of the Fund as of September 30.

Why We Are Converting to an ETF

Earlier this century, Warren Buffett reportedly asked a newspaper CEO whether printed newspapers would need to be invented if they did not already exist. The right answer, of course, was no; in the digital age, printed newspapers would not be invented. The clear implication: printed newspapers were on the wrong side of ongoing business evolution.

We asked ourselves a similar question: in a world of exchange-traded funds (ETFs), would the mutual fund have to be invented? The uncomfortable answer is probably not, and for good reasons.

We expect the ETF structure to provide our shareholders with increased tax efficiency versus the current mutual fund structure. While we have taken steps to "ETF-ify" our mutual fund by using third-party capital providers to execute redemption-in-kind transactions, the tax advantages from such redemptions are intrinsic to the ETF structure. Redemption-in-kind transactions allow fund managers to exit highly appreciated positions in the portfolio without incurring the realized gains that result from outright sales. For our investment approach, which has resulted in long holding periods (low turnover) and unrealized gains generated via long-term compounding, the ETF conversion is especially advantageous. As of September 30, 2025, the unrealized gains in our Fund totaled $6.663 billion or 59.4% of the Fund's total assets. Taxable buyers of our *mutual fund* Institutional Share Class on September 30 paid $67.47 per share, of which $40.06 was built-in—but not earned—unrealized gains. Said differently, for mutual funds, cost basis (here, $67.47) is not the same as tax basis ($67.47 - $40.06 = $27.41). If on October 1 we sold or trimmed a position and realized a gain, those new buyers would owe the same per-share taxes on that realized gain as an investor who bought the mutual fund, say, a decade ago. On the other hand, we expect that new buyers of the *ETF* will not owe taxes for realized, un-earned gains to the same extent because we intend to use the redemption in-kind mechanism intrinsic to the ETF structure for disposal of appreciated portfolio securities whenever practicable. No wonder this conversion has been most eagerly anticipated by long-standing shareholders who understand and value our investment approach but have been reluctant to add to their holdings out of concern for potential exposure to the built-in, unrealized gains. That said, it is important to note that ETFs can and do distribute realized gains and dividends that may be taxable. This would occur to the extent that sales of portfolio holdings were completed via regular-way trading rather than through the redemption-in-kind process and generated net gains. In addition, to the extent that dividend, interest, and other investment income exceeded fund expenses, these would also be distributable to shareholders. While we intend to minimize taxable distributions as an ETF, we cannot promise to eliminate them fully and forever.

Conversion to an ETF has additional benefits. Certain mutual fund operating and distribution costs are eliminated, which means we can reduce the expense ratio for our Retail and Institutional shareholders. We also avoid product proliferation (e.g. launching an ETF "clone" of the mutual fund). The Fund's more than 16-year track record of compounding continues uninterrupted. Given the Fund's asset size, investors should benefit from the standpoint of trading spreads and liquidity Day 1 in the ETF. In short, we believe that converting from a mutual fund to an ETF places our fellow shareholders on the right side of ongoing business evolution.

There are two other notable changes imposed by the ETF structure: trading and transparency.

As to trading, recall that mutual funds do not trade during regular market hours. Mutual funds price after the stock market closes at net asset value ("NAV"), which is based on the position weights and closing prices of the individual securities held in the fund. All mutual fund orders (buy or sell) are filled at NAV once a day, after the market closes. ETFs are different. ETFs trade like stocks: on an exchange, throughout the trading day, with market makers maintaining a bid/ask spread around net asset value to provide liquidity. One can buy or sell an ETF at any time during market hours at the then-prevailing quoted price. While this can be a benefit for investors seeking trading flexibility, it comes with trade execution risk as well as trading cost in the form of bid/ask spreads.

As to transparency, "fully transparent" ETFs are required to publish their holdings daily. This is a departure from our mutual fund, which is required to disclose its holdings quarterly. Why daily

transparency for ETFs? So that the aforementioned market makers can accurately hedge their positions in the ETF, a process integral to "making a market" in the shares of the ETF. When market makers are able to accurately hedge an ETF, they can deliver tighter bid/ask spreads and lower the trading costs for investors. This feature also facilitates primary market transactions, which can minimize the difference between the NAV price per share and the market price per share. The downside is that our buying and selling of securities will be visible daily for all to see. We will never enjoy or embrace this necessity of the ETF structure. And while daily disclosure of portfolio changes will be required of us as an ETF, we are not obliged to discuss them. Indeed, for obvious reasons, we will not discuss investment theses or changes thereto more frequently than we have done as a mutual fund.

Life as an ETF begins on Monday, October 27. Shareholders of our mutual fund (AKREX, AKRIX, or AKRSX) will wake up that day as shareholders of AKRE. As important as this change is, it is ultimately a change of legal and operational wrapper only. There will be no change to our investment philosophy. We are true believers in our long-held approach to compounding capital. We aim to concentrate capital in the best businesses that our research, understanding, and conviction can identify. We drive behind our own headlights, dim or bright as they may seem at times. If other cars zip past us, we keep to our lane and our lights, confident that we can pass many of those speedy-for-now vehicles further down the road. As an ETF, we will drive the same as always, but in a better vehicle.

We appreciate your patience through the conversion process and thank you for your continued support.

John

Top Ten Holdings as of 9/30/25	
Name	% of net assets
Mastercard, Inc.	12.4%
Brookfield Corp.	10.6%
Constellation Software, Inc.	10.1%
Visa, Inc.	9.0%
KKR & Co, Inc.	8.8%
Moody's Corp.	7.4%
CoStar Group, Inc.	6.3%
Topicus.com, Inc.	5.7%
O'Reilly Automotive, Inc.	5.6%
Roper Technologies, Inc.	4.9%

Sector Weightings as of 9/30/25	
Type	% of net assets
Financials	52.1%
Information Technology	20.7%
Consumer Discretionary	11.4%
Real Estate	6.3%
Industrials	1.6%
Health Care	1.5%
Cash & Equivalents	6.4%

The composition of the sector weightings and fund holdings are subject to change and are not recommendations to buy or sell any securities. Cash and Equivalents include asset backed bonds, corporate bonds, municipal bonds, investment purchased with cash proceeds for securities lending, and other assets in excess of liabilities.

Mutual fund investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. In addition to large- capitalization companies, the Fund invests in small- and medium- capitalization companies, which involve additional risks such as limited liquidity and greater volatility than larger capitalization companies.

The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The summary and statutory prospectus contains this and other important information about the investment company and it may be obtained by calling (877) 862-9556 or visiting www.akrefund.com. Read it carefully before investing.

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