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TO: LIMITED PARTNERS OF SEMPER VIC PARTNERS, L.P.

Semper Vic Partners, L.P. results for Third Quarter and Nine Months 2025 appear below, along with cumulative performance since L.P. conversion in July 1990. Partnership results are presented net of advisory fees or related GP capital allocation and are compared to market indices whose returns include reinvested dividend income.

INVESTMENT PERFORMANCE

	<u>Semper Vic Partners, L.P.</u>	<u>Dow Jones Industrial</u>	<u>S&P 500 Index</u>	<u>MSCI All Country World Index</u>
Nine Months 2025	19.7%	10.5%	14.8%	18.9%
Third Quarter 2025	3.3%	5.7%	8.1%	7.7%
Half Year 2025	15.8%	4.6%	6.2%	10.3%
Second Quarter 2025	8.6%	5.5%	10.9%	11.7%
First Quarter 2025	6.6%	-0.9%	-4.3%	-1.2%
Since L.P. Inception				
7/16/1990 – 9/30/2025				
Cumulative	4572.4%	3442.6%	3575.0%	1612.8%
Compound Annual	11.5%	10.7%	10.8%	8.4%

Investment Position and Outlook

It is our pleasure to bring you up to date with Semper Vic Partners, L.P.'s Third Quarter and Nine Months 2025 performance. We are particularly pleased with Semper Vic Partners, L.P.'s return of just under 20 percent, through September 30, 2025, in light of volatility that has accompanied most of 2025 global equity markets.

As mentioned in my last investor letter regarding capital flows, there has been collective buying of AI exposure baskets of shares that promise access to AI riches. There was one other factor that has driven the widely sought after investments designed to avoid “fear of missing out” (FOMO) during the FAANG-driven era, the US dollar. The US dollar spent most of the past decade on an absolute upward tear in valuation. Global investors who wished to participate have had to convert their local currencies from around the world into US dollars, as FAANG investors by and large settle in US dollars. Such selling pressure on US dollars has given our clients a tailwind in 2025 of more than 10 percent for our global holdings. This caught global investors, who sought what investors had grown to expect, one-way upward returns by riding the strengthening of the US dollar, flat-footed when the directions reversed.

Semper Vic Partners, L.P.’s Nine Months 2025 returns, and returns over previous decades, maintain significantly above-average portfolio concentration. Indeed, the top six holdings in Semper Vic Partners, L.P., based on market value as of September 30, 2025, represent just over 61 percent of Semper Vic Partners, L.P.’s assets. Similarly, if one takes a look at the slightly broader penetration into companies contributing to the returns, the expanded list shows that the top eight holdings represent approximately 75 percent of Semper Vic Partners, L.P.’s assets. Investor average concentration by managers succumbs to altitude sickness when considering portfolio holdings of more than 2 or 3 percent, giving you a clear sense of how differently we have adopted Howard Marks’ adage regarding “How right one is when they are right, and how wrong they are when they are wrong” as the force that one requires balancing to deliver long-term incremental returns.

Reaching Up/Protecting Down

Skilled investors make their money in the protection they give themselves by investigating deeply those factors which might cause declines and then avoiding the effect of such losses. I am reminded of Charlie Munger, whose observation about what he would like to know in life was “where I’m going to die, so I’ll never go there.”

At the same time, great investor Warren Buffett, Charlie’s long-standing partner, made his investment fortunes by finding businesses that had the capability of redeployment and advancement, e.g., witness his spectacular investment in See’s Candies, for which he paid the mighty sum of \$25 million in 1972. That investment has returned to Berkshire Hathaway Inc. dividends amounting to \$2 billion. Those cash dividends have been received even while expecting significant growing profits from See’s Candies going forward from here. In fact, Berkshire Hathaway retains full ownership of the business that continues to support the premium chocolate habits of most of Southern California.

To understand how one goes about “protecting down,” one must make sure that sufficient capital remains available to allow for the inevitable downturns such as those that have affected the semiconductor business from its earliest days spent as an industry built around Atari’s Pong game and other video games.

To better understand the nature of such investing, one must surely understand the nature of possible investing returns from companies which today flourish immensely (e.g., NVIDIA Corporation). I recommend a book by Stephen Witt, *The Thinking Machine: Jensen Huang, NVIDIA, and the World's Most Coveted Microchip*, to give you a sense of the discipline required in “protecting down” providing you with resources sufficient to stay the course when the challenges might force less financially secure investors out of business. *The Thinking Machine* traces NVIDIA from its position as video game supplier of accelerator chips to the seminal role in AI, which is, in turn, increasingly crucial in every other type of digital business decisions made today. *The Thinking Machine* does a great service by letting investors know that the semiconductor business is not a steady performer, witness the fact that over the past 20 years shares of NVIDIA have collapsed over 90 percent at least two times during the periodically returning “chip war,” which can drive away profits in lightning speed.

For investors who believe that the search for enduring value through AI can be manageable, the number one variable that they will face is to show that survivability will be their own resolve not to panic when the likely prospects of a 90 percent decline over the course of a product cycle rears its ugly head. The interesting aspect of the semiconductor business is that *The Thinking Machine* describes both the drama of “reaching up,” as seen in today’s \$4.5 trillion market valuation of NVIDIA’s shares, as well as the need to look down at your own capacity to protect financing and to keep your resolve when markets inevitably show uniform disbelief.

Semper Vic Partners, L.P.’s Nine Months 2025 results continue to enjoy the benefit from a handful of companies which delivered considerable returns over the course of the year. Those companies which performed most successfully are from our holdings with international exposure and enjoyed a recovery of expectations of those shares of more robust operating performance as well as the benefit of a meaningfully weakened US dollar.

In addition, our Semper Vic Partners, L.P.’s holdings with exposure to the fast-moving world of AI have enjoyed significantly strengthened performance as global equity markets sort through a barrage of announcements describing the deployment of trillions of US dollars of disruptive and enabling, newly developed, analytical tools. For Semper Vic Partners, L.P.’s most prominent AI-oriented investment, the strong prospects for Google’s AI businesses only now begin to reveal prospects themselves.

The Thinking Machine describes how the modern AI revolution was fundamentally enabled by NVIDIA’s high-stakes bet on parallel processing. Hardware originally designed for gaming, Graphics Processing Units (GPUs), turned out to be particularly suited for training neural networks. NVIDIA GPUs uniquely address the massively parallel computations required to train the large language models that attract so much investor attention. From that point, it has been a function of who can get capacity in semiconductors sufficiently deep to allow for the training of queries so the semiconductor can operate 24/7/365. Ultimately the book makes the claim that the hardware innovation behind the development of NVIDIA’s GPU unlocked the necessary computing power to finally implement theoretical concepts behind AI which had, in some cases, existed for decades. Investors need only to look at the incredible growth in NVIDIA’s revenue and profits to understand how critical their technology is in the AI era.

The battle for investment success, that which will protect against the downside and allow for dreams of riches above, requires exceptional, unprecedented investment activities and success in delivering manufacturing capacity for both the creation of semiconductors as well as the training of semiconductors to meet the needs of AI. Imagine AI to simply be an enterprise that aspires to capture all the information in the world and put it into a context that can be searched with permission.

The pace advance is going to also depend upon the ability to power up the construction of millions of square feet of incremental warehouse manufacturing communication hubs required to serve the exponentially growing demands placed upon the system by queries into the system in search for information and, over time, knowledge. The requirement of such investment spending on capital goods has certainly provided Semper Vic Partners, L.P. with opportunities for further profits from investment in companies whose businesses leap forward to meet new opportunities presented by AI.

Martin Marietta Materials, Inc., a crushed stone provider, would hardly seem a center impacted by the rising AI economy. However, Martin Marietta has contracts that supply unprecedented volumes of high-quality crushed stone to assure that the concrete beds, on which the semiconductor fabricating machinery lie, can be delivered to the precision of near atomic level measurement, providing microscopically measured flat positions that are required when chips are manufactured, trained, and deployed.

As much as the construction process engages Martin Marietta to deliver compliant stone to build millions of square feet of concrete structures reliably, so too does our portfolio holding company, Ashtead Group, profit handsomely in supplying construction sites, into which the new AI facilities will be placed, with “the picks and the shovels” to prepare the setting for the extraordinarily delicate and high-demand work which will commence within surprising short order.

Berkshire Hathaway will provide an enormous range of essential services on which the entire field of AI relies. Berkshire Hathaway stands well-positioned, for instance, with their MidAmerican Energy subsidiary, with their Burlington Northern Santa Fe (BNSF) rail transportation for coal to power needed electrical output from the grid, and with their insurance business. Vendors like Berkshire Hathaway, Martin Marietta, Ashtead, etc., face the obvious risks that are imposed upon them by society and need to find ways to ensure that their opportunity can be done at unprecedented scale with favorable economics that typify the returns Berkshire Hathaway enjoys when they service clients who have “nowhere else they can go.”

Similar questions arise more broadly across the applications to which the AI advancement may address. For example, Alphabet Inc., DoorDash, Inc., Mastercard Incorporated, Netflix, Inc., and Uber Technologies, Inc. all have substantial investment activities working with and further developing, alone or in conjunction with other partners, expanded AI tools for their search business and for a host of other algorithms. The success by which our traditional businesses lean into AI will undoubtedly deliver those most adept with extra pricing power, extra yields, and extra returns on a scale beyond that which the industry even imagined.

Finally, several of our international holdings contributed to robust performance during Nine Months 2025. These robust performances were led by Philip Morris International Inc., which is included in discussions about Philip Morris' largely international presence, even though the business itself is incorporated and headquartered in the US, with its extraordinary global reach. Similarly, Compagnie Financière Richemont SA enjoyed a spectacular year with its portfolio of luxury delights, which increasingly find their way into the pockets of the owners of the firms which delivered such luxury goods brands as Cartier, Van Cleef & Arpels, Buccellati, etc., with such steady demand.

The strength of the above luxury sector participants has played an important role in absorbing the weakness, which has continued since the advent of COVID and the Pandemic consequences on entertainment, gathering, dining out, etc. The global trademarks, which form the core of our beverage holdings, for example, provide us with the discipline to stay with investments, in this case, even when the entire universe of global equity market participants seem to subscribe to a forward-looking scenario into even more bleak horizons than we certainly apply when calculating the intrinsic value on a per share basis for our holdings in beverages, food, tobacco, and luxury goods.

While reaching up may clearly lead to investment difficulties, for instance, resources remain scarce and unavailable, labor fractious, etc., managing with a look on the downside can also mimic investor returns as the full engagement of commerce risks not taking place when one is merely fearful of potential downside. I am reminded of an observation by acclaimed author, Peter L. Bernstein, in his risk management tome, *Against the Gods: The Remarkable Story of Risk and Capital Ideas*. Mr. Bernstein reveals in this book the central tradeoff investors face between reaching up or protecting down.

It is undoubtedly true that the "safest" place for a ship might be at harbor. Ships are not built and bought to stay at harbor but rather to ply the seas in search for lucre. There are fabled examples of where that tradeoff may not apply. For example, on December 7, 1941, one such event was when the American fleet thought itself to be in "safe harbor," just prior to the arrival of the Japanese. Similarly, the King of Sweden thought himself to be in safe hands when he launched the then largest warship ever constructed back in 1628. The king simply wanted bragging rights for the warship with the greatest number of cannons, even recognizing the risk, well disclosed, would possibly cause a complete loss without much wind. Indeed, the king went forth by adding extra height and weight which would dangerously risk a "top heaviness" to the ship. Today, one can visit the ship's resting place in Stockholm's Vasa Museum harbor home near the same location as where the Vasa sank upon the first puff of wind. The outcome was much to the chagrin of the king and of the nation whose fisc the king committed to the project. In each case, the purpose that was essential offers us a thought of just how fortunate we are with our Berkshire Hathaway holdings and their steep involvement in the insurance business against examples of mishap as described above.

As the examples above show the peril that awaits capital when risks are mis-assessed, the industry today continues to pour immense amounts of capital to meet the spectacular near-term spike in demand. Within the last month, immense and historically significant sums have found their way into NVIDIA, capital spending and semiconductor manufacturing, and on fabrication

factories, etc. Indeed, the measures at which the utility companies are being built, or old ones expanded, to meet the endless demand from AI to press algorithms slower to reveal analytic alignment, etc., defy gravity in many ways. This is an extremely important business which has clearly received a warm embrace by those who are positioned to take on the possible risk of the downside in return for the outsized opportunity looking up.

Beware of the Lure of the Comfortable Consensus

I am frequently surprised to see how far off course “animal spirits” can drive global equity valuations to risky levels. I find that the results in 2025 exemplify my belief that investors must struggle against having their judgment channeled by the belief that a cozy cluster of like-minded individuals is a healthy place for investors to gather. Typically, it is not the case that such gatherings reward, since the desire to come on board and participate with other like-minded investors is alluring but dangerous.

At Gardner Russo & Quinn, we have efforts underway to avoid the lure of the markets and to accept a lumpier pattern of returns going forward as our businesses react to negative consensus animal spirits over time. Eventually, markets get it right for the reasons you would like to believe mirror what Mr. Munger was rumored to have said to a person who was locked in a long-standing disagreement with him when he said, “My dear sir, don’t worry. You will eventually agree with me because you’re smart and I’m right.” The investment world is full of “you’re smart and I’m right” moments which require that deep research is the basis on which to form your convictions and not mere stubbornness.

All too many investors engage, when setting forth what to invest in and what to avoid, in companies which are, at that time, easy to buy because of social proof of others doing the same. That comfortable consensus, however, can lead investors astray when favorable collaboration erodes and excess enthusiasm wanes to consensus pessimism. As we will discuss with examples below, several of our most productive investments in 2025 have been available in large measure, we believe, because of our adherence to avoidance of the risk of the consensus outlook. We have evidenced a preference, over decades, to do our own research and hopefully will be in a position to take advantage when the consensus outlook differs dramatically with our own outlook.

From time to time, it is the case that broad industry experts may develop a bearish consensus over businesses that have pockets within that represent solid values despite the bleak consensus held by markets overall. It is during times like this that Semper Vic Partners, L.P. has found often our finest investments, representing the fact that the good was carried out with the bad in terms of the corrosive impact of adverse sentiment when consumers would be far better served if they avoided the allure of the consensus, especially when that allure appoints inappropriate brand, product, etc., as the desired items to cherish.

Luxury Goods Industry

Richemont. Semper Vic Partners, L.P.’s holding in Richemont, provides a good example of how the global consumer has taken en masse liberty from the luxury goods industry.

While there is certainly no doubt that there are vast numbers of companies participating in the luxury goods arena today, their adverse prospects when they arrive need not taint investor sentiment for all industry participants.

Benefits return to Richemont during periods of generally weak industry returns coming from Richemont's investment seeds planted decades ago. This is a perfect example of the Rupert family's forward thinking and management protection from hyperactive shareholders. Richemont engaged their management with the "capacity to suffer" criticism for near-term reported profit weakness arising inevitably from the adverse profit effect of investments made for decades, not quarters, to come. Richemont's "fields" continue to bear basketfuls of fruit, while the average bearish consensus has been largely proven correct for the vast bulk of luxury goods industry participants over the recent past. In the case of Richemont, their company-specific skillful rollout of new products, new omnichannel venues, new merchandising brands, new acquisitions, etc., allowed Richemont to flourish during the resulting industry-wide downturn.

In addition, one always enjoys the opportunity to review businesses based on their relationship with their customers on the issue of whether or not their customers believe that they cannot do without a given merchant's products or services. This belief is at the heart of the value of brands. Brand loyalists frequently declare, on their behalf of individuals, "who they are by what they have, what they eat, what they drink, what they smoke, what they drive, what they wear, etc." Richemont excels at celebrating such loyalties, evidenced by investments which the company continues to make in creating a compelling setting for heavy reflection of the spending on jewelry that can define moods and desirable activities.

Brand loyalty that characterizes their loyal consumers' view of themselves provides an extremely powerful tailwind for businesses that provide services, products, etc., that the consumer does not believe there to be any adequate substitute. In economics, this phenomenon is called price inelastic demand. This means that if the price were raised, as companies are forced to do, for instance, during periods of surprising, aggressive inflation, the consumer will likely forfeit other things than the products on which a given merchant's brand resides. Over the past three years, we have observed in the US sharply higher inflation rates, especially in food and beverage categories, as a result of the cost that rose trying to service the demand to the consumer when channels of trade locked up and commerce costs soared. Our preference for businesses that have price inelastic demand survived, nonetheless, given our belief that when normal times return, one's cherished brands return as well to their high emotional standing with consumers.

Throughout the year, when the returns described were being developed and when the campaign that recruits consumers for whom Richemont's products were indispensable, such indispensability allowed Richemont to further hone their omnichannel offering to the consumers who have found their way to a digital shopping experience for Richemont's luxury goods. Richemont investments allowed their clients to shop in recently embellished "maisons" located in key markets around the financial industries and around the world in locations which provide the feeling of the world of luxury much desired by their brand loyalists.

In the case of Richemont, the focus on enduring hard luxury industry has allowed it to enjoy a steadier demand than many of the participants in the soft luxury industry whose product line is changed regularly and whose messaging to consumers is often all too short-term focused. During 2025, the growing consensus of negative appeal for luxury goods at this time in the consumer cycle is less attractive because of a consensus belief that the global consumer confidence levels have eroded. They have profited by avoiding the lure of sharing that enveloping set of negative consumer mindset.

Against this backdrop, Richemont has held steady with their messaging, with their product offering, with their promotions, with their interactions with their treasured consumers, etc. More importantly, they enjoy a global luxury goods consumer base, which has the capacity to continue to selectively acquire the iconic products offered by Richemont.

I recall participating in a discussion about the meaning of luxury with Richemont's Chairman, Johann Rupert, nearly 40 years ago when he had a somewhat challenging relationship with a celebrity who professed unbridled love for all things Richemont, but, at the same time, was locked in dispute with Mr. Rupert about the meaning of "luxury." This young celebrity lamented to Mr. Rupert his expressed unwillingness to fly her home on the Concorde. Mr. Rupert shared with those investors assembled his experience about being "held up" by a connoisseur of luxury who wished to find the boundaries of what a firm like Richemont might do to capture the publicity buzz that can motivate some shoppers for luxury goods. Mr. Rupert's question posed to the audience was, "What to do?" Should he have sent her home on the Concorde? After all, she said that Tom Ford was able to fly home on the Concorde for Gucci, why couldn't she for Richemont? Mr. Rupert was unamused and underwhelmed and, even in this period before the rise of the influencer class, would not fly her for free at Richemont's expense. That Richemont loyalist could have a broken watch strap repaired on-site for no charge is what he described as being a component of luxury, putting the consumer in the center, as he did, of the equation run at Richemont.

Beverage Alcohol Industry

Much like the luxury goods business, the beverage alcohol industry is suffering through a period of investment industry adverse consensus regarding the spirits industry's weak state, when some believe it is the beverage alcohol business' fight at present for its very survival.

The consensus investment industry's adverse view on the beverage alcohol industry commenced with the assault on the beverage alcohol industry one year ago when the Surgeon General of the United States declared that the consumption of alcohol increases the risk of developing cancer. This news played into the adverse consumer sentiment more broadly about restraint when gathering with a more modest intake of beverages. In addition, fewer occasions have existed for drinking beverage alcohol in the year following the Surgeon General's comments as a result of the broader trend of consumer awareness of the virtues of living healthier lifestyles than those generations which preceded. (See Appendix A.)

The consensus sentiment certainly has been near-term rewarded as a host of other factors beyond just the Surgeon General's reversal of prior assertions that modest consumption of a

handful of alcoholic beverage categories (e.g., red wine) has the ability to provide some positive health benefits. While the atmosphere for spirits, wine, and beer has softened over the past several years, the arrival of COVID secured a substantial setback for the industry as a result of the prohibition of social gatherings that arose and forced the closure of many of the bars and alcoholic-service restaurants for over two years. The industry suffered substantial pressure up against closure of their route-to-market amidst the archaic laws that regulate at-home distribution, cash-and-carry of spirits, etc.

Global consumers of spirits were elated when the Pandemic lifted and society advanced a period of “revenge drinking,” for those consumers who had been deprived of their spirits and couped up at home with the self-justification of buying the most expensive offerings across the beverage alcohol array. Once the industry started to flow more freely and regular channels reopened to service the customers’ needs as their consumers returned, the industry was left with a surplus in the consumers’ home pantries, which contained the most premium grades of expensive spirits. Attempts to sell through that legacy inventory has caused the overall spirits industry substantial challenges.

The consensus today, you can imagine, for beverage alcohol is meaningfully negative, as people allege that the role of alcohol has been broken and replaced by social and recreational consumption of cannabis-infused drinks and moves away from traditional products to ready-to-drink canned products, etc. As bad as industry conditions are at present, it is our belief that the industry will continue to work its way back towards one that treasures robust brands into which consumers invest a significant amount of their sense of social purpose.

For instance, when ordering in bars, you will frequently hear someone call out for a “Tito’s martini with a twist, dirty.” That is as much an introduction covering all salient points that one might see in today’s social setting. The desire to escalate the brand, the price, the choice, the venue, etc., is, to our belief, likely to return. In the meantime, the industry is working its way upward. With time, we believe, that the return of a more optimistic posture towards the beverage alcohol industry will disappoint those who today cannot see beyond their pessimistic consensus.

Tariffs’ Effect on Beverage Alcohol

One aspect within the universe of possible outcomes for the beverage alcohol business involves the swirl of public debate over the appropriateness and effectiveness of tariffs. Tariffs, fair trade charges, and excise taxes are all factors which beverage alcohol industry participants must address. Few industries have as much global recognition and brand loyalty as does the spirits industry. This has allowed for great interaction around camaraderie as the purveyors of these premium-priced products attempt to use to drive increasingly rare brands and mixes. The presence of the brand loyalty delivers through the beverage alcohol industry price inelastic demand, allowing the businesses to raise prices, as they need to do today, for instance, with the extraordinary positions currently proposed for tariffs.

As far as tariffs are concerned, we have a belief that the early and dramatic expressions one reads about the long-standing tariff threats will erode with time for several reasons. First and

foremost, the balance of power for the government's appropriation and spending is vested in the legislative branch. This is the branch of government that oversees spending. The attention is to make sure that if that historic balance of power is to be thwarted, then it would be so mainly at a small scale that historically lingers only briefly.

Another aspect is that the Supreme Court has many cases on docket which will be heard over the coming year and will likely set forth the conditions which could allow for the executive branch to opine and involve itself with taxation activities. A tariff is a clumsy device driven by a single purpose, created and issued by a single group.

As further offset to the tariff risks, within beverage alcohol broadly and in particular within the beer segment, much of the product is consumed locally in home markets. This same phenomenon addresses questions that might arise similarly of Nestlé S.A., whose food businesses, along with several of their other categories, would seem to have a chance for relief in light of the unusual demand on the system placed by today's reliance upon courts to authorize the new source of fundraising.

In the case of beer in a large home market, however, the tariffs' incidents will be minimized by the fact that most of the production in food and beverage takes place within home markets.

The disruptions described above occurred at the same time as the general health awareness across all categories, not just beverage alcohol, did in fact weigh upon consumption as a result of fewer gatherings and fewer sales as households attempted to reduce their pantry stock of higher-priced, premium spirits, which were acquired to celebrate at home during the Pandemic. In total, much of the disruptions have been trading beverage alcohol activities amongst the global competitors with a general tone of weakness. Semper Vic Partners, L.P.'s portfolio companies oversee hard work by their managers to innovate with new brands, such as Brown-Forman's Woodford Reserve, and renovate with existing brands, such as Pernod Ricard's Jamieson, and in the beer category, in particular Heineken's bundle of consumer-pleasing innovations.

Heineken Holding N.V. Heineken has underway, in developing markets around the world, a campaign to increase the share of their beer sold through returnable glass bottles (RGBs). The RGBs allow for the dominant market participant in any given region to have a meaningful advantage from a cost and freshness standpoint. With route density comes the ability for a brewer to have its own fleet of bottles, which have the ability to be reused as many as 30 times. There is an enormous margin benefit from not having to pay the full price for 30 bottles when you can reuse an identical looking Heineken-logged bottle and pay only pennies on the dollar for securing the clean and engaging packaging which helps ultimately create a more positive peer-facing at retail.

Heineken has delivered an aesthetically engaging collection of brands which today travel the globe in China: Amstel Light and Heineken Silver, both slightly lighter formula beers than Heineken's historical offerings. Brand Heineken itself has been elevated in volumes spectacularly over the past decade, owing their success to the willingness for Heineken to spend

so heavily on expanding through partnerships and through investments, including analogue and digital advertising promotions, e-commerce delivery, etc. The success Heineken has enjoyed in taking its brand portfolio around the world has been spectacular with Amstel Light, the most recent example, whose business flourished upon launch just two years ago. Two years later, Heineken's brands in China are growing volumes over 30 percent, Amstel Light doubled year over year, and the Chinese market now accounts for a high single-digit percentage of Heineken's parent company earnings per share.

The negative consensus of the beverage alcohol industry will likely at some point trip investors when the point of reestablishment of historic practices kicks off. There will most likely be a defining moment with a defining brand and with a defining need addressed when the deeply negative consensus belief over the permanently declining prospects of this once mighty category will be revealed to be overexaggerated. Even the best minds in global consumer branded goods and food and beverage have yet to crack that code.

Few consumer brands, indeed, few trademarks in all the consumer universe, would be hard to find one larger in standing and in messaging than Heineken. Whether I and my colleagues travel to Zimbabwe, Malawi, Norway, Greece, or Brazil, there will always be constant offering of the reassuring green bottle with the red star. The brand Heineken serves our economic interests deeply by their ability to present to traveling consumers, and local consumers alike, their brand of green bottle with the red star and all of the various expressions.

For instance, Heineken has recently engaged, at a very full price, an exclusive sponsorship of Formula 1 Racing. Though not an overly understood sport in the US, Formula 1 is, as Brad Pitt now knows, just about the highest order of distinction in the world of brands.

Heineken has the most global posture of any mid-priced premium to super-premium beer globally. Heineken generally brews and distills locally, but remains brand loyalists to the Heineken family, to Freddie Heineken's daughter, Charlene DeCarvalho, etc. It is a company which celebrates and worships their brand, invests considerably in support of brand messaging, and has been a constant presence during the changes underway over decades in beverage alcohol.

Today, ironically, as clearly accomplished as I believe Heineken is, their shares languish at a five-year-low price with a broad consensus mandate that Heineken shares have lost their mojo and will not find it again, hence why bother? Heineken is clearly a victim of the comfortable consensus, which suggests Heineken shares should not be owned and the company's prospects should not be followed.

One interesting correlation to the future demand for Heineken's products may very well be the evidence mounting of a pullback until recently of manic market tastes and desire for brand identity with the craft beer industry. The battlefields involving beverage alcohol suggest that the craft brewers in developing and emerging markets struggle today given the high cost of the low production product and the difficulty to establish consistently first-tier taste and overall satisfaction. Upon our examination, however, we find within Heineken shares a very different opportunity set, the consensus which one would take at their own advice if a person searches for what aspects of Heineken's brand experience makes for a loyal consumer.

The approach to creating brand loyalty and sustaining it at Heineken is quite straightforward. On premise, the tapped beer experience delivers innovations in packaging, design, bottling, RGBs, etc., that amuse and impress the consumer. Heineken's network of approximately 180 breweries means that their beer is always fresh and rewarding.

Heineken's finances have strengthened sufficiently to allow them to make a significant, strategic acquisition of their business partner in Central America. Heineken's acquisition cost \$3.5 billion and it introduces Heineken to a host of markets where, despite brand awareness, they are still smaller than they should be given the caliber of Heineken's in-country presence. In addition, Heineken activated its first major share buyback program over the course of the last 12 months with a \$1.5 billion share buyback largely underway.

Heineken shares offer an unusual opportunity between the Heineken Holding company shares and the Heineken N.V. shares. Though both of them have equal pro-rata interest in all aspects of the business, the Heineken Holding shares have traded at a substantial discount per share in price over the decades during which we, on behalf of our investors, have been deeply involved with Heineken.

For most of that time, Heineken Holding shares have traded at a 15-plus percent discount to the price of a Heineken N.V. share. The Heineken N.V. shares are the shares through which the public market settles and purchases their shares. We, on behalf of Gardner Russo & Quinn's investors, favor the Heineken Holding company shares, which, as I mentioned, are equal in all percentage shares of value. The shares, nonetheless, for lack of liquidity and other reasons, trade today at a 15 percent price per share discount from the Heineken N.V. shares. The Heineken family has managed to maintain control of their business by use of the non-voting shares. It is our belief that the "capacity to suffer" aids Heineken corporate management's ability to deliver excess returns over decades. The Heineken family has managed to maintain control through the challenges of accomplishing this in the face of a relatively substantial acquisition involving share placements. The Heineken family is assiduously aligned to focus on keeping independence and control. They accomplish, because of this insistence on maintaining control, the "capacity to suffer" at a moment's notice, by the ring of a phone when business opportunities, like the recent acquisition of their business partner in Central America, become available. Heineken can act with assurance that what they commence they will finish.

In addition, Heineken's Chief Executive Officer, Dolf van den Brink, is completely technology savvy, using the internet extensively to stay in touch with his global network of reports to stay abreast of the competitive pricing dynamics in the on-premise channels, which are increasingly where the brewers attempt to secure proper product presentation possibilities of not only a well-poured brand of Heineken but also one of other expressions such as Heineken 0.0 and Heineken Silver, with particular appeal to consumers due to the more suitable taste and flavor. Vietnamese innovations to address the Vietnamese consumers' taste preference have found several premium beers, which have been remarkably well received throughout Asia as the flavor profile mix, and have become more accommodating compared to the harsher European-style alcoholic beverages.

Heineken has reached, over the past several years, an agreement with many of their wholesalers and distributors and other consumer relationships to have an e-commerce facility assisting the Heineken loyal commercial partners. Such commercial partners benefit from Heineken's deep investment in digital tracking of order flows, digital delivery of product, working capital monitoring software, etc.

Thankfully, Heineken shares remain desperately out of favor, allowing us to have the opportunity to increase our holding with a belief informed by research and insight that the shares are attractively valued. Not only is the valuation attractive at the N.V. level but they are especially so at the Holding company level, with the 15 percent discount in valuation deeply well appreciated by our investors. We also believe in the research and insight that the shares are attractively valued because of the comfortable negative consensus most investors have upon the despairing context, featuring a belief of the death of alcohol beverage, spirits, beer, and wine in general and the closure of pubs as a result of the dual impact of COVID and Pandemic depopulating public venues. While we recognize the reasons for today's pessimism, we tend to look beyond at the promising efforts underway to expand Heineken's global reach. For example, one of Heineken's most promising markets, India, can look forward to over 20 million new entrants to the legal drinking age per year in a market where they sell the most popular brand, Kingfisher.

Semper Vic Partners, L.P. maintains a meaningful position in Heineken Holding shares as you will see in the attached Portfolio Valuation, Performance Review, and Performance Contribution by Security reports.

The luxury goods business, though poised to be generally weak while investor perception of negative consensus overestimates of consumer sentiment continued to send consumers of mid-tier luxury goods packing, was certainly not deeply weak for the portfolio holding Richemont to enjoy. The beverage alcohol industry has confronted admittedly more headwinds and more adverse consensus than has been faced by Richemont. The beverage alcohol industry, nonetheless, will, we believe, return to its role in society, albeit restrained by new regulations, prohibitions about consumption in particular dayparts, location, and other restraints such as minimum drinking age required, etc.

Consumer Goods

Nestlé. Nestlé's shares confront a handful of digressions from their long, well-oiled global operations. Around much of the world, Nestlé's branded offerings are considered by local consumers as though they were local products, full of their own heritage of expectations and delights. Indeed, their brands resonate with local consumer expectations. Looking forward, there are additional examples of an equal number of interesting, overly optimistic consensus investments with which we had challenges over the recent past as their market consensus about corporate culture, effective leadership, etc., has placed Nestlé in an investor penalty box. Nestlé is in an uncharacteristic position of having multiple areas of challenges over the past two years involving corporate culture, improper agency and misalignment of interest, human resources snafus, etc.

2025 has turned out to continue to challenge Nestlé. Following late last year's resignation of Nestlé's outsider Chief Executive Officer, Nestlé tried to return to previous years of seemingly uninterrupted delivery, but found their results to struggle.

Nestlé clearly has faced and continues to face a highly difficult time. I sense Nestlé is struggling to resurrect policies and practices that have long delivered results before the company swerved from a focus on execution to a focus on capital market activities. Nestlé directed efforts to mergers and acquisitions, division sales, etc. Nestlé struggled selling its divisions. In addition, Nestlé management struggled to bring their new businesses on board. Sadly, three fairly sizable acquisitions (Freshly, Incredible Burger, and Aimmune Therapeutics) failed during the Pandemic, when standardized routes-to-market could not equip Nestlé with tools to integrate newly acquired products into their standard delivery architecture.

Nestlé's Incredible Burger brand name was too similar to that of a competitor, resulting in a court ordering Nestlé to stop using that name and rebrand its product. Nestlé eventually changed the product name to Garden Gourmet Sensational Burger. Aimmune Therapeutics' designs on delivering a global solution of health threats from peanut allergies could not deliver on the products' potential because doctors' practices were closed due to COVID restrictions, depriving Aimmune with its needed network of child visitors to their office in pursuit of their ability to conclude scientific trials required before FDA will permit its use. Nestlé, in turn, continued to drive for transformative capital activity through the investment of The Bountiful Company from private equity firm KKR, last year, which also encountered substantial firm-threatening disruptions as the result of failure for operations to merge and integrate between Nestlé's heritage brands with the acquired overlapping of The Bountiful Company products.

During this period, Nestlé struggled with the integration of America's leading supplements company, The Bountiful Company, only to face impairment charges as soon as the year following purchase. While much of the disruption described that impacted the capital structure activities can be explained by the stresses placed on the food and beverage categories, new product pipeline simply failed to engage consumer interest sufficient to offset the price increases Nestlé should have taken so that they had fuel in their development pipelines to market, innovate, renovate, communicate, etc.

Nestlé's long-standing billionaire brands, during 2024 and through the present, continued to include many household names, including Nescafé coffee, Nespresso, Nestlé Purina PetCare Company pet food (formerly known as Ralston Purina Company), KitKat confectionery, etc., but they faced difficulty communicating other products to their consumer and placing those products within arm's reach of the consumer at the time of desired consumption. It is our fervent hope that a return by management to focus on working in partnership with retail (i.e., the next chapter of grocery, food delivery, e-commerce) will present opportunities for increasing new ways to market, taking advantage of digital promotion and marketing, as well as delivery options suited to meet today's busy household needs. Nestlé has preserved strong consumer goodwill for its brands. The management understands the urgency for finding the long-standing Nestlé stride, which in hindsight depended deeply on team collaborative management systems to make sure

that they deliver on their need for product innovation, renovation, and consumer communication. Nestlé will hopefully continue to find ways in which they will operate more effectively and more efficiently, both through the direct and indirect costs.

Most recently, Nestlé was fully stunned when their internally sourced and recently appointed veteran, Laurent Freixe, as new Chief Executive Officer, was surprisingly let go due to improper personal relationships deemed beyond the realm of permissible workplace behavior. This was a final blow to Nestlé as Mr. Freixe had been presented as the best candidate to oversee the operations and ongoing activities of Nestlé because, as many suggested, he represented much positive about the traditional Nestlé executive. Quite an end to a long and decidedly uncharacteristic series of disruptions within Nestlé, one of Semper Vic Partners, L.P.'s long-standing holdings.

With all of the capital market-driven steps to deliver value, Nestlé moves further and further away from their historic lines of business, which had been ably overseen for decades by Paul Bulcke, most recently, and by Peter Brabeck-Letmathe and others before. There was a sense, however, of a business which had taken a different turn over the past decade and by the last couple of years found itself in one challenging turnaround of an acquired business after another.

Today, Nestlé's challenge is to return to its long-standing recipe of the Nestlé "model," based on earlier and simpler days when there were the following five areas of focus: innovation, renovation, communication, cost, and margin management.

Nestlé has to reengage their marketing muscle, offering up new and rewarding brands and recipes communicated on clear proposition, which demonstrate that they have thought through the offerings of their iconic brands and products in fashions that suit the shop-and-go markets of the developing and emerging markets worldwide, standard grocery stores, supermarkets, club stores, and, eventually and increasingly, e-commerce channels.

Nestlé will have by its marketing and promotional efforts the full support for their flagship brands from not only industry-leading science and research teams focused on food, beverage, confectionery, and coffee, but also from those executives within their newly partnered brand, Formula 1. Nestlé management will need to, throughout the organization, power up and lean towards harnessing AI for all walks of their global business. Nestlé will need to advance products under their research and development (R&D) endeavors that meet the needs of the global consumer who increasingly integrated GLP-1 into their awareness. To date, for example, over 20 million Americans already are regular GLP-1 consumers. Nestlé's R&D portfolio relies on protein-rich diets designed to offset some of the early deficiencies observed by Nestlé, around which they fashion products to meet those needs.

Finally, Nestlé must go to market with a can-do attitude that has typified Nestlé's team-based approach of working together internationally and internally at all levels of the trade. Nestlé management has been known for their willingness to collaborate across time and divisions

to make sure that Nestlé gets the proper resources, to the proper challenges, within the proper time to allow them to take advantage of new discoveries and to support and defend their long-standing product offerings.

Over the decades, Nestlé management has been distinguished by their insistence that management rotate seemingly dozens of times during their careers. As they advance upward, such managers, whose perspectives are shaped by the breadth of their career assignments, develop an awareness of the contributions that their colleagues preceding them had themselves already contributed to Nestlé's historic success. The collection of various assignments made the race for individual credit and recognition less valued than in other companies, which focus at the managerial level more on the word "I" than the word "we." With the increased complexity through which Nestlé's acquired businesses were asked to merge into Nestlé's historic prior practices, it appears that Nestlé became a bit flatfooted in the career dances that had historically worked so well in creating the collaborative team that had built the firm we so admired.

Nestlé today dominates the global markets with presence in over 185 countries, which have been, in many instances, served by Nestlé's products for almost 160 years. The brands still resonate with populations which enjoy GDP growth, population growth, and the growth of the consumer spending worldwide. Often, in developing and emerging markets, loyal Nestlé-branded-product consumers believe Nestlé is a home-grown product as it plays such an important role in their daily lives. Nestlé's ability to create excitement around the brands has been reemphasized recently by the marketing promotion partnership with the brand team at Formula 1. Nestlé is "powering up" their first brand affiliation with Formula 1, KitKat, with global campaigns that will be at the starting gate of much of this upcoming season's Formula 1-related consumer-facing activities.

It is clear that the general investor sentiment is anything but warm and comforting as I described the opportunities that we find most engaging and often confront. I look forward to upcoming visits with Nestlé to monitor and to assess how and whether Nestlé is taking steps that are articulated as necessary.

In summary, being right when you are right and avoiding consensus bias when consensus is wrong, we believe, has contributed well to Semper Vic Partners, L.P.'s returns over the past four decades.

In addition to the above-mentioned factors at play during Semper Vic Partners, L.P.'s Nine Months 2025 performance, there has been a wonderful open-mindedness that has continued to increasingly drive our research and company valuation endeavors. We have shown, through activities over the past several years, a recognition that no bounds regarding investment appeal spring from whether or not such an investment is "a technology investment."

At the able leadership of Semper Vic Partners, L.P.'s Portfolio Manager, Timothy Quinn, and his Assistant Portfolio Manager, Christopher Russo, along with our team of analysts, Semper Vic Partners, L.P. has expanded its hunting grounds enormously. Semper Vic Partners, L.P. has guided its efforts over the past decade to focus on a handful of spectacular companies that sell indispensable products and services, have the "capacity to reinvest" against large total

addressable markets, and benefit from the “capacity to suffer” through the costs associated with long-term reinvestment. All at Gardner Russo & Quinn involved with research are supported by their increasing use of podcasts, internet, digital advertising, digital promotion, digital communication, etc., to increase our ability to understand our holdings with as much certainty as we believe to be possible.

Our holdings are a wonderful position to sift through businesses whose valuation periodically dips well below intrinsic value on a per share basis when more technology-focused investors take flight through consensus with the fear over disruptions caused when, periodically, technology markets stumble.

As mentioned above, over the past several years we have seen and participated in a handful of investments, all of which have provided Semper Vic Partners, L.P. the good fortune of allowing us to stay invested in attractive opportunities. These portfolio company holdings include Alphabet, DoorDash, Mastercard, Netflix, and Uber, all of which are either technology-based companies or companies with services that are enhanced, driven, and made more effective by use of state-of-the-art technology.

We have countless examples amongst many of our largest holdings of businesses for which the market pessimistic consensus suggests we avoid. Conversely, we have the ability to avoid businesses lifted sharply upward and to levels we believe exceed intrinsic value on a per share basis. We have found the twin benefit of our “capacity to reinvest” and our simultaneous “capacity for our managers to suffer” during today’s period of investment disruption as a result of valuations being, we believe, irrationally attractive as a result of the fear, emanating from overly bearish market negative consensus, over the loss of the forecast of possible reward. We have also benefited from the insistence that our portfolio company managers make investment decisions on behalf of owners, encouraged to do so as they are themselves either owners or bear an owner-mindedness about the long-term benefit of investments that burden today’s reported profits, but can deliver multiples thereof in the future.

As an aside, understand that one hallmark of today’s investment world involves questions arising from today’s evaluation of the leading enterprises in the world about whether they will have opportunity for future operating cash flows from businesses underway, at present, sufficient to justify today’s valuation multiples. Semper Vic Partners, L.P.’s leading likely contributors are those businesses that will continue to successfully deliver reinvestments of current cash flows into long-term future projects. We believe that Nestlé management will return to core principles, driven by a commitment to partner with retail wherever possible for win-win solutions by delivering products that surface from Nestlé’s operations and meet what are considered to be global core food and beverage needs. While doing this, Nestlé operates with brands that celebrate their alignment of interests with their valued consumers.

Semper Vic Partners, L.P., over the decades, has made the component returns that allowed it to show meaningful value add relative to equity markets over its broad history. The above comments suggest the challenges Nestlé goes through presently, recovering from internal missteps as well as shifts in the external environment to meet changing consumer preference for new products like those GLP-1 enhanced and overall consumer mindedness towards more

healthy eating and drinking. It is our belief that Nestlé’s management team has the bandwidth under today’s leadership to reengage its innovation flywheel to come up with their own “moonshots” arising from their billionaire brand inventory to drive excitement back into Nestlé’s shelves. It is interesting to note that our enthusiasm over the prospects for continued equity returns from global search company, Alphabet, shares many of the same objectives as that which have been described above at the heart of Nestlé’s success over decades of launching consumer-pleasing, disruptive products across the global food and beverage sector. Alphabet has also spent the past decade on its own search for moonshots, with managements aligned and prepared to stay the course on their long-term agenda, even when doing so inevitably burdens near-term reported profits.

Alphabet/Google

It has been our belief in the prospects for Alphabet shares, which Semper Vic Partners, L.P. first purchased in 2018, that Alphabet had protection against the potential disruption while developing new brands and services resulting from the dual class of shareholdings at Alphabet. Voting shares allowed Sergey Brin, Larry Page, and Eric Schmidt, since the original public offering of Alphabet, to stay the course on moonshot investments despite massive required investment spending because voting shares prevent outsiders from disrupting the course and the cost of such development. The cost of making such investments bore heavily against reported profits from other lines of business in related divisions and projects. That operating income was given insufficient valuation multiples, we believe, because of the losses which drove startup divisions such as Waymo LLC, YouTube, etc., and provided the ability to invest their proper amount for maximizing long-term intrinsic value.

Our holdings in Alphabet reflect a company for which the consensus for its prospects were meaningfully unrewarding in light of the extraordinary investments which had been made over the past decade to position Google in a world which would eventually be revealed as driven by AI. Over this period of time, little evidence of the future explosive release would come from the world migration to AI. Absent evidence, the markets dismissed and largely overlooked this exceptional option available, especially suitable to Google in light of its strength in Google Search and in light of the early work with Co-Founder, Sergey Brin, pioneering decades ago in the development of AI and Google’s answer to OpenAI’s ChatGPT.

Semper Vic Partners, L.P. came upon Google in a way typical of how we search for value more broadly. In speaking with one of our main portfolio companies, Heineken, we marveled, when together nearly a decade ago, when Heineken’s then North American Chief Executive Officer observed during meetings that he believed that marketing “would never be the same,” given disruptions that already were emanating from the increasing role Google and Facebook had on marketing, promotion, sampling, etc., of Heineken’s products. The excitement for Google was the extraordinary global opportunities presented by their many lines of businesses, including but not limited to Google, YouTube, Google Cloud, Chrome, Waymo, Android, etc.

Our long-standing Alphabet holdings have contributed meaningfully. For example, through Nine Months 2025, Alphabet contributed over 3.4 percent weighted average contribution. This is based on its sizeable portfolio weighting of over 11.5 percent combined

with Alphabet's total period return of 27.9 percent. When positions with similar double-digit weightings interact with large holdings, the weighted average contributions during such periods can rise sharply. This was the case with several of our largest percentage weighted positions, as depicted in the attached report titled Performance Contribution by Security.

Alphabet is the leading representative portfolio holding of our enthusiasm for our search for holdings within the universe of AI-affected industries in light of the overall enthusiasm which is greeting all things digital, with a special passion for cryptocurrency and AI.

From our perspective, our holdings in Alphabet are a perfect example of how the burden of overly pessimistic consensus has been lifted over the course of two years as a result of aspects which had received unwarranted criticism from investors given Alphabet's unique capacity and desire to invest for long-term future returns, but also that they have benefited our investors as we believed in the long-term likely success of moonshot investments by Google management. Semper Vic Partners, L.P. has stayed the course through the market-driven volatility, comfortable in the upward path in the growth of intrinsic value on a per share basis, both from Google's ability to deliver on moonshots as well as their willingness to repurchase shares when markets turn myopic.

What interested Gardner Russo & Quinn about Google, however, was its ability to back away from the pack of investors chasing after near-term results and focus their efforts on investments which would require decades of reinvestment in businesses that were developing stronger franchise value as their investments delighted more users of early stages of business features that have become renowned today. Google shared with Wall Street, in the early days, their desire to find moonshots behind which they could invest without regard to reported operating losses. Such investments, they believed, would catapult Google out in front of the pack. And invest they did. Google Maps, Google Search, Google Cloud, and Android are some of the most successful businesses ever.

Google management knew that the way to gain their own reputation was to dazzle with results. Google management was prepared to provide massive financing to the engineers, scientists, coders, programmers, etc., responsible for staying the course with their handful of potentially disruptive digital solutions to a vast array of important topics. Recall 10 years ago, Google paid to secure the finest engineering talent to drive disruptive change. At the early stage of our investments, indeed, Google committed to provide their engineers with 20 percent of their time dedicated to any project that they individually and personally found to be of interest. Google believed that such outlet for protected research would attract more entrepreneurial and more talent-driven engineers who would appreciate the opportunity to have individualized projects underway side by side with their firm's endeavors.

It is ironic that most of the time the heavier average burden on operating cash flow kept many Wall Street investors from Google as a result of the adverse consensus that the businesses that they had were likely to report less income for the very simple reason that the progress in their long-term endeavors resulted in ever increasingly deep reported operating profit burden. Reports that were available at that time were relatively lackluster. Deep investment spending for

future businesses, which required so much cash flow for reinvestment, had occurred when at the same time reinvestment drove down reported profits to reflect the impact of investments being made.

Fortunately, for Alphabet's early owners, Alphabet's founders stayed committed to big projects, even despite adverse impact on reported operating margins. Mr. Brin, Mr. Page, and Mr. Schmidt religiously plowed back into the business investment spending to make sure that their competitive advantage would allow them to beat the operating margins from early businesses and invest without rebuke, protected by the three visionaries at the helm. It is ironic, in some ways, that the technology moniker, which for a long time weighed adversely on traditional value investors, was in fact developing some of the strongest business franchises in both technology and non-technology arenas.

Most of time the heavier-than-average burden on operating cash flows, caused by Google's moonshot reinvestments, kept many Wall Street investors away from Google as a result of their adverse consensus. This posture of underinvestment opened up opportunities for Semper Vic Partners, L.P. to invest with a clearer sense that the operating cash flow when valued with the appropriate long-term multiple, coupled with cash on the balance sheet and public equity holdings, amounted to billions of US dollars over the holding period. In addition, the three leaders embraced the potential of the disruptive digital changes offered up by Google. One major component of this spending was the automotive work through Waymo.

Waymo, in particular, was a controversial investment given the somewhat unsettling prospects of being driven around without human assistance at full speed. Google's investments were substantial as they clocked over 20 million journeys during the beta testing, evidencing their desire to substantiate and beta test their Waymo products before risking passenger health or comfort. In addition, we understand that as of July 2025, Waymo's fleet has driven over 100 million miles in fully autonomous mode on public roads.

We also understand that Waymo has a separate, much larger dataset of miles driven in simulation, with one source reporting over 20 billion miles. Amazing to think of the advantages that Waymo enjoys when compared to the other autonomous vehicles whose founders lack the "capacity to suffer" the cost to prove up their product reliability through field testing.

For your viewing pleasure, I hope you enjoy below a website which appeared 11 years ago in the driverless car Waymo episode of iconic television humor, *Silicon Valley*, when Jared ends up a prisoner of a rogue autonomous vehicle which deposited him, before any potential for exit from the car, on the back of an ocean-going freighter bringing Jared back to the States in the experimental AV.

(*Silicon Valley* – TV Series aired on HBO and produced by Mike Judge, John Altschuler, and Dave Krinsky – Season 1 Episode 6 “Third Party Insourcing”

<https://youtu.be/QqwuCBJxhzk?si=ng-HCAdptV9VxoKG&t=825>

This segment captures the ethos and the craziness of early *Silicon Valley* and the mischiefs at fictitious company “Hooli” in a most engaging time-suited series of exchanges and interactions with technology.

In addition, Google diligently, persistently, and in thoughtful manner continued to aggressively pursue the defense of their conduct against a heightened anti-trust regulatory reach to censure Google for its European conduct. The weight on valuation was considerable. In fact, AI startup Perplexity at this time offered to purchase Chrome from Google for \$34.5 billion. This was a surprisingly high valuation, reflecting that Perplexity understood that the losses to date reported by Chrome were investments and were available to Google because of its ongoing commitment to long-term product development, even recognizing the markets generally struggle to assign proper value to such investment spending. By contrast, YouTube, which Google acquired in 2006 for \$1.65 billion, came on board without a single penny earned nor did it report operating profits until having underwritten YouTube spending through internally generated cash for over a decade. The upshot, YouTube, today has been identified as possessing the television industry’s largest market share at over 13 percent and growing rapidly.

Google provides an excellent example of what we believe Semper Vic Partners, L.P. has looked for increasingly over the years, which are businesses that have competitive advantage based upon the belief of their consumers that there was “nowhere else they could go” for search, for entertainment, for services, for commerce, and for the yet unfinished developing products which, quite frankly, prepare to transform all of our lives.

In the case of Google, it was not the question of whether or if, but when Google operating subsidiaries would cross over into profitability, with a concomitant increase in the value with the component sum of parts valuation for the company. Indeed, it is possible that as of today YouTube may be the most valuable component within Google, given its decade of sharp growth and the fact that over 13 percent of TV watchers get their fill through watching YouTube, followed by the second most watched streaming videos provided by Netflix.

Alphabet shares also represent the virtue that we derive from reweighting. One portfolio strengthening tool that we employ at Gardner Russo & Quinn that we believe adds value involves rebalancing and reweighting our portfolio weights during any given year. Our goal in rebalancing is for shares trading at near or below intrinsic values to receive capital inflows generated from partial sales of portfolio holdings whose share prices, relative to their intrinsic value, have narrowed as a result of outsized market share price gains. Portfolio Manager, Timothy Quinn, often rebalances by reallocating some funds taken from portfolio positions that may be approaching upward valuations, which are in turn delivered to increasing other shares to take advantage of their temporary underweighted and undervalued holding.

While adjustment to portfolio weightings is aided by the fact that many investors are often inclined to reduce their percentage weight in companies simply because those shares have declined, this conduct has the positive effect of window dressing near term but the negative effect for investors who wish to compound intrinsic value on a per share basis at a robust and rewarding level. To enjoy extra returns from existing portfolio holdings, our rebalancing allows

us to take advantage of the knowledge we already developed about the business, about the management, and about the management’s “capacity to suffer” when making the very investments which often cause the shares to go down in the first place.

The challenges that equity markets have in valuing the long-term contribution through intrinsic value on a per share basis when companies are in a phase where all they seem to do is generate operating losses relating to product development, suggest that Semper Vic Partners, L.P.’s efforts to add additional returns from our holdings through share rebalancing will continue to be an important part of adding value through Semper Vic Partners, L.P.

“Call for Philip Morris”



Much like Google’s extraordinary commitment to destructive technology, delivered from management to a “capacity to suffer” the burden on income statement such as investments deliver, Philip Morris has had similar experience over the past 15 years delivering similar innovation to their consumer with the same dedication in the face of broad market criticism by industry players and others.

The promise of a product by Philip Morris, which would provide a pathway to quitting cigarettes, was both welcomed from a health standpoint but uncertain from a financial standpoint. Would the consumer willfully sample a heat-not-burn, cigarette-sized product that would deliver sufficient tobacco flavor, nicotine, etc., without carcinogens found in burned tobacco?

As investors, Semper Vic Partners, L.P. has held the shares in Philip Morris for decades based on our belief of their strong brand loyalty and the legal and heavily scrutinized terms society presents in their tobacco industry regulations. In the case of Philip Morris, in 2014 they launched their innovation, a cigarette-sized device that heated natural tobacco to release its flavor but did so without harmful carcinogens that arise from burning tobacco. Philip Morris’ heat-not-burn product, named IQOS, was launched in 2014 after six years of loss-making investment to a successful audience interested in quitting harmful carcinogens while retaining their pleasure derived from the stimulation of nicotine as well as the flavor of tobacco.

Philip Morris, having prevailed over decades when facing government censure and smoker litigation, began the process, two decades ago, of thinking of ways in which they could assist smokers with a desire to quit smoking by securing a product that would yield the results as seen by millions of smokers who eventually have quit smoking as a result of their switch to the IQOS product.

Looking backwards, however, it was, without a doubt, considered to be pure folly by industry competitors such as British American Tobacco p.l.c., Imperial Brands PLC, etc., that a business case could be made for a product that had the look, feel, flavor, taste, nicotine delivery, etc., without one aspect only, the suite of carcinogens that arises from combustion. More incomprehensible was to imagine the company that would develop this new product would be Philip Morris, who would no doubt face a hostile reception from those on the other side of long-standing party lines.

The cost of Philip Morris' ambition was enormous and long felt. For instance, their IQOS division began in 2008, during which time, through Year End 2024, investment spending exceeded \$14 billion of purported losses.

The skepticism with which these proposals were met in the mid-2000s, when we first learned of Philip Morris' ambitious program, was shaped by a belief that the history of smoking cessation was underwhelming, though Philip Morris believed that their product, a heat-not-burn, small cigarette-sized device that delivered tobacco flavor and tobacco nicotine without combusting, would ultimately prove desirable.

While Philip Morris began in 2008 the investment in the product, it was not until 6 years later that the product received the regulatory approval to be sold in markets around the world. Philip Morris was prepared to see the project through to a favorable conclusion. Over the 11 years that followed the product launch, Philip Morris' earnings were depressed as a result of investment spend and thus the share performance was challenged in a price-to-earnings based world. In total, Philip Morris invested nearly \$14 billion behind the design, manufacturing and commercialization of IQOS, a product designed to serve as an "off-ramp" for those smokers desiring quitting.

Philip Morris recognized that not all consumers would like the requirements of maintenance or the complexity of the heating filament, etc., of the IQOS unit. Philip Morris, in pursuit of a total offering for former smokers to journey down the off-ramp, developed, as well, VEEV for the closed vape market, and ZYN for the nicotine pouch consumer market.

Looking broadly, Philip Morris has pledged to take steps to reduce tobacco harm still further, pledging that their business will be less than one-third combusted tobacco products by 2030. Philip Morris' ZYN division was acquired through the acquisition of Swedish Match and continues to have very strong sponsorship, both here and abroad. In the US, the consumption of tins of ZYN's pouches have grown from 5 million tins per year 10 years ago to an amount expected to exceed just under 850 million tins next year.

Philip Morris has invested in industry-saving steps designed to assist the FDA and state governments in their duty to reduce harmful tobacco use. Philip Morris has promoted the march towards smoke-free products through display advertising appearing in leading national newspapers describing choices now available to smoke cessation seekers. Philip Morris also offers to assist in the efforts to thwart youth access through pressuring deregulated and unsupervised tobacco shops. American venues with scarce scrutiny or little standards imposed

upon their activities have enabled free illicit entry into the US with largely counterfeit, Chinese-sourced contraband, which the FDA has responsibility for combatting.

Marlboro manufacturer, Altria, suggests that their efforts to seek approval for their vape product legally, has been stalled at the FDA for the past five years, even despite the FDA's mandate that they must respond to completed applications under the FDA for product offering within one year. Four extra years have gone by and the industry is increasingly demanding to have access to ways in which the industry might be able to drive the legal structures forward that American consumers deserve. Such services have been largely absent over the past five years, forcing compliant providers to confront unregulated competitors.

As an investor in Philip Morris, we benefitted from the managerial resolve to see through their efforts on IQOS. The remarkable aspect of the Philip Morris commitment to research for a better product is how deeply committed Philip Morris management was to exercise in this particular product line both its "capacity to reinvest" and its "capacity for management to suffer." The reinvestment came at extremely high costs, which heavily burdened reported profits over the 17 years of beta testing and development. Throughout those 17 years, the price-to-earnings ratio-based valuations for Philip Morris had a substantial headwind as a result of the depressed reported profits as a result of the burden of the smokeless product development commitment. The strong US dollar multiplied headwinds in size and amount as this development process overlapped a period of time of the US dollar advancement in global currency markets. Philip Morris bore both the research and development expenses and, as mentioned, a total amount of \$14 billion during the development and headwinds thereafter rising from the strong US dollar's adverse effects.

Berkshire Hathaway, Inc.

Warren Buffett has been busy preparing for his appointed Chief Executive Officer replacement, Greg Abel. Mr. Abel has been indispensable in his support and enhancement of the ongoing investment "hunt for elephants" since May 2025. Mr. Abel's partnership with Mr. Buffett has allowed Mr. Buffett to retain more of the valued time in the search for his "elephants," which have, over decades, delivered such promise to Berkshire Hathaway. Today, however, investors are increasingly all too focused on the negative effect the cash hoard is having on Berkshire Hathaway's near-term growth because of the ballast that the cash represents.

Mr. Buffett's steps toward securing a bright future for Berkshire Hathaway are evident. His right-hand man, Mr. Abel, has been elevated by Mr. Buffett to be his Chief Executive Officer replacement, with his responsibilities defined as effective January 1, 2026. Mr. Buffett has been pruning Berkshire Hathaway's portfolio to provide a running start to Mr. Abel as they approach year-end. Collectively, Berkshire Hathaway has a \$344 billion war chest for Mr. Buffett's elephant hunting purposes, as well as whatever additional cash he has been able to extract from Apple shares, if he chooses to continue to lighten up Berkshire Hathaway's Apple position in light of Apple's own share price recovery.

Mr. Buffett also has taken terrific risk out of the succession, we believe, by appointing Mr. Abel, whose name not only suggests his capacity but our experience watching him for

decades supports Mr. Buffett's selection. Implementation of Mr. Buffett's wishes with Mr. Abel standing side by side with Mr. Buffett promises to help Berkshire Hathaway avoid the disruption that attaches frequently when long-standing succession plans finally commence. (Recall the laborious, tortured path toward Jack Welch's Chief Executive Officer replacement over the tail end of Mr. Welch's tenure at General Electric.)

Mr. Abel has been developing expertise with insights in turn shared by Mr. Buffett, a condition that we hope will continue following Mr. Abel's appointment to Berkshire Hathaway's Chief Executive Officer position. Much like Mr. Buffett had Mr. Munger as his recourse and reference, so too we hope that Mr. Abel will be able to count Mr. Buffett inside his "circle of deserved trust," helping him search for knowable and important information on which Mr. Buffett can continue to handle his investments while sharing thoughts with Mr. Abel about those on Mr. Abel's plate.

Mr. Buffett has had the opportunity to watch and respect investment expertise shown over nearly a decade by both Ted Weschler and Todd Combs, each as recipients of investment authority over tens of billions of US dollars of Berkshire Hathaway investment capital. We have seen many of the transactions that have occurred over the past decade enhance portfolio returns by both Mr. Weschler and Mr. Combs. Moreover, both have contributed immensely in their willingness to take on incremental responsibilities emanating from parent corporate finance acquisition efforts. Many of the transactions have had the able hands of Mr. Weschler and Mr. Combs as the deals make their way through to successful conclusion, freeing Mr. Buffett up to continue in his search for values elsewhere while the desired outcomes are overseen carefully with Mr. Abel's coordination.

Berkshire Hathaway's Chairman/Chief Executive Officer, Warren Buffett, has been, in one sense, building his successor bench for the past decade. Investing immense power and authority over insurance, Ajit Jain has earned the reputation of being a global leader in finding opportunities which are particularly valued by the insureds as a result of the mountains of capital which are available to support Berkshire Hathaway insureds' belief that they are going to receive the proper insurance results, not compromised by insufficient funds. Berkshire Hathaway is known as the insurer to whom business prospects require gold-plated insurance when they have "nowhere else to go." Berkshire Hathaway insurance will continue to enjoy the rich rewards that arise from being considered the privileged custodian and fiduciary providing insurance from that privileged position in the industry.

Clearly, Mr. Buffett has assured investors, over decades, of the ongoing focus of his broader work with Mr. Jain, the Vice Chairman of Insurance Operations, that will grow decisively as the world of insurance, like so many businesses, will focus on integrating their historic information advantages into an even stronger franchise with the help of AI.

Mr. Combs and Mr. Weschler will be similarly highly valued Berkshire Hathaway participants as Berkshire Hathaway marches forward during the succession experience. Both have overseen portions of portfolio funds at Berkshire Hathaway since joining in 2010 and 2011, respectively. Mr. Combs and Mr. Weschler both have participated "on loan" as discussed above for special projects outside of their specific portfolio management demands. Mr. Combs most

recently, for example, led the turnaround of GEICO insurance, which Mr. Buffett celebrated new practices and new technology inserted into GEICO's core direct auto insurance business, freeing it up from some competitive limitations they faced against their competitors who had earlier adopted the benefit of technology in insurance risk assessment. Mr. Weschler has been involved with a handful of complex pools of securities and acquisition details. Mr. Weschler also has, I believe, been influential in several substantial portfolio holdings, possibly including Berkshire Hathaway's position in diabetes treatment center company, DaVita Inc.

Finally, Mr. Abel will fill Mr. Buffett's enormous responsibility exercised over the years as consultant to the Chief Executive Officers of his vast empire of separately managed companies. I understand, through conversations with recently acquired heads of Berkshire Hathaway's portfolio companies, that one feature they find most valuable in managing their businesses once sold to Berkshire Hathaway has been the invitation to consult Mr. Buffett whenever they plan capital allocations. The process typically involves travel to Omaha, statement of objectives by the inquiring Chief Executive Officer and questions back from Mr. Buffett. By the time the second question has been answered, the inquiring managers already know the best solution. More importantly, they have the value that comes from the decision arising as a result of the executive's own contribution, enhanced by Mr. Buffett's sharp directing questions.

It is Mr. Buffett's willingness to serve as such in-house consulting firm that he is also able to keep proper focus throughout Berkshire Hathaway's vast empire. Mr. Buffett accomplishes this by strenuously insisting that managers are inspired to invest as much capital as their businesses can deploy (and not a penny more). Berkshire Hathaway's structure is such that all managers understand collectively that their responsibility to Berkshire Hathaway parent company is to simply "send cash back to Omaha" once all capital reinvestment commitments in their companies have been provided. Sending uninvested cash back to Omaha for Mr. Buffett, and increasingly Mr. Abel and his team to redeploy, frees up operating subsidiary managers from having to seek out new venues outside their core competency in a mistake effort to deploy the capital gushing in each year to Berkshire Hathaway to unfamiliar investments. Were Mr. Buffett not insistent of having the excess uninvested capital be sent back to Omaha, the risks would rise considerably as the operating companies who excel at managing their own fiefdoms find themselves out of their element in trying to make non-industry capital investment decisions.

What is not going to change is the seminal role that Berkshire Hathaway represents for investors for whom Mr. Buffett provides a stewardship and a fiduciary mantra without compare globally. There is, we believe, no other firm of any size that more closely aligns the management of their investors' funds in alignment to the goal of how Mr. Buffett manages his outside, non-family investors' funds. Agency costs simply do not show up at Berkshire Hathaway. One would have to search far within Berkshire Hathaway to find any evidence of self-dealing by any management. Instead, they would find ceaseless examples of how long-term mindedness is infused throughout the organization.

Berkshire Hathaway, we believe, offers enormous reasons why investors should be cautious about their tendencies to over-rely on adverse negative consensus of investors, especially so dealing with Berkshire Hathaway's unique portfolio of assets and their even more

unique trusted ethics. I can think of no more reassuring assets to hold than to enter into a market setback of even the greatest imagined, with our investors' capital available to spring into action on a phone call to deploy such cash at a moment when the pessimism reigns and sellers are searching for businesses that Mr. Buffett has studied for decades and knows intimately well.

In closing, Semper Vic Partners, L.P., we believe, has the luxury of portfolios of indispensable products, which have the "capacity to reinvest" and grow, and managers who have the protection from second guessing who have the accompanying "capacity to suffer" in the culture which Mr. Buffett has built that seeks reinvestment for the tax-deferred growth that drives all of Berkshire Hathaway's decisions. Semper Vic Partners, L.P. has been fortunate to have had the opportunity for future moves like those which have compounded our holdings at such high rates over decades.

"Keep Compounding" and "Turn the Pages"

As we approach year-end and near the transfer of chief executive-ship to the able hands of Mr. Abel, I think of the opportunity to borrow two insights with which we might sign off on future investor letters.

The first is "keep compounding," which I shamelessly borrow from a wonderful investor whose own career spans both public equity investing and private business ownership. As is often quoted, Albert Einstein reportedly once expressed that "compound interest is the most powerful force of nature." Though the authorship of the observation is open for question, the insight it expresses is not. There is nothing like the wealth-building effects of a portfolio, such as Berkshire Hathaway offers, which had the capacity to compound at nearly 20 percent per annum for over 50 years. My only closing advice in our letters is a commitment to Semper Vic Partners, L.P.'s efforts to keep compounding, even in our much more modest and humble manner.

The second is an observation I borrow from Mr. Buffett's delight at regaling the markets with how he and Mr. Abel came upon an investment that involves currency swaps and Japanese holding companies that have been mispriced and undervalued up until Mr. Buffett's coming upon them thumbing through a Japanese company share registry publication. Mr. Buffett recounted how he sat for days thumbing through hundreds, if not thousands, of pages surveying Japanese equities in search of indications that suggest that both the portfolio and the principals overseeing the portfolio could make potentially untraditional but promising partners to Berkshire Hathaway.

Mr. Buffett's advice about such seeming serendipity is that it is purposeful and it is a reason why he says that investors should follow an enduring advice which is to simply "turn the page" and see what the next page offers. In Mr. Buffett's case, turned pages have offered splendid returns and will be incorporated in all future endeavors on behalf of Semper Vic Partners, L.P. At Semper Vic Partners, L.P., we certainly plan to do our best to meet both – to "keep compounding" and to continue to "turn the pages" in search for new elephants.

In closing, I and my colleagues continue to search globally for attractive new investments capable of balancing risk and return in ways similar to existing portfolio companies. As always,

please feel free to let me know if you have any investment questions that arise from this material or to let me or my colleagues know how we may be of further service. Best wishes,

Thomas A. Russo
Managing Partner
Semper Vic GP, LLC

Attachments

Performance Review
Semper Vic Partners, L.P.
December 31, 1992 to September 30, 2025

	<u>ENDING MARKET VALUE</u>	<u>CONTRIBUTIONS WITHDRAWALS</u>	<u>TOTAL PORTFOLIO</u>	<u>DJITR</u>	<u>SP500T</u>	<u>MSCIEXUS</u>	<u>MSCIACWI</u>
Monthly							
September	743,986,481	(45,476)	0.9	2.0	3.7	3.6	3.7
August	736,765,082	(55,776)	5.8	3.4	2.0	3.5	2.5
July	695,950,118	(3,780,811)	(3.1)	0.2	2.2	(0.3)	1.4
June	721,907,812	(42,930)	0.7	4.5	5.1	3.4	4.5
May	716,486,006	(53,277)	2.7	4.2	6.3	4.7	5.8
April	697,166,904	1,920,501	5.1	(3.1)	(0.7)	3.7	1.0
March	660,951,662	(27,163)	(3.6)	(4.1)	(5.6)	(0.1)	(3.9)
February	685,007,718	(35,713)	3.3	(1.4)	(1.3)	1.4	(0.6)
January	662,734,231	(20,767,201)	7.1	4.8	2.8	4.0	3.4
Quarterly							
Third	743,986,481	(3,882,064)	3.4	5.7	8.1	7.0	7.7
Second	721,907,812	1,824,294	8.7	5.5	10.9	12.3	11.7
First	660,951,662	(20,830,078)	6.7	(0.9)	(4.3)	5.4	(1.2)
Yearly							
09/30/2025	743,986,481	(22,887,848)	20.0	10.5	14.8	26.6	18.9
12/31/2024	639,177,098	(267,683,109)	10.4	15.0	25.0	6.1	18.0
12/31/2023	820,324,056	(24,503,536)	19.1	16.2	26.3	16.2	22.8
12/31/2022	706,450,141	(51,292,783)	(12.5)	(6.9)	(18.1)	(15.6)	(18.0)
12/31/2021	858,414,358	(59,769,251)	18.1	20.9	28.7	8.3	19.0
12/31/2020	778,590,057	(68,547,495)	5.1	9.7	18.4	11.1	16.8
12/31/2019	809,421,482	(92,149,483)	24.7	25.3	31.5	22.1	27.3
12/31/2018	726,365,967	(48,278,488)	(12.2)	(3.5)	(4.4)	(13.8)	(8.9)
12/31/2017	869,225,972	(36,316,528)	27.1	28.1	21.8	27.8	24.6
12/31/2016	711,956,861	(364,035)	2.7	16.5	12.0	5.0	8.5
12/31/2015	688,169,584	(28,163,143)	5.1	0.2	1.4	(5.3)	(1.8)
12/31/2014	677,189,085	(59,278,700)	6.4	10.0	13.7	(3.4)	4.7
12/31/2013	687,743,731	(14,727,546)	22.1	29.7	32.4	15.8	23.4
12/31/2012	572,340,496	1,110,777	24.4	10.2	16.0	17.4	16.8
12/31/2011	456,300,208	16,088,195	6.9	8.4	2.1	(13.3)	(6.9)
12/31/2010	407,423,106	2,578,856	21.5	14.1	15.1	11.6	13.2
12/31/2009	329,754,141	(28,080,294)	26.1	22.7	26.5	42.1	35.4
12/31/2008	287,323,541	(32,659,859)	(31.3)	(31.9)	(37.0)	(45.2)	(41.8)
12/31/2007	454,642,793	1,398,047	7.9	8.9	5.5	17.1	12.2
12/31/2006	420,334,077	(6,785,049)	21.1	19.1	15.8	27.2	21.5

Performance Review
Semper Vic Partners, L.P.
December 31, 1992 to September 30, 2025

	ENDING MARKET VALUE	CONTRIBUTIONS WITHDRAWALS	TOTAL PORTFOLIO	DJITR	SP500T	MSCIEXUS	MSCIACWI
12/31/2005	353,988,239	(248,736)	3.4	1.7	4.9	17.1	11.4
12/31/2004	342,608,040	3,168,832	12.1	5.3	10.9	21.4	15.8
12/31/2003	302,479,334	(995,095)	33.8	28.3	28.7	41.4	34.6
12/31/2002	227,082,318	(2,040,889)	(0.7)	(15.1)	(22.1)	(14.7)	(19.0)
12/31/2001	230,792,035	(28,203,294)	0.3	(5.4)	(11.9)	(19.5)	(15.9)
12/31/2000	257,666,755	(109,166,801)	15.9	(4.7)	(9.1)	(15.1)	(13.9)
12/31/1999	331,664,015	11,443,539	(2.0)	27.2	21.0	30.9	26.8
12/31/1998	326,544,792	(8,882,906)	24.1	18.1	28.6	14.5	22.0
12/31/1997	272,112,842	30,834,100	24.9	24.9	33.4	2.0	15.0
12/31/1996	187,327,981	9,653,686	19.4	28.8	23.0	6.7	13.2
12/31/1995	146,884,620	17,052,429	23.9	36.9	37.6	9.9	19.5
12/31/1994	102,055,506	15,881,446	12.8	5.0	1.3	6.6	5.0
12/31/1993	75,053,207	18,159,144	22.7	16.7	10.1	34.9	24.9
TIME-WEIGHTED CUMULATIVE RETURN			3,311.4	2,864.4	2,771.9	845.2	1,559.1
COMPOUND ANNUALIZED RETURN			11.4	10.9	10.8	7.1	9.0

* TOTAL PORTFOLIO RETURNS NET OF FEES CHARGED
FISCAL YEAR ENDS 12/31

Included for performance reference are the following indices:

DJITR - Dow Jones Industrial Average consists of 30 large US companies.

SP500T - S&P 500 consists of 500 large US companies.

MSCIEXUS - MSCI All Country World ex USA consists of roughly 2,300 non-US companies.

MSCIACWI - MSCI All Country World Index consists of roughly 2,900 companies including US and non-US companies.

The indices show the general trend in markets in the period indicated. The limitations of indices, for comparison purposes with the composite investments, are not analogous either in composition or element of risk. The indices represent the performance of portfolios of securities that offer considerably greater diversification than the GRQ portfolio. These indices cannot be invested in directly and do not reflect the deduction of fees and expenses. Client total returns include dividend income, as do returns for above referenced indices.

Semper Vic Partners' "global value" equity investment style is value-oriented and long-term-minded. Semper Vic Partners has provided over the years considerable exposure to foreign companies that evidence a strong "capacity to reinvest." Indices against which Partnership performance is compared will not precisely mirror composition or investing style of the Partnership. Compound annual returns for Semper Vic Partners, L.P., as other returns of the major indices, are expressed with dividends reinvested. Reported Partnership net-of-fees performance will be impacted by the presence of non-billed, family accounts. Past performance is not a guarantee of future results and does not diminish possibility of loss.

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Portfolio Valuation
Semper Vic Partners, L.P.
September 30, 2025

UNITS	SECURITY	PRICE	MARKET VALUE	UNIT COST	TOTAL COST	GAIN/LOSS	% OF ASSETS	ANNUAL INCOME	% YIELD
CASH AND EQUIVALENTS- usd									
	Cash And Cash Equivalents		4,388,358		4,388,358		0.6	0	0.0
	Dividends Accrued		54,681		54,681		0.0	0	0.0
			4,443,038		4,443,038	0	0.6	0	0.0
COMMON STOCKS- usd									
156	Berkshire Hathaway Inc Cl A	754,200.00	117,655,200	43,056.15	6,716,760	110,938,440	15.8	0	0.0
413,500	Alphabet Inc Cl C	243.55	100,707,925	61.38	25,379,385	75,328,540	13.5	347,340	0.3
128,500	Mastercard Inc Cl A	568.81	73,092,085	38.21	4,909,449	68,182,636	9.8	390,640	0.5
46,425	Netflix Inc	1,198.92	55,659,861	203.15	9,431,270	46,228,591	7.5	0	0.0
285,275	Compagnie Financiere Richemont SA	190.54	54,355,169	20.59	5,872,683	48,482,485	7.3	680,381	1.3
326,750	Philip Morris International Inc	162.20	52,998,850	15.24	4,979,758	48,019,092	7.1	1,921,290	3.6
760,000	Heineken Holding NV	68.56	52,106,550	32.43	24,647,374	27,459,176	7.0	1,383,960	2.7
484,650	Nestle SA Sponsored ADR	91.77	44,476,331	16.71	8,100,687	36,375,643	6.0	1,503,115	3.4
424,325	Uber Technologies Inc	97.97	41,571,120	52.90	22,448,390	19,122,730	5.6	0	0.0
484,750	Ashtead Group PLC	66.84	32,401,326	52.76	25,575,625	6,825,701	4.4	704,827	2.2
50,900	Martin Marietta Materials	630.28	32,081,252	90.67	4,615,142	27,466,110	4.3	168,988	0.5
93,550	Doordash Inc Cl A	271.99	25,444,665	137.94	12,904,034	12,540,630	3.4	0	0.0
243,683	Pernod Ricard	98.16	23,919,801	63.40	15,449,132	8,470,669	3.2	923,071	3.9
62,000	J.P. Morgan Chase	315.43	19,556,660	82.27	5,100,999	14,455,661	2.6	372,000	1.9
223,430	Comcast Corp New Cl A	31.42	7,020,171	0.92	205,879	6,814,291	0.9	294,928	4.2
241,415	Brown-Forman Corp Cl A	26.91	6,496,478	3.60	868,066	5,628,412	0.9	218,722	3.4
			739,543,443		177,204,634	562,338,809	99.4	8,909,261	1.2
TOTAL ASSETS			743,986,481		181,647,672	562,338,809	100.0	8,909,261	1.2

Classification	Portfolio		
	Avg Wgt	Return	Contrib
Berkshire Hathaway Inc Cl A	16.75	10.21	1.83
Alphabet Inc Cl C	11.50	27.85	3.43
Mastercard Inc Cl A	10.42	7.99	0.89
Philip Morris International Inc	7.85	36.35	2.55
Netflix Inc	7.52	33.82	2.47
Compagnie Financiere Richemont SA	7.50	26.14	1.98
Heineken Holding NV	6.84	16.64	1.08
Nestle SA Sponsored ADR	6.70	14.25	1.00
Uber Technologies Inc	4.74	61.66	2.44
Ashtead Group PLC	4.17	8.49	0.43
Martin Marietta Materials	3.91	22.07	0.89
Pernod Ricard	3.80	-11.88	-0.50
J.P. Morgan Chase	2.91	33.43	0.70
Doordash Inc Cl A	2.64	60.57	1.48
Comcast Corp New Cl A	1.13	-14.47	-0.19
Brown-Forman Corp Cl A	1.12	-27.38	-0.40
Cash And Cash Equivalents	0.50	2.46	-0.03
Berkshire Hathaway Inc Cl B	0.01	4.83	0.00
Security Total	100.00		20.06

**Fund administration performance net
of incentive allocation and all expenses** **19.68**

Semper Vic Partners' "global value" equity investment style is value-oriented and long-term-minded. Semper Vic Partners has provided over the years considerable exposure to foreign companies that evidence a strong "capacity to reinvest." Indices against which Partnership performance is compared will not precisely mirror composition or investing style of the Partnership. Compound annual returns for Semper Vic Partners, L.P., as other returns of the major indices, are expressed with dividends reinvested. Reported Partnership net-of-fees performance will be impacted by the presence of non-billed, family accounts. Past performance is not a guarantee of future results and does not diminish possibility of loss.

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Performance Contribution by Security

Semper Vic Partners, L.P.

Net of Allocated Fees | US Dollar

6/30/2025 - 9/30/2025

Classification	Portfolio		
	Avg Wgt	Return	Contrib
Berkshire Hathaway Inc Cl A	15.64	3.31	0.51
Alphabet Inc Cl C	12.25	37.18	3.98
Mastercard Inc Cl A	10.20	1.19	0.14
Netflix Inc	7.87	-10.61	-0.94
Philip Morris International Inc	7.81	-11.08	-0.95
Compagnie Financiere Richemont SA	7.02	2.61	0.15
Heineken Holding NV	6.76	-6.90	-0.49
Nestle SA Sponsored ADR	6.21	-7.76	-0.53
Uber Technologies Inc	5.45	4.83	0.26
Ashtead Group PLC	4.60	5.43	0.26
Martin Marietta Materials	4.18	14.78	0.59
Pernod Ricard	3.69	0.51	0.05
Doordash Inc Cl A	3.25	10.15	0.33
J.P. Morgan Chase	2.54	9.14	0.22
Comcast Corp New Cl A	1.04	-11.31	-0.13
Brown-Forman Corp Cl A	0.97	-1.45	-0.01
Cash And Cash Equivalents	0.52	0.68	0.00
Security Total	100.00		3.44

Fund administration performance net of incentive allocation and all expenses **3.34**

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Performance Contribution by Security

Semper Vic Partners, L.P.

Net of Allocated Fees | US Dollar

3/31/2025 - 6/30/2025

Classification	Portfolio		
	Avg Wgt	Return	Contrib
Berkshire Hathaway Inc Cl A	17.25	-8.88	-1.64
Mastercard Inc Cl A	10.23	2.51	0.23
Alphabet Inc Cl C	10.22	13.65	1.36
Philip Morris International Inc	8.39	15.45	1.24
Netflix Inc	7.68	43.36	2.93
Compagnie Financiere Richemont SA	7.40	8.42	0.61
Nestle SA Sponsored ADR	7.28	0.21	0.05
Heineken Holding NV	7.24	4.06	0.31
Uber Technologies Inc	4.99	28.10	1.38
Ashtead Group PLC	3.89	19.17	0.75
Martin Marietta Materials	3.87	14.86	0.54
Pernod Ricard	3.68	0.57	0.05
Doordash Inc Cl A	2.69	34.16	0.93
J.P. Morgan Chase	2.33	19.01	0.25
Brown-Forman Corp Cl A	1.12	-17.40	-0.20
Comcast Corp New Cl A	1.12	-2.57	-0.04
Cash And Cash Equivalents	0.60	0.40	0.00
Security Total	100.00		8.76

Fund administration performance net of incentive allocation and all expenses **8.63**

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Performance Contribution by Security

Semper Vic Partners, L.P.

Net of Allocated Fees | US Dollar

12/31/2024 - 3/31/2025

Classification	Portfolio		
	Avg Wgt	Return	Contrib
Berkshire Hathaway Inc Cl A	17.38	17.07	2.83
Alphabet Inc Cl C	12.01	-17.99	-2.16
Mastercard Inc Cl A	10.81	4.11	0.46
Compagnie Financiere Richemont SA	8.05	13.38	1.11
Philip Morris International Inc	7.37	32.83	2.13
Netflix Inc	7.02	4.42	0.39
Nestle SA Sponsored ADR	6.62	23.61	1.43
Heineken Holding NV	6.52	20.40	1.21
Ashtead Group PLC	4.02	-13.64	-0.60
Pernod Ricard	4.02	-12.81	-0.57
J.P. Morgan Chase	3.88	2.73	0.19
Uber Technologies Inc	3.79	20.39	0.67
Martin Marietta Materials	3.68	-7.40	-0.30
Doordash Inc Cl A	1.98	8.65	0.14
Brown-Forman Corp Cl A	1.25	-10.78	-0.17
Comcast Corp New Cl A	1.23	-1.02	-0.02
Cash And Cash Equivalents	0.36	-0.45	-0.04
Berkshire Hathaway Inc Cl B	0.03	4.83	0.00
Security Total	100.00		6.71
Fund administration performance net of incentive allocation and all expenses			6.62

Semper Vic Partners' "global value" equity investment style is value-oriented and long-term-minded. Semper Vic Partners has provided over the years considerable exposure to foreign companies that evidence a strong "capacity to reinvest." Indices against which Partnership performance is compared will not precisely mirror composition or investing style of the Partnership. Compound annual returns for Semper Vic Partners, L.P., as other returns of the major indices, are expressed with dividends reinvested. Reported Partnership net-of-fees performance will be impacted by the presence of non-billed, family accounts. Past performance is not a guarantee of future results and does not diminish possibility of loss.

Semper Vic Partners, L.P. portfolio performance as represented on this table is generated by Gardner Russo & Quinn LLC's in-house accounting system, Advent APX. You will note slight differences from the reported performance on reports produced by the Partnership's administrator, Stone Coast Fund Services. These minor differences are a result of partnership accounting rules applied by the Fund administrator.

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Appendix A

Articles Referencing Alcohol

How Much Alcohol Does it Take to Raise Your Cancer Risk? by Nina Agrawal and Katie Mogg
(New York Times, January 3, 2025)

The surgeon general cautioned the public on Friday that even light or moderate drinking is harmful.

Surgeon General Calls for Cancer Warnings on Alcohol by Roni Caryn Rabin
(New York Times, January 3, 2025)

Dr. Vivek Murthy's report cites studies linking alcoholic beverages to at least seven malignancies, including breast cancer. But to add warning labels, Congress would have to act.

Federal Report on Drinking is Withdrawn by Roni Caryn Rabin
(New York Times, September 5, 2025)

The upcoming U.S. Dietary Guidelines will instead be influenced by a competing study, favored by industry, which found that moderate alcohol consumption was healthy.

Shares of Alcohol Makers Fall after US Official Calls for Cancer Warnings by Peter Wells and Hannah Kuchler
(Financial Times, January 3, 2025)

Surgeon-general calls for more prominent warning labels on drinks to raise awareness of the link.

US Surgeon General Targets Alcohol by Daniel Marsteller
(Shanken's Impact, January 2025)

With the drinks industry already facing an uncertain outlook heading into the new year, U.S. Surgeon General Vivek Murthy has dealt the business another potential blow, with an advisory asserting a causal link between alcohol and heightened cancer risk.

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