THE ANTI-MOGUL

> "Just since 2000, the largest media conglomerates have written down $200 billion in assets from their collective balance sheets. These write-downs represent the real destruction of value from relentlessly overpaying for acquisitions, "strategic" investments, and contracts for content and talent. The magnitude of these losses also reflects the level of desperation among media moguls faced with new competitors, new technologies, and new customer demands."[1]

The Curse of the Mogul exploits the grandiose behavior of the media industry, marked by the aggressive accumulation of media assets to the personal benefit of its executives rather than its shareholders. The authors describe three characteristics of "moguldom" that represent warning signs that a mogul is turning toward the dark side:

1. Actual or perceived absolute power over the operations and governance of their business. This is sometimes achieved structurally through special classes of shares reserved for the mogul and his intimates, but sometimes through less formal means.
2. A variety of mythic attributes ranging from the ability to manage creative talent and select ultimately successful creative properties to uncanny prophetic skills with respect to the future shape and direction of the industry specifically and media consumption trends generally. All of these attributed talents somehow elude traditional description, explanation, or evaluation but explain why terms like visionary, brilliant, and genius are applied with some regularity.
3. An unhealthy but relentless interest in expanding the scope of their domains, usually with other people's money, but with no corresponding reduction in control over the business. Acquisition is the preferred growth vehicle of the mogul.

Throughout history, media tycoons have had two choices for survival: buy or be bought. Of course, there are exceptions to every rule: Jeff Bewkes, Chief Executive Officer of the once sprawling Time Warner media empire, hardly fits the mogul mold. In fact, he is said to be a fan of Jonathan Knee's book The Curse of the Mogul, which has demonstrably influenced his philosophy. Perhaps an even larger influence was witnessing the folly of growth for growth's sake firsthand as Gerald Levin and Steve Case consummated the AOL-Time Warner deal, then praised as the deal of the century.

Not everyone drank the "new media" Kool-Aid. Bewkes tried to talk Levin out of the idea a month after it was announced. During a meeting in 2002, he cut off a rant from AOL founder Steve Case on synergies of the combined business, calling out, "This is bullshit."2 According to Bewkes, "You had a lot of people saying you should've combined a donkey with a rabbit and gotten a flying unicorn." [2]

---

[1] Knee, Jonathan. Curse of the Mogul: What's Wrong with the World's Leading Media Companies. USA: The Penguin Group, 2008

[2] Klein, Alec. Stealing Time: Steve Case, Jerry Levin, and the Collapse of AOL Time Warner. Simon & Schuster, 2004

We haven't seen a lot of flying unicorns in our days, but we do get pretty excited whenever we see a similarly rare mythical creature, that operates in a parallel universe to mere mortal CEOs. William Thorndike's Outsiders were not marketing or technical geniuses.[3] They simply understood capital allocation and thought carefully about how to deploy resources and create shareholder value. It is far too early to put Bewkes in the same class as Thorndike's Outsiders, but his experience to date would suggest he has more in common with these brilliant capital allocators than today's media moguls. This report aims to shed some light on our perspective.

THE OUTSIDERS

Bewkes took the top job at Time Warner seven years after the poorly conceived AOL-Time Warner deal and pursued a course that has revealed the hidden value within the former conglomerate. While media moguls amass empires, Bewkes' anti-mogul philosophy has built shareholder value instead. Over this time period, he has divested low-performing print properties (Time Inc.), non-core cable systems (Time Warner Cable), a shrinking music business (Warner Music), and a giant headache (AOL) to focus on what he knows - the high returns and growing demand for quality content.

Bewkes deserves a reputation as a great executive primarily because he did what few corporate executives are willing to do. He shrank his domain. He spun off three multi-billion-dollar companies, including one Fortune 500 company. He purchased nearly $20 billion of stock when his company was undervalued. He cut and continues to cut costs at a corporate behemoth that had gained a reputation for being "a bit" bloated. These difficult decisions rarely win friends within an organization. Reducing a company's size often reduces executive pay. Choosing buybacks over internal projects means less cash available for divisional executives and their pet projects. And reducing staff in a mature business rarely wins a popularity contest. Yet this is precisely what Bewkes has accomplished in his tenure. As a result, shareholders have been rewarded and now own a more focused collection of quality assets strategically positioned for today's "new media" world.

SETTING THE STAGE

Jeff Bewkes was born in New Jersey in 1952, graduated from Yale in 1974, and then received an MBA from Stanford after a stint at Citibank as a commercial banker.[4] His early life doesn't seem out of the ordinary for any upper middle-class kid growing up in the Northeast, but his career at Time Warner has included a string of impressive successes. He worked his way up the ranks of a venerable company then known as Time Inc. in a relatively new division of the company, known as Home Box Office.

Bewkes eventually led HBO to tremendous acclaim through continued investment in edgy, internally created content. Then, as an executive at Time Warner, he watched the company he had dedicated his career to sell itself into the insanely overvalued arms of AOL at the peak of the dot-com bubble. Shortly thereafter, he watched the combined company crater in value as the bubble burst. Bewkes worked through this ill-fated marriage until January 2008, when he was named CEO. Since then, he has combined spinoffs and share buybacks with cost-conscious management to drive significant shareholder returns.

[3] Thorndike, William. The Outsiders: Eight Unconventional CEOs and Their Radically Rational Blueprint for Success. Harvard Business Review Press, 2012

[4] Grove, Lloyd. "Lord of These Things." New York Magazine 13 January 2008

HBO GO!

Bewkes took his Stanford MBA, which likely could have landed him any number of high-profile jobs, and accepted a position at HBO in 1979 when it was just a tiny piece of Time Inc.[4] He slowly moved up through HBO's ranks to become President and COO by 1991, second to his long-time mentor Michael J. Fuchs. 4 In 1995, Levin fired Fuchs and appointed Bewkes as CEO of HBO where he remained through 2002. 4 While at HBO, Bewkes took smart gambles on intriguing content, which resulted in premium pricing for the network. He tripled the programming budget to $700 million, pushed for multiple channels, and emphasized DVD sales to keep HBO king of premium TV.[4] Perhaps his biggest gamble as HBO CEO was on the successful Band of Brothers in 2001, which cost $120 million to produce with Stephen Spielberg and Tom Hanks.[4] A 2010 estimate pins the miniseries' DVD sales at $250 million, which excludes additional revenues from deals with the History Channel and with Amazon Instant Video.[5]

Bewkes also helped bring notoriety to HBO for its immensely popular hit series "The Sopranos." The decision to go ahead with the Sopranos project demonstrates Bewkes' fierce independence because he trusted his team to ensure these projects were successful. Chris Albrecht produced the first episode for $3.5 million, and despite poor initial testing with sample audiences, Bewkes gave it the green light in 1999 because he and Albrecht recognized the mafia's potential.[4] From taking a chance working at HBO to risking his career on a content-driven strategy, Bewkes has shown he has the guts to think and act independently and the track record to back it up.

THE AOL-TIME WARNER MERGER

During the late 1990s and early 2000s, conventional wisdom subscribed to the notion that all things digital would sweep the physical world into the annals of history. It was during this period that the AOL-Time Warner merger was conceived. The specific vision for AOL, according to Bill Whyman, an investment analyst at the Precursor Group, was:

> AOL anywhere — that consumers would go home, see AOL on their TV with Time Warner content, they would go to the supermarket and get messages on a cell phone with AOL content in it. They would go on the Internet and see a mixture of AOL content and services. And this was sold to consumers globally, that this would change the nature of technology, of content, of cable.[6]

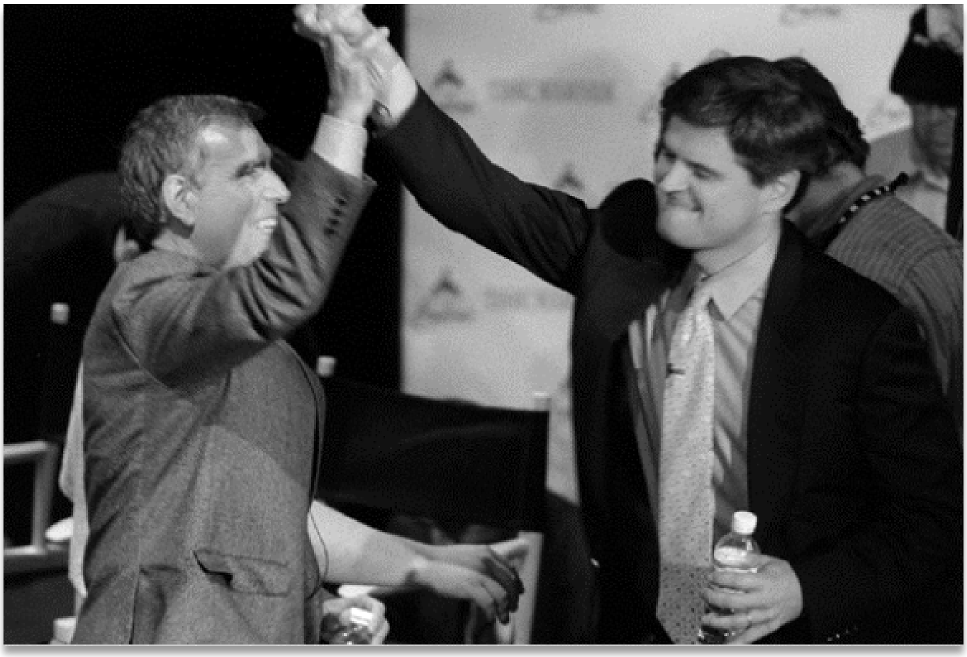
With the benefit of hindsight, we can now see the flaw in this rationale. As early as 2002, just months after the merger, the imagined synergies lay in tatters. The combined company's market capitalization of $100 billion stood 70% below the value at the time of the merger.[3] At one point in 2000, Bewkes held options worth $150 million. Given his views on the merger, one might have expected him to cash out, but he didn't. He held on because he thought it would send the wrong message to sell.[4]

---

[5] Flint, Joe. "Over 3 million viewers sign up for HBO's 'The Pacific'." 16 March 2010. Los Angeles Times. 22 January 2015. 6

[6] "Bad Marriage? AOL Time Warner." 19 July 2002. PBS . 2 January 2015.

Others had no issues dumping shares while riding high on their flying unicorns. Company president Richard Parsons sold $35 million in stock, Chairman Steve Case $156 million, and COO Bob Pittman $94 million.[4] Things didn't get better overnight. From August 2002 to January 2008, when Bewkes took over the top spot, the share price was largely unchanged.



While there was little action in Time Warner stock over this period, there was plenty of action inside the company in the form of internal strife between various divisions. After the takeover, Time Warner Cable resisted giving AOL privileged access to its broadband network, and Warner Bros., Time Inc., and Warner Music refused to participate in a company-wide ad-selling program because they thought they could negotiate better terms separately.[7]

Many of these issues were deep-rooted. As far back as the 1990 Time and Warner Communications combination, Time Inc. and Warner Studios battled over movie reviews given to Warner's "Batman" film, and Time bemoaned Michael Moore's 1989 film criticizing GM's downsizing, noting GM was one of its largest advertisers.[7]

Needless to say, there were plenty of growing pains associated with Time Warner's history of mergers, and AOL didn't exactly help matters. Fortunately, this dark chapter in the company's history set the stage for Bewkes' ascendance to senior management and eventually to CEO.

MOVING UP THE LADDER

In 2002, after several years in senior leadership positions at HBO, then-CEO Richard Parsons promoted Bewkes to Chairman of the company's Entertainment and Networks Group. Subsequently, in 2005 Parsons elevated Bewkes to President and Chief Operating Officer, placing him as the company's heir apparent. During this brief stint as COO, Bewkes initiated or was party to major changes at Time Warner, including cost cuts and divestitures, which have since become hallmarks of Bewkes' management strategy.

---

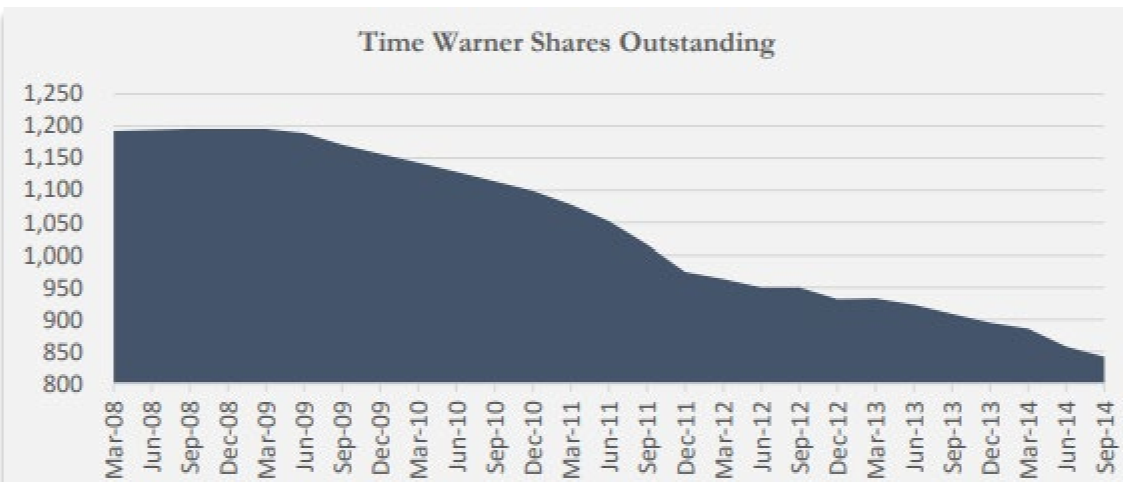
[7] Karnitsching, Matthew. "After Years of Pushing Synergy, Time Warner Inc. Says Enough." The Wall Street Journal 2 June 2006.

During this time period, Time Warner initiated a drastic cut of 7,000 workers at AOL, equal to 10% of AOL staff.[8] Additionally, under pressure from financier Carl Icahn to split up the company, Bewkes and Parsons agreed to sell numerous assets to reduce debt by at least $8 billion. Notably, Time Warner sold its book and music divisions for $537 million in 2006 and $2.6 billion in 2003, respectively. To raise additional cash, Time Warner sold its DVD and CD manufacturing business for $1.1 billion.

The company sold partial interests in other non-core assets to further reduce debt. Time Warner sold 5% of AOL in 2005 for $1 billion and 50% of Comedy Central for $1.2 billion. Time Warner also sold the Atlanta Hawks NBA and Atlanta Thrashers NHL franchises for $250 million in 2003.[9] These divestitures, combined with multi-billion dollar share buybacks to appease Mr. Icahn and other agitators, set the stage for Bewkes to assume the helm at Time Warner with a cleaner balance sheet.

AT THE HELM

When Jeff Bewkes assumed the role of chief executive in January 2008, he was handed a business whose stock price had been stagnant for more than six years, that was operating in an economy experiencing the largest credit crunch since the Great Depression. He now managed a portfolio of slower-growing, but in many cases, highly profitable divisions whose value was underappreciated inside Time Warner's conglomerate structure. He pursued a massive belt-tightening, through three large spinoffs and significant job cuts, generating significant cash. He used the majority of this cash to pay down debt and buy back undervalued stock. During Bewkes' tenure, he has invested $19.2 billion in share buybacks and reduced net debt levels by $17.6 billion, from $35.5 billion to $17.9 billion through September 2014.[10]



Source: Company filings, Broyhill Asset Management

[8] Swisher, Kara. "Time Warner's Jeff Bewkes Lays Off AOL CEO and President- in a New York Minute." 12 March 2009. All Things D. 2 January 2015.

[9] Collins, Keith. "Time Warner: 25 Years of Acquisitions, Sales, and Spinoffs." 25 July 2014. Bloomberg. 5 January 2014.

[10] Company Filings

Bewkes made several significant strategic moves over this period. First, he spun off Time Warner Cable in March 2009, followed shortly by AOL in December 2009. In January 2014, he sold Time Warner Center for $1.3 billion, "to reallocate substantial savings to our primary business of creating and sharing great storytelling," Bewkes said in a statement at the time. Not exactly mogul material. He then spun off Time Inc. in May 2014.[6] Time Warner received dividends of $9.3 billion for the cable assets and $1.4 billion for Time Inc. [9,10]

These spinoffs generated significant cash, allowing Bewkes to focus more clearly on core businesses while continuing to cut costs. During his tenure, Bewkes has successfully reduced Time Warner's largest expenses, in part due to divisional restructurings. As reported below, Time Warner's adjusted operating margin has increased more than six percentage points, from 17.0% to 23.5% in the past six years.

	2013	2012	2011	2010	2009	2008
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Costs of revenues	-54.5%	-55.5%	-56.3%	-55.9%	-56.1%	-56.4%
Selling, general and administrative	-21.7%	-22.0%	-22.2%	-22.8%	-23.9%	-25.3%
Operating income	22.2%	20.6%	20.0%	20.2%	17.6%	-11.5%
Restructuring and severance costs	-0.8%	-0.4%	-0.4%	-0.4%	-0.8%	-1.2%
Asset impairments	-0.5%	-0.6%	-0.2%	-0.1%	-0.3%	-27.3%
Adjusted Operating Income	23.5%	21.7%	20.6%	20.6%	18.8%	17.0%

Source: Company Filings, Broyhill Asset Management

In dollar terms, margin improvements have had a significant impact on cash flow. We illustrate this effect in the following table, which compares the actual results reported in each year to the pro forma results, assuming margins had remained constant at 2008 levels.

	Cumulative	2013	2012	2011	2010	2009
Cost of Revenues		-$16,230	-$15,934	-$16,311	-$15,023	-$14,235
Pro Forma Cost of Revenues		-$16,807	-$16,206	-$16,344	-$15,167	-$14,321
Variance	$1,111	$577	$272	$33	$144	$86
SG&A		-$6,465	-$6,333	-$6,439	-$6,126	-$6,073
Pro Forma SG&A		-$7,527	-$7,258	-$7,320	-$6,793	-$6,414
Variance	$3,875	$1,062	$925	$881	$667	$341
Adjusted Operating Income		$6,991	$6,223	$5,962	$5,545	$4,767
Pro Forma Operating Income		$5,068	$4,886	$4,928	$4,573	$4,318
Variance	$5,715	$1,923	$1,337	$1,034	$972	$449

Source: Company Filings, Broyhill Asset Management

The cumulative impact of expense reductions has had a material impact on normalized earnings power, generating $5.7 billion in incremental operating income over this period and essentially creating an additional full year of earnings in the process. These savings have allowed Time Warner to engage in additional share buybacks, reduce debt, and almost double their dividend while still reinvesting in its business. In short, these measures have enhanced Time Warner's financial footing and improved its competitiveness.

The company has consistently reduced expenses over time – SG&A has fallen nearly four points as a percentage of sales – in part to offset increases in content costs. Time Warner elected to cut 600 jobs, or 6% of Time's workforce, in 2009.[11] Since 2007, Time Inc.'s headcount has been cut by one-third, from 12,000 to 8,000.[12] Similarly, Warner Bros. cut 10% of its workforce, or 800 jobs, in 2009, and Time Warner Cable cut 1,250 jobs in the same year.[13] [14] As a result, Time Warner projected $90 million of annual savings in the cable business and $50 million in its Warner Bros. division. [13] [14]

More recently, Time Warner announced cuts in its Turner broadcasting division of 1,475 jobs, or roughly 10% of the division.[15] At the time those cuts were announced, HBO also announced it would cut 150 jobs or roughly 7% of the division.[16] This is all part of Time Warner's company-wide plan to cut 2,600 jobs or 10% of the total workforce. [16]

In addition to the job cuts, Time Warner made a very large non-personnel cut in the form of its corporate headquarters. Bewkes' decision to sell the Time Warner Center allowed him to dispose of an "indulgence" and save as much as $150 million a year.[17] By consolidating its real estate footprint and moving to less expensive Manhattan neighborhoods, Bewkes capitalized on strong real estate values rather than building empires to the sky.

VALUE CREATION

From January 2008, when Time Warner appointed Bewkes CEO, through December 2014, an initial investment in shares of TWX would have compounded at 17% annually. Time Warner generated significant returns by pulling three levers: optimizing its cost structure, highlighting value in subsidiaries through spinoffs, and buying back shares.

Shares outstanding have been reduced a full 30% since Bewkes took the reins at Time Warner. We estimate the stock might have returned about 10% annually over this period if no buybacks had been instituted. By focusing on the denominator and maximizing value through opportunistic repurchases, Bewkes dramatically improved shareholder returns.

Bewkes invested a cumulative $19.2 billion in buybacks since January 2008, reducing shares outstanding from 1.2 billion to 840 million shares. With his knowledge of the quality of Time Warner's assets, he did the simple, unglamorous, and rational thing. He bought what he knew - the assets right under his nose. These repurchases were not made to prop up the stock price or to offset option grants. They were made because they offered attractive returns as investments in their own right.

In hindsight, repurchasing shares seems obvious, particularly when everyone is doing it today. But that wasn't the case a few years ago. From 2010 to 2012 few corporate executives were buying back stock, in sharp contrast to the recent surge in buyback activity when valuations for most companies are significantly stretched. While many managers tend to behave like individual investors and buy stock when it is reaching new highs, Bewkes was buying Time Warner stock in bulk when few saw the value in it.

---

[11] CNBC. "Time Warner to Cut Jobs at Magazine Unit." 22 October 2009. CNBC. 2 January 2015

[12] Ives, Nat. "Time Inc. Cuts Some 500 Jobs, Biggest Layoffs in Years." 30 January 2013. Ad Age. 2 January 2015

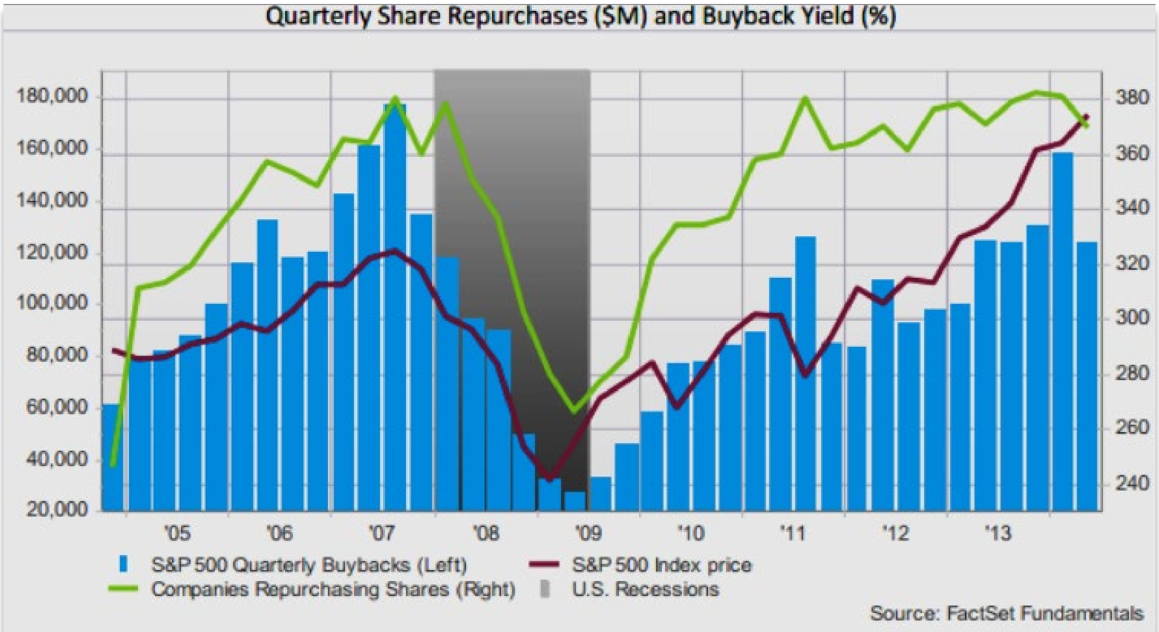
[13] Eller, Claudia. "Warner Bros. to cut 800 jobs." 21 January 2009. LA Times. 2 January 2015

[14] Associated Press. "Time Warner Cable Announces More Layoffs." 4 February 2009. Valley Central. 2 January 2015

[15] Stelter, Brian. "Turner to reduce headcount by 10%." 6 October 2014. CNN. 12 January 2015

[16] Atkinson, Claire. "Time Warner takes ax to HBO with 150 job cuts looming." 28 October 2014. New York Post. 12 January 2015

[17] Chozick, Amy. "Time Warner Trims Its Excesses." 31 October 2011. The New York Times. 2 January 2015



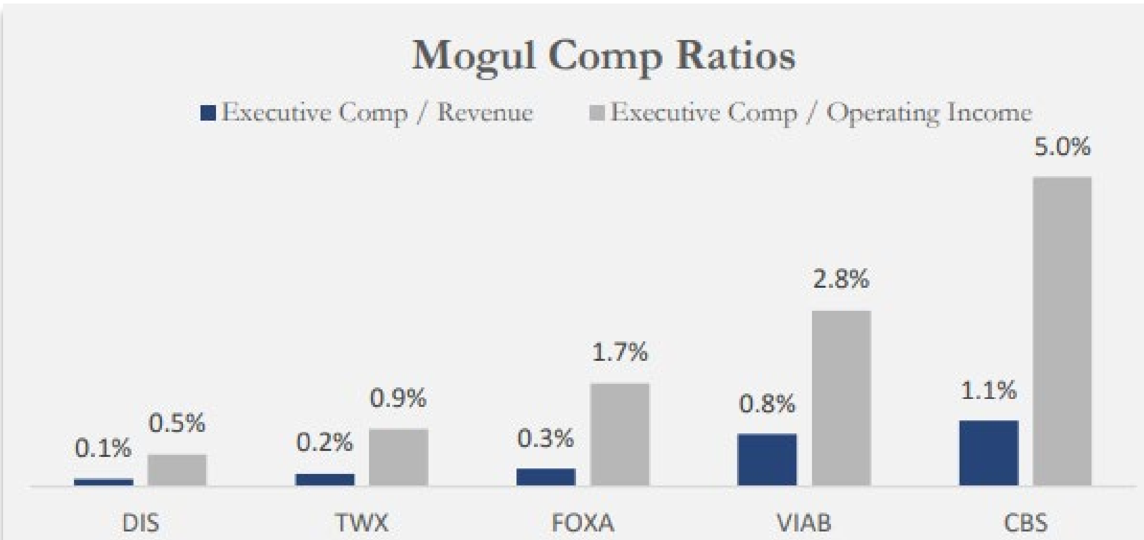
The seeds for Time Warner's strong stock price performance were sown in 2011 when Bewkes spent $4.6 billion on buybacks as Time Warner's stock price hovered in the low 30s and still traded at roughly 13x trailing earnings. In part, the buybacks set the stock up for a monster year in 2012, when shares appreciated over 35%. During 2012, the company bought back another $3.3 billion of shares at prices in the mid-40s, still only 12x trailing earnings. TWX followed 2012 up with 48% gains in 2013. The stock traded at only 14x trailing earnings then. At that price, Bewkes bought back $3.7 billion worth of shares during 2013 and delivered 30% gains in response.

TOTAL RETURNS AND COMPARATIVE ANALYSIS

Another way to look at the value creation from buybacks is to compare the total change in market capitalization at Time Warner against the per-share returns an investor in the company would have achieved over this period. Time Warner's market capitalization at the beginning of 2008 was approximately $60 billion. In 2014, the combined pieces of Time Warner, including AOL, Time Warner Inc., and Time Warner Cable, were cumulatively worth roughly $120 billion. That's roughly a doubling of market value in less than seven years or a 10% annual return. Considering that this period included the worst financial crisis since the Great Depression, that's a pretty impressive feat. However, when you compare Time Warner's per share returns of 17% against the 10% annual growth in its businesses, the outsized impact of well-timed share buybacks becomes abundantly clear.

Over the same period, the market has compounded at 7% annually, about 10% short of the alpha Bewkes has provided at Time Warner. Other media moguls have not fared quite as well. Rupert Murdoch's 21st Century Fox achieved 11% annualized returns even after buying back 30% of shares outstanding. Sumner Redstone's CBS generated 13% annualized returns while reducing shares by 23%. At Viacom, Redstone's shares returned about 9% annually, even after repurchasing 36% of shares.

The only industry heavyweight that has managed to match or outperform Time Warner under Bewkes has been Disney, which has generated 18% annual returns and reduced shares outstanding by 12%. Not bad company. Perhaps it should not come as a surprise that executive compensation at Time Warner and Disney is far below their mogul peers despite drastic outperformance by both companies.



Source: Company Filings, Broyhill Asset Management

BOTTOM LINE

Putting it all together, we believe Bewkes' actions were a logical counterbalance to the era of empire building that preceded him, dating to the creation of Time Warner in 1989. Like the "numbers guy" he is known to be, he was dealt a hand comprised of several divisions whose substantial values were obscured by the overhang from an ill-conceived merger and poorly executed integration. Bewkes pursued the unglamorous and often thankless task of breaking apart that empire. His shareholders have him and his team to thank for it.

Looking forward, Time Warner is a different beast. Or perhaps better said, a smaller, more focused beast. Bewkes has pulled all the right levers and is now left with a core business capable of generating significant cash flow for its owners. Perhaps what is most underappreciated is that for the first time since taking the helm, Bewkes can now focus all his attention on what he has done best throughout his career - creating and monetizing content. We think he has a few more levers left to pull and quite a long runway in front of him. Management is looking for double-digit operating income growth through 2018 fueled by increasing affiliate fees, low advertising exposure and cost control. If they are in the right ballpark, TWX should drive high-teens annual earnings growth and double earnings per share over the next several years.

Despite its stellar performance under Bewkes' stewardship, TWX remains amongst the cheapest stocks in the media industry. Clearly, the consensus still has its doubts. And therein lies the opportunity. If Bewkes continues to deliver, we see no reason the stock shouldn't trade at a premium to the group given excellent stewardship and significant optionality at HBO. Downside appears limited given limited advertising exposure and circling vultures, while a spinoff of HBO or rerating in line with Netflix per subscriber valuation represents a free option on the upside. It's probably not a coincidence that Reed Hastings mentioned HBO 18 times in his 11- page white paper – Netflix Long Term View. Watch your back Reed. The Sopranos are ruthless competitors.

About Broyhill

Broyhill Asset Management is a boutique investment firm, initially established as a family office in 1980 and guided by a disciplined value orientation. Founded in the foothills of North Carolina's Blue Ridge Mountains, we operate outside of the fray and invest with a rational, objective, long-term perspective.

Find this interesting?

Stay curious. Click here to subscribe.

For more information:

ir@broyhillasset.com | 828.610.5360

Disclosures

Broyhill Asset Management LLC ("Broyhill") is an investment adviser in North Carolina. Broyhill is registered with the Securities and Exchange Commission (SEC). Registration of an investment adviser does not imply any specific level of skill or training and does not constitute an endorsement of the firm by the Commission. Broyhill only transacts business in states in which it is properly registered or exempted from registration. A copy of Broyhill's current written disclosure brochure filed with the SEC which discusses, among other things, Broyhill's business practices, services, and fees is available through the SEC's website at www.adviserinfo.sec.gov.

The performance of the Broyhill Equity Portfolio illustrated here is representative of the fully invested strategies available through various TAMPs (Turnkey Asset Management Platforms). The majority of Broyhill's SMAs include a significant cash allocation, which has averaged 30% - 40% in recent years, and also utilize options to complement individual position sizing and to hedge the portfolio as appropriate for individual clients. As a result, we believe that the historical performance of our flagship strategy (which includes both options and a significant cash drag) is not representative of a pure equity allocation. As such, this data may be useful for an advisor evaluating Broyhill, although individual results may differ based on each account's investment objectives, the date of initial funding, the opportunity set available at the time, specific investment vehicles available to the accounts, and individual fee schedules. These historical performance figures are for our equity-only strategy.

Performance is calculated using time-weighted rates of returns, net of fees. Since these platforms report returns to Broyhill gross of fees, in order to report net returns, a 1.5% annual management fee has been subtracted from gross reported returns. This methodology has also been applied to the extracted attribution returns. Average position size is calculated from the average capital invested divided by the average portfolio capital in fully invested accounts.

The investment return and principal value of an investment will fluctuate. Therefore, an investor's account, when liquidated or redeemed, will almost always have a different value than that shown herein. Current performance may be lower or higher than the return data quoted herein.

Past performance is not indicative of future returns. This information should not be used as a general guide to investing or as a source of any specific investment recommendations and makes no implied or expressed recommendations concerning how an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives.

Information presented herein is subject to change without notice and should not be considered a solicitation to buy or sell any security. This document contains general information that is not suitable for everyone. The information contained herein should not be construed as personalized investment advice.

There is no guarantee that the views and opinions expressed in this document will come to pass. Investing in the stock market involves gains and losses and may not be suitable for all investors. No representations, expressed or implied, are made as to the accuracy or completeness of such statements, estimates, or projections, or concerning any other materials herein.

Under no circumstances does the information contained within represent a recommendation to buy, hold, or sell any security, and it should not be assumed that the securities transactions or holdings discussed were or will prove to be profitable. There are risks associated with purchasing and selling securities and options thereon, including the risk that you could lose money.

Certain information contained herein constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue,” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events, results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Nothing contained herein may be relied upon as a guarantee, promise, assurance, or representation of the future.

Market value information (including, without limitation, prices, exchange rates, accrued income, and bond ratings furnished herein) has been obtained from sources that Broyhill believes to be reliable and is for the exclusive use of the client. Market prices are obtained from standard market pricing services or, in the case of less liquid securities, from brokers and market makers. Broyhill makes no representations, warranty, or guarantee, express or implied, that any quoted value necessarily reflects the proceeds that may be received on the sale of a security. Changes in rates of exchange may have an adverse effect on the value of investments.

Indices represent unmanaged, broad-based baskets of assets. They are typically used as proxies for the overall market’s performance. Index returns typically assume that dividends are reinvested and do not include the effect of management fees or expenses. You cannot invest directly in an index. Without prior written permission of the index owner, this information and any other index-related intellectual property may only be used for your internal use, may not be reproduced, or redistributed in any form, and may not be used to create any financial instruments or products or any indices. This information is provided on an "as is" basis, and the user of this information assumes the entire risk of any use made of this information. Neither the index owner nor any third party involved in or related to the computing or compiling of the data makes any express or implied warranties, representations, or guarantees concerning the index-related data, and in no event will the index owner or any third party have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) relating to any use of this information.

For additional information about other indices or strategies mentioned here, you may contact us at ir@broyhillasset.com.