

Broad Run Investment Management, LLC

An SEC Registered Investment Adviser

**Broad Run Investment Management, LLC
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**Form ADV Part 2A
Advisory Brochure
October 29, 2012**

This brochure provides clients and prospective clients with information about Broad Run Investment Management, LLC and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client.

The contents of this brochure have not been approved or verified by the United States Securities and Exchange Commission (SEC) or any other state or federal governmental authority. While the firm may be registered with the SEC, that registration is not an endorsement by any regulatory authority or an attestation of a certain level of skill or training on the part of the firm or its associated personnel.

Questions relative to the firm, its services, or this ADV Part 2A may be made to the attention of Mr. David Rainey, Chief Compliance Officer, at (703) 260-1260. Additional information about the firm, other advisory firms, or associated investment adviser representatives is available on the Internet at www.adviserinfo.sec.gov. Click on the “Investment Adviser Search” link and then search for “Investment Adviser Firm” using the firm’s IARD number, which is 165067.

Item 2 - Material Changes

The firm had amended its August 1, 2012 Form ADV Part 2A due to changes to its contact information as noted on the brochure cover page, as well as a name change involving the mutual fund it serves as sub-adviser (see Item 4), and the types of clients it may serve (Item 7). There are no further changes to disclose.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Investors are also able to download this brochure from the SEC's Website: www.adviserinfo.sec.gov or you may contact our firm at (703) 260-1260.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the advisory engagement.

Item 3 - Table of Contents

Form ADV Part 2A

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Important Note: Throughout this document Broad Run Investment Management, LLC may also be referred to by the following terms: “the firm,” “we,” “us,” or “our.” The client or prospective client may also be referred to as “you,” “your,” etc., and may refer to more than one *person*.

Item 4 - Advisory Business

Description of Our Advisory Firm

Broad Run Investment Management, LLC is an independent, employee-owned investment adviser headquartered in Arlington, Virginia. The firm was founded in 2012 by Brian E. Macauley, David S. Rainey, and Ira M. Rothberg, its principal owners and portfolio managers.

The firm is organized as a Delaware limited liability company and is an investment adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. Broad Run Investment Management, LLC and its associates may register and/or notice file or meet certain exemptions to registration in other jurisdictions in which we conduct investment advisory business. You should be aware that registration alone does not imply a certain level of skill or training.

Description of Advisory Services Offered

Broad Run Investment Management, LLC provides discretionary portfolio management services to individual and institutional investors. The firm is primarily focused on long-term domestic equity investing using fundamental company-focused research, and a concentrated portfolio management approach.

The firm provides a single portfolio management strategy, available through separately managed accounts and a mutual fund sub-advisory agreement. Additional information with respect to Broad Run Investment Management, LLC's investment analysis and strategy may found in Item 8 of this brochure.

Separately Managed Accounts

Separate accounts are individually managed and maintained for tax-exempt and taxable clients on a fully discretionary basis. Our separate accounts employ our stated investment strategy, but upon request, we will work with clients to meet specific portfolio composition requests or restrictions.

Sub-Advisory Accounts

The firm acts as sub-adviser to the Hennessy Focus Fund (the "Fund"). The Fund is established as a non-diversified investment portfolio of Hennessy Funds Trust, an open-end series management investment company organized as a Delaware statutory trust. Investments for the Hennessy Focus Fund are managed in accordance with its stated investment objective, strategy, and restrictions. They are not tailored to the individualized needs of any particular investors in the Fund.

Additional information with respect to the management of your account may be found in Item 16 of this brochure.

Wrap Fee Programs

Our firm does not participate in, sponsor or serve as portfolio manager for a wrap fee investment program.

Client Assets Under Management¹

As a new firm, we currently do not have client assets under management as of the date of this brochure.

¹ The term "assets under management" and rounding to the nearest \$100,000 are as defined by the SEC's 2010 *General Instructions for Part 2 of Form ADV*.

Item 5 - Fees and Compensation

Method of Compensation and Fee Schedule²

Asset-Based Fee

An annualized asset-based fee will be assessed on each account under the firm's supervision and will be calculated using the reported period ending value. Fees are paid quarterly, in advance, in accordance with the following table.

Assets Under Management*	Asset-Based Fee Range
Up to \$5,000,000	1.00% (100 basis points)
Amounts above \$5,000,000	0.85% (85 basis points)

*We require a minimum account size of \$1,000,000.

Aggregating Account Fees

Our firm does not aggregate investment supervisory services accounts for the purpose of discounting its asset-based fee.

Negotiable Fees

Our published fees may be discounted at the firm's discretion but they are not negotiable.

Client Payment of Fees

Advisory fees will be assessed at the beginning of each quarter. The first billing cycle will begin once the investment management agreement is executed with our firm and your account is funded at the selected custodian; fees for a partial period will be prorated according to the number of days remaining in the reported quarter.

Assessments will be based on the account values as disclosed on the statement the client receives from the custodian of record for the purpose of verifying the computation of our firm's advisory fee. In the absence of a published market value, we may seek an independent third-party opinion or a good faith determination by a qualified associate of our firm. For a more detailed discussion of advisory fee calculations please see our investment management agreement.

By signing our firm's investment management agreement and the selected custodian account opening documents, you will be authorizing the withdrawal of transactional (see following section) and firm advisory fees from their account. All fees will be clearly noted on client account statements provided by the custodian. Advisory fee payments will generally be assessed within 15 days following each billing cycle.

The withdrawal of advisory fees will be accomplished by the selected custodian, not by our firm, and the custodian will remit our fee to our firm. Please note that the client will be responsible for verifying the accuracy of the fee calculation; the custodian does not verify the accuracy of account fees.

² Our firm reserves the right to waive fees for its members and associates who maintain their accounts at our firm's selected custodian(s); we may offer a similar reduced fee to other firm related persons.

Additional Client Fees

Any brokerage fees, individual retirement account fees, or qualified retirement plan account termination fees will be borne by the accountholder and are per those provided in current, separate fee schedules of any selected custodian engaged.

Fees paid by our clients to our firm for our services are separate from any transactional charges a client may pay, to include those involving mutual funds, exchange-traded funds (ETFs) or exchange-traded notes (ETNs).

Further information about our fees in relationship to our business practices is noted in Items 12 and 14 of this document.

Charged Prepayment of Client Fees

Advance Payment for Certain Services

Our advisory services fees are assessed quarterly and in advance of the reported period.

Termination of Services

Either you or we may terminate the investment management agreement at any time, which is required to be in writing. Should you verbally notify our firm of the termination and, if in two business days following this notification we have not received your notice in writing, we will make a written notice of the termination in our records and send you our own termination notice as a substitute.

If our firm's ADV Part 2A brochure was not delivered to you at least 48 hours prior to entering into the investment advisory contract, then you have the right to terminate the engagement without penalty within five business days after entering into the agreement. Should you terminate the engagement after this period, you will typically be assessed fees on a prorated basis for services incurred from either (a) as a new client, the date of the execution of the engagement agreement to the date of our firm's receipt of written notice of termination, or (b) for all other accounts, on a prorated basis, from last billing period to the date of our firm's receipt of written notice of termination.

Following a termination notice, it will be the accountholder or their legal representative's responsibility to ensure an account transfer is completed if desired; we will not initiate the transfer for you. Our firm will not be responsible for future portfolio management services upon receipt of termination notice.

External Compensation for the Sale of Securities to Clients

Our firm is engaged for fee-only portfolio management services. We do not charge or receive a commission or mark-up on your securities transactions, nor will the firm or an associate be paid a commission on your purchase of a securities investment that we recommend.

We do not receive "trailer" or SEC Rule 12b-1 fees from an investment company we recommend. Fees charged by issuers are detailed in prospectuses or similar product descriptions, and you are encouraged to read these documents before investing.

Item 6 - Performance-Based Fees and Side-By-Side Management

Assessed fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of your account, also known as “performance-based fees.” Performance-based compensation may potentially create an incentive for a firm or their representatives to recommend an investment that may carry a higher degree of risk to a client. We do not use a performance-based fee structure because of the conflict of interest this type of fee structure poses.

Our fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not; this type of arrangement does not conform to our firm’s practices.

Item 7 - Types of Clients

Description

Broad Run Investment Management, LLC will provide investment advisory services to individuals, institutions, investment companies, trusts, estates, charitable organizations, pension and profit-sharing plans, other investment advisers, state and municipal government entities, and other corporations and business entities. Our firm will provide investment advisory services to one mutual fund: the Hennessy Focus Fund (the “Fund”). The Fund is established as a non-diversified investment portfolio of Hennessy Funds Trust, an open-end series management investment company organized as a Delaware statutory trust.

Account Minimums

Generally, the minimum amount of assets that a client must place under management to open a separately managed account is \$1,000,000, provided that such account minimums are subject to negotiation at the firm’s sole discretion.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Broad Run Investment Management, LLC is primarily focused on long-term equity investing using fundamental company-focused research and a concentrated portfolio management approach. We invest primarily in domestic equity securities of high-quality, growth-oriented companies trading at a significant discount to our estimate of intrinsic worth.

We view high-quality companies as those with:

- A sound and proven business model,
- Entrenched competitive position,
- Above average returns on capital, and
- Excellent stewardship.

We believe that an emphasis on quality at a discount price serves to both enhance returns and reduce risk. Our primary definition of risk is the potential that an investment is worth less in five years time than today.

We view ownership of a public equity security as a partial interest in a business enterprise and generally approach such investments with a five to ten year time horizon. This long-term investment orientation will normally result in low turnover and lower transaction costs over time.

We conduct thorough fundamental analysis on all investment prospects with an emphasis on understanding the quality of the business and its long-term cash generation capabilities. We source information from company events and regulatory filings, industry research reports, management interviews and other sources. This knowledge is cumulative, and over a multi-year holding period we believe that we develop unique insights into a business' fundamentals and its investment merits.

We believe that excellent investment ideas are rare, so we choose to concentrate investment capital in approximately 20 to 30 of our best ideas. We believe that this portfolio size provides the optimal balance of diversification and contribution from individual security selection. Individual position sizing will vary with our assessment of the relative attractiveness of different securities in the portfolio.

In the absence of compelling investments, we will hold cash and/or cash equivalents rather than increase our risk of capital loss by compromising our quality and valuation standards.

Investment Strategy

Broad Run Investment Management, LLC provides a single portfolio management strategy. This portfolio strategy invests in companies of any size market capitalization, and any domestic publicly-traded company meeting our high quality standards would be a potential investment in this portfolio. This portfolio management strategy will typically hold 20 to 30 positions diversified across various industries. Individual position sizing will vary with our assessment of the relative attractiveness of different securities in the portfolio and their time in the portfolio.

Risks

The following is a description of the principal risks of the firm's methods of analysis and investment strategy that may adversely affect risk and return. There are other circumstances (including additional risks that are not described here) which could prevent Broad Run Investment Management, LLC from achieving its investment objective.

- **Stock Market Risk.** The value of equity securities in your portfolio will fluctuate and, as a result, may decline suddenly or over a sustained period of time.
- **Business Ownership Risk.** Our firm treats investing as partial ownership of qualifying businesses. As partial owners of these companies, you face the risks inherent in owning a business.
- **Small and Medium-Sized Company Risk.** Small and medium-sized companies may have more limited product lines, markets and financial resources than larger companies. In addition, small and mid-cap stocks may be more volatile than those of larger companies and, where trading volume is thin, the ability to dispose of such securities may be more limited.
- **Non-Diversification Risk.** Generally, our strategies are classified as non-diversified. As a result, an increase or decrease in the value of a single security may have a greater impact on total return. Being non-diversified may also make a strategy more susceptible to financial, economic, political or other developments that may impact a security. Although we may from time to time hold more securities than at other times, our non-diversified strategy gives our portfolio managers more flexibility to hold larger positions in a smaller number of securities.
- **Non-U.S. Securities Risk.** Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems, and political and economic instability.
- **Currency Risk.** The value of an investment may fall as a result of changes in exchange rates.

- **Managed Portfolio Risk.** Our investment strategies or selection of specific securities may be unsuccessful and may cause clients to incur losses.

Security-Specific Material Risks

- **Mutual Fund Risk.** When an investor purchases a mutual fund, they may bear additional expenses based on the prorated share of the mutual fund operating expenses and certain brokerage fees, which may include the potential duplication of certain fees. The risk of owning a mutual fund also generally reflects the risks of owning its underlying securities.
- **Fixed Income Risks.** Various forms of fixed income, such as bonds, money markets, certificates of deposit, may be affected by various forms of risk, to include:

Credit Risk - The potential risk that an issuer will be unable to pay a scheduled interest or repay principal at maturity; sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as mutual funds that hold these issues. Bondholders are creditors of an issuer and typically have priority over equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

Duration Risk - Duration is the measurement in years of the period required for the price of a bond to be repaid by its internal cash flow and is important since bonds with higher durations carry more (duration) risk and generally have higher price volatility than bonds with lower durations.

Interest Rate Risk - The risk that the value of the fixed income holding will decrease because of an increase in interest rates, or rates fall when maturing bonds are paid off prior to maturity (requiring reinvestment at a lower yield).

Liquidity Risk - The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading in any given period does not readily support “buys” and “sells” at an efficient price. Conversely, when trading volume is high there is also a risk of not being able to purchase a particular issue.

Reinvestment Risk – With declining interest rates investors may have to reinvest interest income or principal at the current lower rate.

Other Risks May Be Disclosed in Specific Disclosure Document

The risks described above are intended to summarize risks involved in Broad Run Investment Management, LLC’s methods of analysis and investment strategies. Please note, however, that for each investment that a client makes, the client may receive a specific disclosure document that contains additional risk factors. For example, a client investing in a mutual fund would receive a prospectus for such mutual fund.

These disclosure documents, which are prepared and delivered by parties other than Broad Run Investment Management, LLC, would typically set forth detailed risk factors relating to the specific investment of which a client should be aware.

Risk of Loss

Although our goal is to preserve each client's capital and achieve real growth of wealth, investing in securities involves risk of loss that each client should be prepared to bear.

Item 9 - Disciplinary Information

Neither Broad Run Investment Management, LLC or members of its management have been subject to a reportable criminal, civil, industry disciplinary event or administrative enforcement action that would negatively reflect upon its advisory business or the integrity of the firm.

Item 10 - Other Financial Industry Activities and Affiliations

Our policies require our firm and its associates to conduct business activities in a manner that avoids actual or potential conflicts of interest between the firm, its employees and clients, or that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest which might reasonably compromise our impartiality or independence.

Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Neither the firm, management, or its associates are registered or have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) introducing broker, or as a futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of the foregoing entities.

Broad Run Investment Management, LLC and its management do not have a reportable material relationship with any of the following types of entities:

- municipal securities dealer, or government securities dealer or broker;
- banking or thrift institution;
- accountant or accounting firm;
- lawyer or law firm;
- pension consultant;
- insurance company or insurance agency;
- real estate broker or dealer;
- sponsor or syndicator of limited partnerships; or
- pooled investment vehicle (such as a private investment company or "hedge fund").

Managing Members of Broad Run Investment Management, LLC also serve as portfolio managers for the Hennessy Focus Fund (the "Fund"), an SEC-registered investment company security. Further details about this Fund and how the firm is compensated may be found in the Fund's prospectus and Statement of Additional Information (SAI). Current versions may be downloaded from the SEC's website at <http://www.sec.gov/edgar/searchedgar/companysearch.html>.

Our oversight and reporting processes include associated persons' supervision to ensure firm policies and federal regulation are adhered with respect to firm and personal trading activities, non-public information, and recommendations made to other clients or prospective clients involving holdings and/or hedging strategies of the Fund.

Recommendation or Selection of Other Investment Advisers and Conflicts of Interest

In cases where prospective clients are in need of or prefer financial planning services, we may provide referrals to unaffiliated investment adviser firms. Prior to making such a referral, we will first ensure we have conducted an appropriate level of due diligence on the recommended adviser, to include ensuring their firm is appropriately registered or notice-filed within a client's jurisdiction. We do not receive compensation for these informal referrals and none of these other advisers are associated with or has any material relationship with our firm.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics Description

We have adopted a Code of Ethics that establishes policies for ethical conduct for all our personnel. Our firm accepts the obligation not only to comply with applicable laws and regulations but we will act in an ethical and professionally responsible manner. Our policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others.

Any portfolio manager or employee associated with our firm who attains the Chartered Financial Analyst (CFA) professional designation will also adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct, which are described in the following paragraphs:

The Code of Ethics maintains that Members and Candidates must:

- *Place the integrity of the profession and the interests of clients above their own interests;*
- *Act with integrity, competence, and respect; and*
- *Maintain and develop their professional competence.*

The Standards of Professional Conduct cover:

- *Professionalism and integrity of the capital markets;*
- *Duties to clients and employers;*
- *Investment analysis and recommendations; and*
- *Conflicts of interest and responsibilities of CFA Institute members and candidates.*

We periodically review and amend our firm's Code of Ethics to ensure that it remains current, and we require all firm access persons to annually attest to their understanding of and adherence to our Code of Ethics.

Our firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

Privacy Policy Statement

Broad Run Investment Management, LLC respects the privacy of all clients and prospective clients ("customers"), both past and present. It is recognized that you have entrusted the firm with non-public personal information and it is important that all firm access persons and customers are aware of firm policy concerning what may be done with that information.

The firm collects personal information about customers from the following sources:

- Information clients provide to complete our investment questionnaire;

- Information clients provide in engagement agreements, account applications, and other documents completed in connection with the opening and maintenance of their accounts;
- Information customers provide verbally; and
- Information received from service providers, such as custodians, about client transactions.

The firm does not disclose non-public personal information about our customers to anyone, except in the following circumstances:

- When required to provide services our clients have requested;
- When our customers have specifically authorized us to do so;
- When required during the course of a firm assessment (i.e., independent audit); or
- When permitted or required by law (i.e., periodic regulatory examination).

Within the firm, access to customer information is restricted to staff that need to know that information. All access persons and service providers understand that everything handled in firm offices are confidential and they are instructed to not discuss customer information with someone else that may request information about an account unless they are specifically authorized in writing by the customer to do so. This includes, for example, providing information about a spouse's IRA account or to adult children about parents' accounts, etc.

To ensure security and confidentiality, the firm maintains physical, electronic, and procedural safeguards to protect the privacy of customer information.

The firm will provide you with its privacy policy on an annual basis per federal law and at any time, in advance, if firm privacy policies are expected to change.

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Lending Restrictions

Our associates are prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

Material Interests Involving Certain Securities and Advisory Services

An inherent conflict of interest exists involving our recommendation to an advisory client that they invest in the Hennessy Focus Fund (the "Fund") for their portfolio due to a material relationship Broad Run Investment Management, LLC has with the Fund and as described in Item 10. In light of this conflict of interest, when determining assets to be held in a client account, the firm will ensure it utilizes the same due diligence and selection/termination criteria for each client account as it does for the Hennessy Focus Fund. In addition, we will ensure further scrutiny by supervisory staff of the Fund's activities to ensure appropriate portfolio selection, fees and any other forms of compensation meet within the account IPS, firm procedures, and regulatory guidelines.

Please note that you are not obligated to purchase shares in the Fund and, if you elect to act upon a strategy or purchase involving Fund shares, you are under no obligation to execute them through our firm or a custodian we may recommend. Further, our firm will not charge advisory fees on those client assets invested in the Fund.

Beyond that previously described with respect to Fund shares, it is our firm's policy that neither our members nor any of our associates will effect a transaction for a client involving any security in which our firm or a "related person" (associates, their immediate family members, etc.) has material decision making authority.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Our firm does not trade for its own account (e.g., proprietary trading). The firm's related persons may buy or sell securities that are the same as, similar to, or different from, those we recommend to clients for their portfolio. Clients often have different objectives and risk tolerances, therefore, a firm recommendation made to one client may be different in nature or in timing from that made to another. At no time, however, will our firm or any related person receive preferential treatment over a client.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading (i.e., trading ahead of a client's order, etc.), our policy requires that we restrict or prohibit related parties' transactions in specific securities. Any trading exceptions must be approved by the firm's Chief Compliance Officer in advance of the transaction, and we maintain the required personal securities transaction records per regulation.

Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Please see our response in the previous section termed "Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest."

Item 12 - Brokerage Practices

Factors Used to Select Broker-Dealers for Client Transactions

Broad Run Investment Management, LLC will not take physical custody of your account assets (please refer to Item 15). Your assets must be maintained in an account at a "qualified custodian," generally a broker/dealer, bank or trust company that is frequently assessed for its capabilities to serve as a custodian by its respective industry regulatory authority. Our firm is not a custodian nor do we have an affiliate that serves as a custodian.

We typically recommend the institutional services divisions of Charles Schwab & Co., Inc. ("Schwab") or National Financial Services LLC and Fidelity Brokerage Services LLC (collectively "Fidelity"), Members FINRA/SIPC³, to act as custodian for our clients' accounts. As stated earlier, our firm is independently owned and operated and is not legally affiliated with either Schwab or Fidelity.

Schwab and/or Fidelity will hold your assets in an account in your name and will buy and sell securities when we instruct them. While we recommend that you use Schwab and/or Fidelity as your account custodian, you must decide whether to do so and your account with Schwab and/or Fidelity will be entered into via an account agreement directly with them. We technically do not open the account for you, although we will assist you in doing so.

Schwab and/or Fidelity offer investment advisers' services which include custody of securities, trade execution, clearance and settlement of transactions. Our firm may receive other benefits from Schwab and Fidelity through participation in their investment adviser support programs (please see Item 14).

³ Our firm is not, nor required to be, a FINRA or Securities Investor Protection Corporation (SIPC) member. You may learn more about the SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

We periodically conduct an assessment of any service provider we recommend, including Schwab and Fidelity, which includes a review of their range of services, reasonableness of fees, among other items, and in comparison to their industry peers.

Best Execution

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the previous section and in Item 14. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost per trade but whether the selected service provider's transactions represent the best "qualitative" execution while taking into consideration the full range of services provided. Therefore, we will seek services involving competitive rates but it may not necessarily result in the lowest possible rate for each transaction.

We periodically review our policies regarding recommending service providers to our clients in light of our duty to seek "best execution." We have also determined that having Schwab or Fidelity execute our client trades is consistent with our duty to seek best execution as well as those broker/dealers on our approved list.

Directed Brokerage

It may be necessary for our firm to require certain execution services involving the Hennessy Focus Fund to be completed through a specified broker/dealer due to restrictions placed on Broad Run Investment Management, LLC by the fund adviser.

As our client you may direct our firm to use a particular broker/dealer to execute some or all transactions for your account. In these circumstances, you will be responsible for negotiating, in advance, the terms and/or arrangements for your account with your broker/dealer. We will not be obligated to seek better execution services or prices from these other broker/dealers, and we will be unable to aggregate your transactions for execution through other broker/dealers with orders for other accounts managed by our firm. As a result, you may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for your account than would otherwise be the case. Pursuant to our obligation of best execution, we may decline a client's request to direct brokerage if we believe any directed arrangement would result in additional operational difficulties or risk to our firm.

Aggregating Securities Transactions

Whenever practical, transactions for our clients will generally be completed at the same time, often termed "aggregated," "blocked" or "batched" orders. We may (but are not obligated to) aggregate orders in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among our client accounts should there be differences in prices and other transaction costs that might have been obtained had such orders been separately placed. We do not receive any additional compensation or remuneration as a result of an aggregated transaction.

Commission prices may vary due to account size and/or confirmation receipt method. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the firm or related party may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.*

Client accounts where trade aggregation is not allowed or infeasible may potentially be assessed higher transaction costs than those that are batched.

We review both our trade aggregation procedures and post-trade allocation processes on a periodic basis to ensure they remain within stated firm policy and regulation. We will inform you, in advance, should our trade aggregation and allocation practices change at any point in the future.

Trade Errors

The firm corrects its trade errors through an account maintained by each custodian with which it maintains an agreement, and the firm may be responsible for trading error losses that occur within an account. Should there be a gain following the correction of a trading error, the firm will typically credit the client's account.

Item 13 - Review of Accounts

Schedule for Periodic Review of Client Accounts

Accounts are reviewed on a quarterly or more frequent basis by a firm portfolio manager as well as supervisory personnel. We may also engage qualified independent consultants to conduct periodic assessments.

Review of Client Accounts on Non-Periodic Basis

Additional reviews by firm portfolio managers and/or supervisory personnel may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. Accounts may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

Content of Client Provided Reports and Frequency

You will receive account statements sent directly from the account custodian where your investments are held. We urge you to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

We may provide performance summary reports, annual realized gains/loss reports, and certain clients may receive additional reports depending on specific portfolio requirements. All firm performance reports will be prepared in accordance with standing SEC guidance. Clients are urged to carefully review and compare account statements that they have received directly from their account custodian with any performance report they may have received from our firm.

Item 14 - Client Referrals and Other Compensation

Economic Benefit From External Sources and Potential Conflicts of Interest

We may receive economic benefit from Schwab and Fidelity or another client's custodian in the form of various products and services they make available to us and other independent investment advisers that may not be typically available to a "retail investor." These benefits may include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations;
- research related products and tools;
- access to trading desks serving our clients;

- access to block trading which allows our firm to aggregate securities transactions for execution and then allocate the appropriate shares to our client's accounts;
- the ability to have advisory fees deducted directly from our client's accounts per our written agreement;
- access to an electronic communications networks for client order entry and account information;
- access to mutual funds with no transaction fees and to certain institutional money managers;
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third party vendors; and
- business consulting or other professional services.

Some of the noted products and services made available by Schwab and/or Fidelity or another client custodian, through a sponsored program, may benefit our firm but may not directly benefit a client account, and certain research and other previously referenced services may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from Schwab and/or Fidelity or another client custodian benefits our firm because we do not have to produce or purchase them as long as our clients maintain assets in accounts at these custodians. Therefore, there is an appearance of a conflict of interest since we may have an incentive to select or recommend a particular broker/dealer as custodian based on our firm's interest in receiving these benefits rather than on our clients' interest in receiving favorable trade execution.

As part of our fiduciary duty, Broad Run Investment Management, LLC endeavors at all times to put the interests of our clients first. We believe it is important to mention that the benefit received by our firm through participation in a custodian's program does not depend on the amount of brokerage transactions directed to either Schwab or Fidelity or another client custodian, and our selection of Schwab and/or Fidelity or another client custodian is in the best interests of our clients since our selection is primarily supported by the scope, quality, and price of their services -- not just those services that benefit only our firm.

Advisory Firm Payments for Client Referrals

We do not engage in solicitation activities as defined by Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended.

We may provide periodic referrals to various other professionals, such as an attorney or accountant, as a courtesy to our clients. We do not have an arrangement with or receive referral fees from these professionals for these introductions. Any fees charged by these other entities or an individual professional for their services are completely separate from advisory fees assessed by our firm in managing your portfolio.

Item 15 - Custody

Your funds and securities will be maintained by an unaffiliated, qualified custodian; client assets will not be in our firm's physical control. In keeping with this policy, we:

- Restrict our firm and its associates from acting as trustee of a non-family member account or having general power of attorney over a client account;
- Are prohibited from having authority to withdraw securities or cash assets from a client account. Advisory fees will only be withdrawn from a client investment account through a qualified custodian maintaining your account assets, per your written approval;

- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm;
- Will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future;
- Will not authorize any associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts).

You will be provided with transaction confirmations and account summary statements provided directly to you by your custodian of record. Typically, these statements are provided on a monthly or quarterly basis, or as interim period transactions may occur. We will not create a statement for you or be the sole recipient of a client account statement.

You may receive periodic reports from our firm that includes investment performance information. You are urged to carefully review and compare your account statements that you have received directly from your service provider with any report you receive from our firm.

Item 16 - Investment Discretion

We provide our portfolio management services on a discretionary basis. Similar to a limited power of attorney, discretionary authority allows our firm to implement investment decisions such as the purchase or sale of a security on behalf of your account without requiring your prior authorization for each transaction in order to meet your stated account objectives.

By executing our investment management agreement, as well as account opening documents with the custodian of record, you will be granting discretionary authority to our firm. Broad Run Investment Management, LLC will not be acting under a general power of attorney. The custodian maintaining your account will only be granting our firm the limited ability to place trades and to request the deduction of our advisory fees from your account.

Item 17 - Voting Client Securities

Proxy Voting

If you request us to do so and it is noted in your executed agreement, we will vote proxies for securities held within your account. Proxies will be voted in what we believe to be your best interest and in accordance with our current firm proxy voting policy.

We may choose to employ the services of an independent proxy voting service to provide research, guidelines, recommendations and other proxy voting services as needed. In these instances, and absent a determination by our firm to override the independent provider's recommendation, your proxies will be voted in accordance with those recommendations.

Our firm has implemented procedures designed to prevent conflicts of interest from influencing proxy voting decisions. These procedures include information barriers and the use of an independent party when required to assist in the proxy voting process.

Our firm's proxy voting policy is available upon your request.

Other Corporate Actions

We will not offer guidance on or have the power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

Receipt of Materials

You may receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. Should we receive a duplicate copy, note that we do not generally forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

Item 18 - Financial Information

Balance Sheet

We do not directly withdraw our fees from your bank or investment accounts; it must be accomplished through the engagement of a qualified intermediary (e.g., your custodian). Further, our firm will not collect fees from you of \$1,200 or more for services we will perform six months or more in advance. Therefore, due to the nature of our firm's services and operational practices, an audited balance sheet is not required nor included in this brochure.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

The firm and its management do not have a financial condition likely to impair our ability to meet our commitment to our clients.

Bankruptcy Petitions during the Past 10 Years

The firm and its management have not been the subject of a bankruptcy petition at any time during the past 10 years.

Item 19 - Requirements for State-Registered Advisers

This section is reserved for state-registered investment advisers and is not applicable to our firm.

Business Continuity Plan

Our firm maintains a business continuity plan that is designed to ensure we appropriately respond to natural and man-made events that pose a significant disruption to its operations. A statement concerning our current plan is available under separate cover.