RODGERS BROTHERS, INC.

PERCEPTIONS

1st Quarter, March 31, 2026	03/31/2026	% Change 1st Quarter	% Change Year to Date
Dow Jones Industrial Average	46,341.51	-3.19 %*	-3.19 %*
S&P 500	6,528.52	-4.33 %*	-4.33 %*
Russell 2000	2,496.37	0.89 %*	0.89 %*
Bloomberg Aggregate Bond Index		-0.05 %	-0.05 %
10 Year Treasury Yield	4.32 %		
30 Year Treasury Yield	4.91 %		

** Includes reinvested dividend* *Source: Bloomberg*

Metronome…Tuning Out Market Noise

As you may know, we grew up in a large family; ten children and all the inherent chaos one might expect. The energy flowing from the house was enough to power all the AI data centers currently being built. Amidst the chaos, our sister would sit in the living room and patiently practice the piano for hours on end. The only constant in the cacophony of noisy children at play was her beautiful music and the rhythmic click of her metronome.

In direct contrast with the rhythm of the metronome, the constant stream of short-term noise that comes with the stream of immutable market data creates disruptive pricing and unnecessary volatility in markets. Our long-term focus and discipline in managing portfolios sets our inner clocks like a metronome. We strive to ignore the volatility amplified by sensational short-term news that has very little to do with long-term returns. Whether it is from a macro perspective or stock specific, the short-term reactions and associated volatility can create opportunities for the patient investor. Recent trends of increased myopic focus and lack of liquidity seem to be exaggerating price fluctuations, even with long-term high-quality blue-chip stocks. Badger Meter provides an example of the current opportunity presented by a significant price decline into headline noise with minimal long-term impact for the company.

Badger Meter

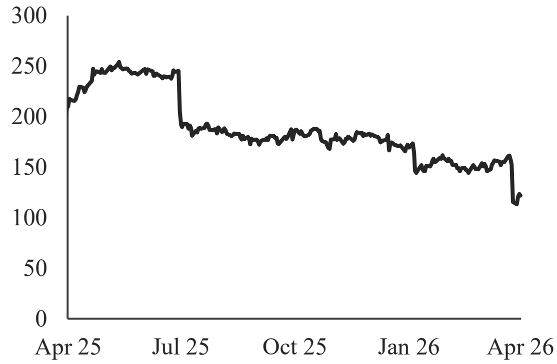
Badger Meter (BMI) was founded on March 8th, 1905, in Milwaukee, Wisconsin. Their first innovation was a water meter with a replaceable cast iron bottom plate that ruptured when the water in the meter froze, a common occurrence in Wisconsin winters. This would relieve pressure on the actual meter, protecting its valuable mechanical parts. BMI continued rapid growth until the Great Depression, struggling to survive. They had to reduce the price of their meters from the original $8 per meter in 1905 to $5 per meter in 1932 and hourly wages dropped from 64 cents per hour to 33 cents per hour. By 1937, the company was again growing and the subsequent onset of World War 2 increased sales to the government to support the war efforts. In the 1950s, BMI began spending more on research and development and became a global leader in technically advanced meter flow measurement systems.

Today, Badger Meter is a well-managed company with a strong balance sheet and a long-term focus on quality growth. Sales exceeded $900 million in 2025 with a continued focus on research and development and niche acquisitions.

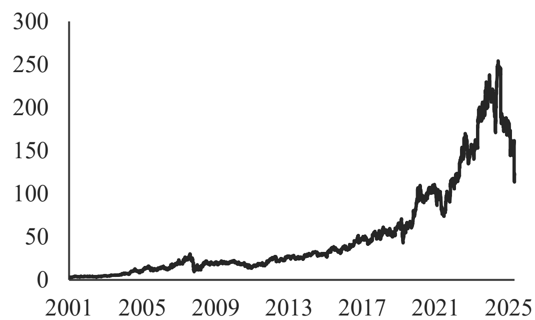
In 2023, they introduced BlueEdge, a suite of digital smart water management solutions that allows utilities and customers to have more efficient management of water flow. Recently, on April 17th, 2026, BMI announced an acquisition of UDlive, a UK provider of hardware/software to monitor sewer line flow. This niche acquisition will enhance BMIs' presence in the sewer monitoring business, complementing their SmartCover division, which monitors sewer and lift station capabilities. Their core mission of measuring water resources allows for more efficient measuring and use of perhaps our most important natural resources.

The long-term pattern of Badger Meter's sales, earnings, and stock is like the movement of the metronome, steady, while monthly and quarterly order flows are lumpy and can cause short-term volatility in the stock price. The two charts included track the long- and short-term stock price movement of Badger Meter. The recent drop on April 17th, 2026, is related to the release of 1st quarter earnings. The sales and earnings were light, but CEO Kenneth Bockhorst noted that "entering 2026, we expected project pacing dynamics to favor the back half of the year."

Badger Meter Inc (BMI)
Price History



1-Year Performance



25-Year Performance

Source: Bloomberg

While many company quarterly conference calls can be promotional, Badger Meter has historically been conservative and accurate with their forecast. In a vote of confidence, four executives in BMI purchased stock in the open market on April 21st, 2026. We rarely get a chance to buy iconic companies like Badger Meter at price points well below our modeled intrinsic value; our last significant purchase was in 2018.

Managing your portfolio through market fluctuations and cycles requires strict adherence to our principles of valuation. We believe that the barrage of headline news is almost irrelevant in compounding your long-term returns. We feel that our strength is researching individual equities and having the patience to buy great companies at attractive prices and hold through extraneous short-term noise. In our view, the calm tick of the metronome helps us stay focused, properly manage risk, and remember the piano music wafting through the house.

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