Moerus Worldwide Value Fund

MOWIX - MOWNX

Q4 2024 Quarterly Review & Outlook

Performance (%) (As of December 31, 2024)	QTR	YTD	1 Yr	3 Yr*	5 Yr*	Since Inception June 1, 2016*
Moerus Worldwide Value Fund (Inst.)	-2.10%	15.97%	15.97%	15.48%	10.39%	8.43%
MSCI All-World Country Index ex USA (Net)[1]	-7.60%	5.53%	5.53%	0.82%	4.10%	6.23%
MSCI All-World Country Index (Net)[2]	-0.99%	17.49%	17.49%	5.44%	10.06%	10.89%

**Performance for periods longer than 1 year is annualized.*

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Returns are shown net of fees and expenses and assume reinvestment of dividends and other income. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Investment performance reflects expense limitations in effect. In the absence of such expense limitations, total return would be reduced. For performance current to the most recent month-end, please call 1-844-663-7871.

The gross total expense ratio of the Moerus Worldwide Value Fund Institutional Class ("the Fund") is 1.72%. The Adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, until at least March 31, 2025, to ensure that total annual fund operating expenses after fee waiver and/or reimbursement (exclusive of any taxes, brokerage fees and commissions, borrowing costs, acquired fund fees and expenses, fees and expenses associated with investments in other collective investment vehicles or derivative instruments, or extraordinary expenses such as litigation) will not exceed 1.25% for Institutional Class Shares.

Fund Performance – Q4 2024

The Moerus Worldwide Value Fund Institutional Class ("the Fund") returned -2.10% in the Fourth Quarter ("Q4"); by comparison, the MSCI All Country World ex USA ("MSCI ACWI ex USA") Net Index returned -7.60%, and the MSCI All Country World ("MSCI ACWI") Net Index returned -0.99%. In short, in the Fourth Quarter, the Fund was down in *absolute* terms but significantly outperformed its international benchmark (MSCI ACWI ex USA) in *relative* terms, albeit while lagging the U.S.-heavy MSCI ACWI (66.6% weighting in U.S. as of 12/31/24). For full-year 2024, the Fund returned +15.97%, meaningfully outperforming the MSCI ACWI ex USA (+5.53%), while lagging the MSCI ACWI (+17.49%) in a year of dramatic outperformance by U.S.-based, mega-cap tech stocks. We'll return to the Fund's performance after a brief review of markets in Q4.

Market Review – Q4 2024

The Fourth Quarter was a painful period for international equities left behind amid investor giddiness towards U.S. mega-cap Growth stocks. The outperformance of the U.S. over international and Growth over Value (in general) has been a recurring theme for much of 2024, 2023, and indeed for much of the past decade. Though nothing new, this bifurcation was particularly intense in Q4, as few areas of the global equity market universe performed well in USD terms *other than* U.S. mega-cap tech stocks. Specifically, U.S. equity market benchmarks (S&P 500: +2.39%; NASDAQ Composite: +6.36%) *advanced* solidly in Q4 and trounced International benchmarks, which *declined significantly* (MSCI ACWI ex USA Index: -7.60%; MSCI Emerging Markets Index: -8.01%). Similarly, Growth stocks generally rose in Q4 while Value languished (MSCI ACWI *Growth* Index: +2.64%; MSCI ACWI *Value* Index: -4.71%). The U.S. Presidential Election seemingly sparked enthusiasm for U.S. equity market leaders over most else, driven by the market's initial reaction to the results and focus on potential implications (e.g., deregulation, tax cut extension, tariffs). Given this prevailing narrative, the USD strengthened relative to most major currencies in Q4, weighing on international and commodity-related equities. *Within* the strong U.S. market headline benchmark performance numbers, capital seemed to flow overwhelmingly to leading market cap-weighted constituents (e.g., Magnificent Seven) rather than more broadly across the market. In fact, while the

[1] *The MSCI All-Country World ex USA Index (Net) is an unmanaged index consisting of 46 country indices comprised of 22 of 23 developed markets (excluding the US) and 24 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. The Index is shown solely for comparison purposes and the underlying holdings of the Index may differ significantly from the portfolio. The Index is a trademark of MSCI Inc. and is not available for direct investment.*

[2] *The MSCI All-Country World Index (Net) is an unmanaged index consisting of 47 country indices comprised of 23 developed and 24 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. The Index is shown solely for comparison purposes and the underlying holdings of the Index may differ significantly from the portfolio. The Index is a trademark of MSCI Inc. and is not available for direct investment.*

S&P 500 Index, propelled by the "MAG-7"[3] and other perceived beneficiaries of the ongoing AI euphoria, rose in Q4 (+2.39%), the S&P 500 *Equal Weight* Index *declined* (-1.89%), lagging its market cap-weighted version of the index by over 4 percentage points.

Fund Attribution – Q4 2024

Against this backdrop, the Fund was down on an *absolute* basis in Q4, though it held up significantly better than its international benchmark on a *relative* basis, outperforming the MSCI ACWI ex USA by 5.5 percentage points. The Fund's five most significant positive contributors in Q4 were Grupo Financiero Galicia (GGAL), Despegar.com, Enerflex, Jefferies Financial, and Türkiye Sigorta. The five largest detractors in Q4 were John Wood Group, Cromwell Property Group, Teck Resources, Anglo American Platinum, and Hammerson. The Fund's strong performance relative to the MSCI ACWI ex USA was driven largely by a combination of factors, including the Fund's unconstrained investment approach, which allows us to opportunistically pursue compelling bargains *wherever* they are. The Fund also benefited in Q4 from significant gains in several holdings amid improving business fundamentals and, in one case, a takeover offer. On the other hand, in Q4 the Fund lagged its global benchmark (MSCI ACWI) – which has arguably gotten less global (with its 66.6% U.S. weighting as of 12/31/24) these days – during a period that was relatively hostile to non-U.S. equities and currencies. It's worth noting, however, that the Fund meaningfully outperformed the *Equal-Weighted* version of the MSCI ACWI (-6.74%) in Q4. This highlights that the Fund lagging the MSCI ACWI (market cap-weighted) in Q4 was not due to the index's exposure to the U.S. market *in general*, but rather to its leading constituents (e.g., U.S. mega-cap tech) that the Fund has avoided due, in part, to valuations that seem too expensive in our opinion.

Said another way, we believe the MAG-7, AI plays and their ilk, attractive as many are as *businesses*, are nonetheless generally priced for perfection despite a world that is imperfect and unpredictable. By contrast, three of the Fund's five leading positive contributors to performance in Q4 provide examples of areas (Argentina and Turkey) that we'd argue had seen any last glimmer of optimism beaten out of their share prices. These two markets, where relatively few were able and/or willing to look given their numerous issues, offered us compelling opportunities to seize, leveraging the Fund's go-anywhere approach. All three companies are, in our view, high quality businesses with strong market positions; GGAL is one of Argentina's largest banks, Despegar is Latin America's largest Online Travel Agency, and Türkiye Sigorta is a leading insurer in Turkey. In recent years, due to a combination of macroeconomic and political adversity and the pandemic (in the case of Despegar), we were able to acquire shares of each business at what we believed to be unusually attractive valuations that reflected extremely low expectations. The assumptions implicit in those valuations, in our view, were that Argentina and Turkey would remain economic basket cases and that travel-related activity in Latin America would not recover much from COVID-era depths. Since then, GGAL and Türkiye Sigorta have performed strongly amid directional improvements, in our view, in local economic policy that have begun to result in tentative signs of improving macroeconomic conditions in each country, arguably allowing for the quality and profitability of these two businesses to garner increased investor attention. Clearly, these are only nascent signs of progress, and both the Argentine and Turkish economies are far from out of the woods. But we believe *valuation matters*, and when only dire expectations are priced into a stock, even baby steps in terms of improving conditions and/or investor sentiment could provide meaningful upside potential, as it has in the case of GGAL and Türkiye Sigorta. For its part, Despegar has also benefited from a recovery in travel-based activity, followed by a December 2024 takeover offer at a 33% premium to Despegar's prior closing price. All told, Despegar, GGAL, and Türkiye Sigorta were the three largest positive contributors to the Fund's performance over the past two years cumulatively.

A bit closer to home, the other two leading contributors in Q4 – Canada-based energy infrastructure, equipment, and service provider Enerflex and U.S.-based investment bank Jefferies Financial – benefited from meaningful improvements in business fundamentals, as each saw demand in its respective business areas continue to pick up from previously depressed levels. Enerflex's share price had long been depressed amid a dearth of maintenance and growth capital investment from its customers (primarily oil and gas producers and midstream companies) during and after the pandemic. Then, in 2022, Enerflex took advantage of the depressed industry conditions to opportunistically acquire competitor Exterran at what we believed to be an attractive price – in doing so, adding to the company's footprint, offerings and recurring revenue platform while generating cost synergies. But while the Exterran acquisition, in our view, had its merits, it came with acquisition and integration-related capital requirements and challenges that limited free cash flow generation in the near-term – a feature that weighed on its share price as investors generally favored energy-related companies that were producing free cash flow and returning capital to shareholders. This changed in 2024, as Enerflex continued to digest the Exterran acquisition while producing quarterly results that included a continued improvement in profit margins, solid

[3] *The MAG-7 are Apple, Amazon, Alphabet (Google), Microsoft, Meta Platforms (Facebook), Nvidia, and Tesla.*

free cash flow generation that exceeded consensus expectations, a 50% increase to the dividend, and improved debt reduction, putting the company on a visible path to potentially increasing shareholder returns looking forward. Amid these positive developments, Enerflex shares performed well in Q4 and in 2024. Similarly, Jefferies Financial was a leading performer in both Q4 and in 2024, as shares benefited from signs of a revival in capital market activity. Jefferies, whose investment banking business provides advisory and underwriting services related to capital market transactions (M&A, Equity and Debt Underwriting, etc.), has performed well in recent years despite a difficult industry backdrop in 2022-2023 that included a rapid succession of interest rate hikes amid the Federal Reserve's attempts to rein in inflation, in addition to wars in Ukraine and the Middle East, all of which contributed to heightened volatility and uncertainty in capital markets. In recent years, Jefferies took advantage of the retrenchment of other investment banks to build up its teams across various specialties and geographies, positioning it well, in our view, to take advantage of an eventual upswing in business activity. In addition to reinvesting in its business to grow in *absolute* terms, Jefferies has also, in our view, added to *per-share* value by returning considerable capital to shareholders through continued share repurchases (at an average price significantly below the current stock price) and distributions to shareholders. Finally, both Enerflex and Jefferies were likely seen by the market as potential beneficiaries of the policies of the incoming U.S. government in areas such as energy development and capital market dealmaking, respectively – further contributing to Q4 gains.

Although the gains in the above holdings allowed the Fund to perform meaningfully better than international and Value-based indices (albeit while lagging the MSCI ACWI), those gains were offset in absolute terms by declines in other Fund holdings that resulted in negative performance for the quarter. On the negative side, leading detractors from performance included the Fund's collection of Materials-related holdings (including Teck Resources and Anglo American Platinum). As a group, the Fund's Materials-related holdings were negatively impacted by a generally weak quarter for many Natural Resource-related equities in Q4 amid a number of macroeconomic and political concerns, including a sluggish Chinese economy and potential negative implications for commodity demand, a rising USD, tariff and trade risks given the incoming U.S. administration, and rising government bond yields. Rising yields also weighed on the Fund's Real Estate-related holdings, most notably in Australia (Cromwell Property) and the U.K. (Hammerson). By geography, the Fund's Emerging Market-based holdings (outside of aforementioned Argentina and Turkey) languished in Q4 given many of the same macro and political concerns, with the Fund's Brazil-related holdings (Natura & Co., Arcos Dorados, Companhia Brasileira de Distribuição) a notable collective laggard. It's important to note that, in our view, the primary factors weighing on the Fund's Materials, Real Estate, and Emerging Markets-related holdings in Q4 were primarily top-down and macroeconomic in nature rather than company-specific. On the contrary, we believe company-specific developments across these three buckets of Fund holdings were encouraging – both in terms of going-concern operations as well as value-accretive corporate activity (e.g., share repurchases, M&A, etc.). For example, Teck, Cromwell, and Hammerson all recently completed non-core asset sales at what we thought were attractive prices – crystallizing value, strengthening their balance sheets, and in the cases of Teck and Hammerson, resulting in meaningful share repurchases at attractive prices. In cases like these, where we believe our holdings are doing the right things but are being overshadowed by overarching market-wide, industry, or geography-specific concerns, the long-term investment cases often become even more attractive, in our view, at recently reduced prices. The one exception to this in Q4 was John Wood Group, which declined after announcing a review of reported positions on contracts in its Projects division and whether any prior-year restatements may be required. As outside investors, given the unknowns involved and our focus on risk mitigation taking priority, we concluded that our investment in Wood Group had seen its margin of safety diminished by recent developments, and we therefore decided to eliminate the Fund's position in Wood Group in Q4, redeploying the proceeds into what we believe are more compelling opportunities at this point (including those mentioned above).

Fund Outlook

The past two years of economists' and financial market experts' predictions have proven (yet again) why forecasting near-term economic variables (including inflation and interest rates) is not a particularly productive use of our time, in our view. The recession of 2023 (widely presumed late in 2022) never arrived. Talk of a hard landing morphed into that of a soft landing, then to perhaps no landing at all, as 2023 progressed. Late in 2023 and into 2024, slowing inflation rates led to increased expectations for Federal Reserve interest rate cuts (both in terms of their imminence and ultimate magnitude) to be priced into markets – only for subsequent inflation data to come in hotter than expected, dampening those expectations just a few months later. A similar pattern repeated in mid-2024, as economic data that suggested weakening in the U.S. labor market resulted in increased expectations of monetary easing – with the long-awaited, first interest rate cut arriving at last in September 2024. However, in the months that followed, economic statistics (e.g., U.S. employment data) indicated a more resilient labor market than generally expected, while yields began rising again as concerns about arguably reckless fiscal policy (current and future) and high sovereign debt levels returned to the forefront of the financial market's consciousness. This resulted (yet again) in a tempering of expectations regarding the ultimate

magnitude of monetary easing and interest rate cuts as 2024 ended. All told, these past two years have offered numerous reminders of why we do not base investment decisions on near-term macroeconomic forecasts. Looking forward, various scenarios remain possible: recession or no recession; hard landing, soft, or none at all; or 1970s-style stagflation, among others. We do not expect the forecasters to be any more accurate over the next two years than they were over the previous two. The financial markets' obsession with forecasting the path of rates – and changing such forecasts upon the release of any economic datapoint – is hardly of any interest to us as a long-term investor, except to the extent that the fallout from such fluctuations in near-term expectations provides attractive investment opportunities from a longer-term perspective.

On that last point, in recent years we have indeed seen a healthy number of attractive long-term investment opportunities become available amid the short-term volatility in financial markets' expectations and notoriously fickle macroeconomic forecasts. In assessing the current state of equity markets globally, we see an interesting picture. On the one hand, certain pockets of the market seem to be priced for perfection, in our view, thereby incorporating meaningful downside price risk in the event such great expectations are ultimately not met (e.g., U.S. Tech and Growth stocks). At the same time, we believe that there has been no shortage of unusually attractive investment opportunities elsewhere for the patient, price-conscious investor, including those discussed above. On the contrary, we have found plenty to do, both during the long period of unusually *low* interest rates and relatively benign inflation that preceded the pandemic (e.g., banks and insurance companies that were adversely affected by the low interest rate environment), as well as among other opportunities made available, in part, due to the *higher* interest rate environment that has prevailed more recently, weighing upon different types of businesses to varying degrees (e.g., the Fund's real estate-related holdings). Our focus is not on trying to forecast how interest rates or inflation might fluctuate, but rather on finding attractive long-term investment opportunities that become available when they are temporarily banished to the bargain bin as a result of the prevailing macroeconomic or market narrative of the day. Furthermore, relative to our past years of experience, we believe we are currently seeing fewer competing eyes searching for the same kinds of deep value, out-of-favor opportunities that we seek – perhaps as a result of both attrition among the ranks of value investors in recent years, as well as style drift towards Growth among those who have modified their approach amid a long period of outperformance by Growth strategies. We believe this combination of factors bodes well for the Fund and for our investment approach looking forward over the long run.

In conclusion, we continue to believe the Fund is well positioned for a changing world, one of heightened geopolitical risk, unpredictability, and perhaps increased macroeconomic volatility (as compared to the relatively benign period that characterized much of the post-Global Financial Crisis era). In a world in which broader benchmark indices continue to trade at what we see as rich valuations and are increasingly concentrated in what we view as highly correlated areas (e.g., mega-cap Tech), we continue to believe that the attractive valuations, sound long-term fundamentals, and staying power of many Fund holdings, as well as their potential to unlock value via corporate activity, offer attractive portfolio-level benefits and bode well for the Fund over the long run. Many thanks for your continued support, interest, and curiosity.

Current and future portfolio holdings are subject to change and risk.

Top ten holdings as of 12/31/24 as a % of the Fund's net assets: Hong Kong Exchanges and Clearing Ltd (3.66%), The Westaim Corp. (3.46%), Jefferies Financial Group Inc. (3.43%), Türkiye Sigorta AS (3.27%), Despegar.com Corp. (3.19%), Standard Chartered PLC (3.05%), Dundee Corp. (3.03%), International Petroleum Corp. (2.96%), Grupo Financiero Galicia SA (2.92%), and MEG Energy Corp. (2.83%).

Risk Disclosures: Investing in Mutual Funds involves risks including the possible loss of principal and there can be no assurance that any investment will achieve its objectives. International and in particular, emerging country and frontier market investing involves increased risk and volatility due to currency fluctuations, economic and political conditions, and differences in financial reporting standards.

A current Fund Fact sheet can be found on the Moerus Capital Management website.

You should carefully consider the Moerus Worldwide Value Fund's investment objectives, risks, charges and expenses carefully before you invest. This and other important information about the Funds are contained in the prospectus, which can be obtained by calling 1-844-MOERUS1 or visiting www.moeruscap.com. The prospectus should be read carefully before investing.

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