



# FPA Queens Road Small Cap Value Fund

## First Quarter 2021 Commentary

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. The Prospectus details the Fund's objective and policies and other matters of interest to a prospective investor. Please read the Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at [www.fpa.com](http://www.fpa.com), by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

### Average Annual Total Returns (%)\*

As of Date: 3/31/2021	QTD	YTD	1 Year	3 Years	5 Years	10 Years
FPA Queens Road Small Cap Value Fund – Investor Class	13.26%	13.26%	64.65%	14.33%	11.08%	9.01%
Russell 2000 Value	21.17%	21.17%	97.05%	11.57%	13.56%	10.06%

The FPA Queens Road Small Cap Value Fund (“Fund”) commenced operations on June 13, 2002. Fund performance shown is for the Investor Class shares (QRSVX). Periods greater than one year are annualized. Fund performance is shown net of all fees and expenses includes reinvestment of all distributions. Fund performance does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares, which would lower these figures. An investor cannot invest directly in an index.

\* Prior to November 1, 2020, the performance shown reflects the historical performance of the Fund when Bragg Financial Advisors, Inc. (“BFA”) served as investment adviser of the Fund. Effective November 1, 2020, FPA became the investment adviser of the Fund and BFA transitioned to serving as the sub-adviser. BFA continues to be responsible for the day-to-day management of the Fund, subject to FPA's oversight. No changes to the Fund's principal investment strategies were made in connection with these changes in management of the Fund, and Steve Scruggs, CFA, Director of Research and Senior Portfolio Manager for BFA, continues to serve as the portfolio manager for the Fund.

From inception of the Fund to December 31, 2004, BFA and its affiliates voluntarily absorbed certain expenses of the Fund and voluntarily waived its management fee. Had BFA not done this, returns would have been lower during that period. Effective January 1, 2005 through October 31, 2020, BFA charged a single unitary management fee and contractually agreed to pay all operating expenses of the Fund except for brokerage, taxes, interest, litigation expenses, and other extraordinary expenses.

The Fund's Total Annual Operating Expenses before reimbursement is 1.16% (Investor Class), 1.11% (Advisor Class), and 1.06% (Institutional Class) as of the most recent prospectus. As of the most recent prospectus, First Pacific Advisors, LP, the Fund's Adviser, has contractually agreed to waive its management fees and to make payments to limit Fund expenses, until February 1, 2024 so that the total annual operating expenses (excluding interest, taxes, brokerage fees and commissions payable by the Fund in connection with the purchase or sale of portfolio securities, fees and expenses of other funds in which the Fund invests, and extraordinary expenses, including litigation expenses not incurred in the Fund's ordinary course of business) of the Fund do not exceed 1.04%, 0.99% and 0.89%, for Investor Class, Advisor Class, and Institutional Class shares, respectively. These fee waivers and expense reimbursements are subject to possible recoupment by the adviser from the Fund in future years (within the three years from the date when the amount is waived or reimbursed) if such recoupment can be achieved within the lesser of the foregoing expense limits or the then-current expense limits. The expense limit agreement may be terminated only by the Fund's Board of Trustees, upon written notice to the adviser.

**Past performance is no guarantee, nor is it indicative, of future results. Current performance may be higher or lower than the performance shown. This data represents past performance and investors should understand that investment returns and principal values fluctuate, so that when you redeem your investment it may be worth more or less than its original cost. Current month-end performance data, which may be lower or higher than the performance data quoted, may be obtained at [www.fpa.com](http://www.fpa.com) or by calling toll-free, 1-800-982-4372.**

*Please see important disclosures at the end of the commentary.*

Dear Shareholders:

FPA Queens Road Small Cap Value Fund (“Fund”) returned 13.26% in the first quarter of 2021. This compares to a 21.17% return for the Russell 2000 Value Index in the same period. The first quarter was a strong one for global markets, particularly for domestic small-cap equities, and the Fund’s portfolio participated. Equities held by the Fund returned 16.65% in the first quarter.<sup>1</sup> The Fund’s top five performing positions added 4.92% to our return while the bottom five detracted 0.38%.

## 1Q Winners and Losers<sup>2</sup>

Identifier	Name	Average Weights	Contribution	GICS Sector
<b>Top 5</b>				
<b>MTZ-US</b>	MasTec, Inc.	3.53%	1.28%	Industrials
<b>SYNA-US</b>	Synaptics Incorporated	3.66%	1.22%	Information Technology
<b>SFBS-US</b>	ServisFirst Bancshares Inc	2.03%	0.86%	Financials
<b>CNXC-US</b>	Concentrix Corporation	1.88%	0.84%	Information Technology
<b>OSK-US</b>	Oshkosh Corp	2.10%	0.72%	Industrials
		<b>Total:</b>	<b>4.92%</b>	
<b>Bottom 5</b>				
<b>SAIC-US</b>	Science Applications International Corp.	0.99%	-0.26%	Industrials
<b>LTHM-US</b>	Livent Corporation	1.09%	-0.05%	Materials
<b>EQC-US</b>	Equity Commonwealth	0.44%	-0.04%	Real Estate
<b>GGG-US</b>	Graco Inc.	1.56%	-0.03%	Industrials
<b>GHM-US</b>	Graham Corporation	0.09%	0.00%	Industrials
		<b>Total:</b>	<b>-0.38%</b>	

Developments in the Fund’s holdings explain, in part, their stock price movements.

- **MasTec** continues to benefit from the accelerating growth in 5G wireless and fiber broadband buildout, as well as clean energy initiatives. The company expects to significantly benefit from the major infrastructure programs currently being discussed in Washington.
- **Synaptics’** strategic shift to higher-margin business is bearing fruit as operating margins continue to rise. The company’s new product releases and accelerating growth in its primary markets bodes well for the long-term outlook.
- **ServisFirst Bancshares** is benefiting from a steepening yield curve and an expected bounce back in loan demand as the economy continues to recover from the COVID crisis.

<sup>1</sup> The *long equity* performance of the Fund is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. *Long equity* holdings include common and preferred securities. The long equity performance information shown herein is for illustrative purposes only and may not reflect the impact of material economic or market factors. No representation is being made that any account, product or strategy will or is likely to achieve profits, losses, or results similar to those shown. Long equity performance does not represent the return an investor in the Fund can or should expect to receive. Fund shareholders may only invest or redeem their shares at net asset value.

<sup>2</sup> Reflects the top five contributors and detractors to the Fund’s performance based on contribution to return for the quarter. Contribution is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. A copy of the methodology used and a list of every holding’s contribution to the overall Fund’s performance during the quarter is available by contacting FPA Client Service at [crm@fpa.com](mailto:crm@fpa.com). It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed. *GICS* is Global Industry Classification Standard.

**Past performance is no guarantee, nor is it indicative, of future results.**

- **Concentrix**, which was recently spun off from portfolio holding Synnex, continues its track record of strong growth in spite of COVID headwinds. Although the stock price has appreciated considerably this year, we believe the valuation remains reasonable.
- **Oshkosh** recently won a contract to deliver the next generation of postal vehicles, an award covering between 50,000 and 165,000 units over the next 10 years. Additionally, the company's largest segment, Access Equipment, is expected to have a healthy recovery this year, following a sharp COVID-related slowdown last year.
- **Science Applications International** shares declined during the quarter as the company announced a decrease in bookings and a larger-than-anticipated COVID impact.
- **Livent** shares reversed course during the quarter after a strong 2020. The stock has been weighed down by concerns over increased competition in the production of battery-grade lithium, the company's primary product.
- **Equity Commonwealth** a new holding we began purchasing during the quarter fell on no significant news.
- **Graco**, a position held since 2002, was down fractionally in spite of a strong earnings report.
- **Graham Corporation's** stock price slipped despite management's optimistic expectations of a strong post-COVID recovery in revenue growth and margin expansion.

As the COVID vaccination rate increases rapidly in the United States, there is hope that the worst of the pandemic will soon be behind us. Listening to first quarter earning calls, there was a great deal of optimism from company executives with expectations that pent-up demand will provide strong economic growth in 2021. The biggest concerns we've heard from management teams relate to inflation, supply chain logistics, and finding enough skilled workers to meet demand. Continued monetary stimulus and easy money policies from the Fed are also helping the outlook. However, we believe a strong economic recovery is already largely priced into the market. Potential headwinds could arise from a change in trajectory of COVID infections, corporate tax changes, or regulatory decrees coming out of Washington.

As we look at the Fund's portfolio holdings, we feel comfortable with how we've positioned the portfolio. Although broad measures of valuations currently appear inflated, we are confident in the valuations of the Fund's portfolio holdings. Based on what we are hearing from management teams, we think economic growth in 2021 will be robust and that inflation concerns, although real, will be short-lived as pandemic-related bottlenecks fade and supply chains get back to normal.

We plan more extensive shareholder letters about the Fund and our broader market views at mid-year and at year-end. In the interim, we will continue to scout for attractively priced small-cap companies that are in sound financial condition, led by strong management teams, and operating in growing industries.

Respectfully,  
 Steve Scruggs  
 Portfolio Manager  
 April 19, 2021

## Important Disclosures

This Commentary is for informational and discussion purposes only and does not constitute, and should not be construed as, an offer or solicitation for the purchase or sale of any securities, products or services discussed, and neither does it provide investment advice. Any such offer or solicitation shall only be made pursuant to the Fund's Prospectus, which supersedes the information contained herein in its entirety. This Commentary does not constitute an investment management agreement or offering circular.

Effective November 1, 2020, as approved by the shareholders of each series of Bragg Capital Trust ("Bragg Trust"), including the Fund: (i) FPA became the investment adviser to the Fund; and (ii) Bragg Financial Advisors, Inc. ("BFA" or "Sub-Adviser"), the former investment adviser to the Fund, transitioned to serving as the sub-adviser to the Fund pursuant to a subadvisory agreement by and among FPA, BFA and the Bragg Trust. BFA continues to be responsible for the day-to-day management of the Fund, subject to FPA's oversight; and (iii) each of the current Trustees of the Fund were elected by shareholders of the Bragg Trust to serve as the Board of Trustees of the Bragg Trust, replacing the previous Board of Trustees of the Bragg Trust in its entirety. No changes to the Fund's principal investment strategies were made in connection with these changes in management of the Fund, and Steve Scruggs, CFA, Director of Research and Senior Portfolio Manager for BFA, continues to serve as the portfolio manager for the Fund.

The statements contained herein reflect the opinions and views of the portfolio managers as of the date written, is subject to change without notice, and may be forward-looking and/or based on current expectations, projections, and/or information currently available. Such information may not be accurate over the long-term. These views may differ from other portfolio managers and analysts of the firm as a whole, and are not intended to be a forecast of future events, a guarantee of future results or investment advice.

Portfolio composition will change due to ongoing management of the Fund. References to individual securities or sectors are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio manager, the Adviser, the Sub-Adviser or the distributor. It should not be assumed that future investments will be profitable or will equal the performance of the security or sector examples discussed. The portfolio holdings as of the most recent quarter-end may be obtained at [www.fpa.com](http://www.fpa.com).

Future events or results may vary significantly from those expressed and are subject to change at any time in response to changing circumstances and industry developments. The information and data contained herein has been prepared from sources believed reliable, but the accuracy and completeness of the information cannot be guaranteed and is not a complete summary or statement of all available data.

The information contained herein is not complete, may change, and is subject to, and is qualified in its entirety by, the more complete disclosures, risk factors, and other information contained in the Fund's Prospectus and Statement of Additional Information. The information is furnished as of the date shown. No representation is made with respect to its completeness or timeliness. The information is not intended to be, nor shall it be construed as, investment advice or a recommendation of any kind.

Certain statements contained in this presentation may be forward-looking and/or based on current expectations, projections, and information currently available. Actual events or results may differ from materially those we anticipate, or the actual performance of any investments described herein may differ from those reflected or contemplated in such forward-looking statements, due to various risks and uncertainties. We cannot assure future results and disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events, or otherwise. Such statements may or may not be accurate over the long-term. Statistical data or references thereto were taken from sources which we deem to be reliable, but their accuracy cannot be guaranteed.

The reader is advised that the Fund's investment strategy includes active management with corresponding changes in allocations from one period of time to the next. Therefore, any data with respect to investment allocations as of a given date is of limited use and may not be reflective of the portfolio manager's more general views with respect to proper geographic, instrument and /or sector allocations. The data is presented for indicative purposes only and, as a result, may not be relied upon for any purposes whatsoever.

In making any investment decision, you must rely on your own examination of the Fund, including the risks involved in an investment. Investments mentioned herein may not be suitable for all recipients and in each case, potential investors are advised not to make any investment decision unless they have taken independent advice from an appropriately authorized advisor. An investment in any security mentioned herein does not guarantee a positive return as securities are subject to market risks, including the potential loss of principal. You should not construe the contents of this document as legal, tax, investment or other advice or recommendations.

Fund performance presented is calculated on a total return basis, which includes the reinvestment of all income, plus realized and unrealized gains/losses, if applicable. Unless otherwise indicated, performance results are presented on a net of fees basis and reflect the deduction of, among other things: management fees, brokerage commissions, operating and administrative expenses, and accrued performance fee/allocation, if applicable.

From inception of the Fund to December 31, 2004, BFA and its affiliates voluntarily absorbed certain expenses of the Fund and voluntarily waived its management fee. Had BFA not done this, returns would have been lower during that period. Effective January 1, 2005 through October 31, 2020, BFA charged a single unitary management fee and contractually agreed to pay all operating expenses of the Fund except for brokerage, taxes, interest, litigation expenses, and other extraordinary expenses.

The information provided in this presentation is based upon data existing as of the date(s) of the report and has not been audited or reviewed. While we believe the information to be accurate, it is subject in all respects to adjustments that may be made after proper review and reconciliation.

Investments, including mutual fund investments, carry risks and investors may lose principal value. Capital markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Small and mid-cap stocks involve greater risks and they can fluctuate in price more than larger company stocks. Short-selling involves increased risks and transaction costs. You risk paying more for a security than you received from its sale. Groups of stocks, such as value and growth, go in and out of favor which may cause certain funds to underperform other equity funds. The value of an individual security can be more volatile than the market as a whole and can perform differently than the value of the market as a whole.

The Fund primarily invests in equity securities (common stocks, preferred stocks and convertible securities) of **small-capitalization U.S. companies**, defined as those with market capitalization, at the time of purchase, of \$5 billion or less. Investing in small companies involves special risks including, but not limited to, the following: smaller companies typically have more risk and their company stock prices are more volatile than that of large companies; their securities may be less liquid and may be thinly traded which makes it more difficult to dispose of them at prevailing market prices; these companies may be more adversely affected by poor economic or market conditions; they may have limited product lines, limited access to financial resources, and may be dependent on a limited management group; and small cap stocks may fluctuate independently of large cap stocks. All investment decisions are made at the discretion of the Portfolio Manager, in accordance with the then current Prospectus. Comparison to any index is for illustrative purposes only.

The prices of securities held by the Fund may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by the Fund. Securities in the Fund's portfolio may underperform due to inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters, pandemics, epidemics, terrorism, regulatory events and governmental or quasi-governmental actions. There is a risk that you may lose money by investing in the Fund.

Value style investing presents the risk that the holdings or securities may never reach their full market value because the market fails to recognize what the portfolio management team considers the true business value or because the portfolio management team has misjudged those values. In addition, value style investing may fall out of favor and underperform growth or other styles of investing during given periods.

Please refer to the **Fund's Prospectus** for a complete overview of the primary risks associated with the Fund.

*The FPA Funds are distributed by UMB Distribution Services, LLC, 235 W. Galena Street, Milwaukee, WI, 53212.*

## **Index / Benchmark / Category Definitions**

Indices are unmanaged and index returns do not reflect transactions costs (e.g., commissions), investment management fees or other fees and expenses that would reduce performance for an investor. Indices have limitations when used for comparative purposes because they may have volatility, credit, or other material characteristics that are different from the referenced fund. For example, the referenced fund may hold underlying securities that are not included in any index used for comparative purposes and FPA/BFA makes no representation that the referenced fund is comparable to any such index in composition or element of risk involved. Any comparisons herein of the investment performance of a referenced fund to an index are qualified as follows: (i) the volatility of such index may be materially different from that of the referenced fund; (ii) such index may employ different investment guidelines and criteria than the referenced fund and, therefore, holdings in such fund may differ significantly from holdings of the securities that comprise such index; and (iii) the performance of such index may not necessarily have been selected to represent an appropriate index to compare to the performance of the referenced fund, but rather, is disclosed to allow for comparison of the referenced fund's performance (or the performance of the assets held by such fund) to that of a well-known index. Indexes should not be relied upon as a fully accurate measure of comparison. No representation is made as to the risk profile of any index relative to the risk profile of the referenced fund. An investor cannot invest directly in an index.

The **Russell 2000 Value Index** is a subset of the Russell 2000 Index, and tracks the stocks of small domestic companies, based on total market capitalization. The Russell 2000 Value Index represents those stocks of the Russell 2000 with lower price-to-book ratios and lower relative forecasted growth rates. A total return index computes the index value based on capital gains plus cash payments such as dividends and interest.

The **Global Industries Classification Standards**, or GICS®, is a common global classification standard developed by S&P Dow Jones Indices and MSCI. The GICS structure consists of 11 Sectors, 24 Industry groups, 69 Industries and 158 sub-industries.