



FPA Queens Road Value Fund

Fourth Quarter 2022 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, by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

Average Annual Total Returns (%)*

Trailing Performance (%)

As of Date: 12/31/2022	Inception	20 Years	15 Years	10 Years	5 Years	3 Years	1 Year	YTD	QTD
FPA Queens Road Value	8.22	8.54	7.07	10.76	7.98	7.54	-8.86	-8.86	15.04
S&P 500 Value Index	7.94	8.93	7.06	10.86	7.58	6.26	-5.22	-5.22	13.59

Past performance is no guarantee of future results and 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 or by calling toll-free, 1-800-982-4372.

The FPA Queens Road Value Fund ("Fund") commenced operations on June 13, 2002. Periods greater than one year are annualized. Fund performance is shown net of all fees and expenses and 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 (as of the most recent prospectus) before reimbursement is 1.95%. The adviser has contractually agreed to reimburse the Fund for operating expenses in excess of 0.65% of average net assets of the Fund, 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, until October 31, 2023. These 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. This agreement may be terminated only by the Fund's Board of Trustees, upon written notice to the adviser. Prior to November 1, 2020, the Fund had a unitized fee structure that limited annual operating expenses to 0.95%.

Please see important disclosures at the end of the commentary

Dear Fellow Shareholders,

FPA Queens Road Value Fund (“Fund”) returned 15.04% for the fourth quarter of 2022. This compares to the S&P 500 Value Index return of 13.59% for the same period. For the 12 months ended December 31, 2022, the Fund returned -8.86% vs -5.22% for the S&P 500 Value Index.

For the 12 months ending December 31, 2022, the Fund’s performance was negatively impacted by its lack of exposure to the energy sector which was up over 64.17%. Performance was negatively impacted by our holdings T. Rowe Price, two technology names - Intel and Cisco, Danaher and V.F. Corp. This was offset by strong performance from a pair of healthcare holdings - Merck and Elevance (formerly Anthem), a pair of defense names - General Dynamics and Raytheon, and Ameriprise Financial.

At its most basic, our process compares a company’s current price to what we expect the business to look like three to five years out. Our four pillars – balance sheet strength, valuation, management, and industry analysis – provide guidance and guardrails. Taking a long-term view has served us well in the past and we are confident that our disciplined and patient approach will continue to be rewarded over the long-term.

Trailing 12-Month Contributors and Detractors¹

Contributors	Performance Contribution	Percent of Portfolio	Detractors	Performance Contribution	Percent of Portfolio
TTM					
Merck & Co.	1.36%	3.6%	T. Rowe Price	-1.69%	3.0%
General Dynamics	0.93%	5.4%	Intel	-1.62%	2.9%
Elevance Health	0.65%	6.4%	Cisco Systems	-1.11%	4.3%
Raytheon Technologies	0.29%	1.8%	Danaher	-1.00%	5.0%
Ameriprise Financial	0.29%	5.8%	V.F. Corporation	-0.97%	1.1%
	3.52%	23.1%		-6.38%	16.3%

It has been a tough year for asset prices with both stocks and bonds down significantly. Private assets are getting marked down and real estate prices are softening.² Unless you had the foresight to be in commodities (and time your trades correctly), diversification did not protect against the broad market declines. We maintain a long-term view and focus on down-side protection, so let’s zoom out and take a look at where we are. At year end³ -

- The S&P 500 was trading at 3,840, down approximately 18% over one year. But it is also up approximately 19% from the pre-pandemic all-time high in February 2020. Over roughly three years, this would be a compound return of 6.3% – or reasonable equity returns. While equity prices have come down, valuations remain high for quality companies. But we believe U.S. corporations are the best run businesses in history, margins are at an all-time high and quality companies have the best shot at passing through inflation.

¹ As of December, 31, 2022. Reflects the top five contributors and detractors to the Fund’s performance based on contribution to return for the trailing twelve months (“TTM”). 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 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 TTM is available by contacting FPA Client Service at 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.

² Source: Wall Street Journal: Blackstone’s BREIT Highlights Looming Dangers of Private Funds; December 12, 2022
<https://www.wsj.com/articles/blackstones-breit-highlights-looming-dangers-of-private-funds-11670847230>
<https://www.ft.com/content/c5a1818c-3153-4031-83d1-fa45747c71d5>

³ Source: Bloomberg; S&P 500 performance includes the reinvestment of dividends.

- The 30-year U.S. Treasury yield closed the year at 3.97% vs the last cycle average of 3.15%. So a little higher, but certainly within bounds. Especially if you think that negative real yields and nominally negative yielding long-term debt over the last cycle were an aberration.
- WTI Crude oil finished the year at \$80.26 vs an average price of \$72.85 since the financial crisis of 2008. So roughly in line with the average over the last cycle. And roughly in line the \$60 – \$80 per barrel marginal price of production for U.S. shale, the current swing producer.

So, with a little distance, all of this seems... normal. The extreme supply / demand imbalances of the COVID period – shipping, semiconductor chips, lumber, etc. have reversed.⁴ The excesses in FAANGM⁵ and other COVID beneficiary stocks have deflated to and are approaching what we consider to be the realm of reasonableness (but still generally expensive and impossible to forecast). The venture capital industry is facing imminent mark downs.⁶ And the irrational exuberance in the crypto markets has dissipated with that market losing a little over \$2 trillion during 2022.⁷

For the most part, life feels normal (at least in the U.S.) – indoor public spaces are crowded, kids are back in school and we've moved on with our lives. The war in Ukraine is awful, but a mild winter seems to have spared European homes and industry. And while China's leadership is increasingly authoritarian and aggressive, it (so far) doesn't seem to be spilling into Western markets.

We are most comfortable with normal, and generally try to invest around normalized earnings with diligence, discipline and patience. And frankly, we didn't know what to do with a lot of the COVID excesses except note that asset prices were high and remain defensive. We're not sure if the Fed is going to keep short term rates high, even as inflation seems to be abating. We're not sure if the lower labor force participation is a structural shift or a cultural shift or if it will reverse. We don't have clarity on Taiwan, European energy prices or if the current U.S. political schisms will spill over into the economy. As bottom-up investors, we avoid making macro predictions.

At its most basic, our process compares a company's current price to what we expect the business to look like three to five years out. We always want to be aware of near-term headwinds. But generally, it is lower current prices and a growing discrepancy to a company's long-term economic prospects that provides us with a margin of safety. We look for quality companies that we are confident will be worth considerably more over that time horizon. And we are very comfortable buying from sellers who are afraid that the prices will fall further tomorrow.

As we look at the Fund's portfolio holdings, we are more optimistic than we have been in quite some time. When there is exuberance in the markets, in our experience it is usually overdone. But our experience over multiple cycles has taught us that when markets get volatile and the pundits predict doom and gloom, it is usually overdone as well. We acknowledge the heightened uncertainty as well as the headwinds the economy faces. Given the current valuations and long-term fundamentals of the Fund's holdings, we feel more positive about the portfolio than we have in several years.

Respectfully,

Steve Scruggs, CFA
Portfolio Manager
February 2, 2023

⁴ Source: Bloomberg: All Those Real Economy Pandemic Price Surges are Going in Reverse: <https://www.bloomberg.com/news/articles/2023-01-05/all-those-real-economy-pandemic-price-surges-are-going-in-reverse>

⁵ FAANGM constituents include Facebook, Apple, Amazon, Netflix, Google and Microsoft

⁶ Source: Financial Times: Venture Capital's Reckoning Looms Closer: <https://www.ft.com/content/c5a1818c-3153-4031-83d1-fa45747c71d5>

⁷ Source: CNBC: <https://www.cnbc.com/2022/12/23/bitcoin-lost-over-60-percent-of-its-value-in-2022.html>

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.

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.

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.

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 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

The Fund will typically be less diversified than the indices noted herein and may hold non-index securities or securities that are not comparable to those contained in an index. Indices will hold positions that are not within the Fund's investment strategy. Indices are unmanaged and do not reflect any commissions, transaction costs, or fees and expenses which would be incurred by an investor purchasing the underlying securities and which would reduce the performance in an actual account. You cannot invest directly in an index.

The **S&P 500 Value Index** is a market cap-weighted index. The value factors used to determine a stock's value score are book value to price ratio, cash flow to price ratio, sales to price ratio and dividend yield. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500.

Other Definitions

Margin of safety is a principle of investing in which an investor only purchases securities when their market price is significantly below their intrinsic value.