



Q2 2025 FPA Crescent Fund Webcast August 7, 2025

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(00:00:00)

Moderator: [Please see slide 1] Hello and welcome to today's webcast. Please note that today's webcast is being recorded. During the presentation, we'll have a question and answer session. You can ask text questions at any time. Submit your question in the questions and answers panel and click New Question to submit. If you would like to view the presentation in a full-screen view, click the corner of the slides panel to drag and resize to best fit your view. To restore the panels to their original view, click the Restore icon from the icons on the right side of the screen. And finally, should you need technical assistance, as a best practice, we suggest you first refresh your browser. If that does not resolve the issue, please submit your issue in our question and answer panel and someone will assist you.

It is now my pleasure to turn today's program over to Ryan Leggio. Ryan, the floor is yours.



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Ryan: Good afternoon and thank you for joining us today. Welcome to FPA Crescent's Second Quarter Webcast. My name is Ryan Leggio and I'm a partner here at FPA and lead Client Relations.

The slides, audio, visual replay, and transcript of today's webcast will be made available on our website FPA.com in the coming week or so.

Steven Romick, Brian Selmo, and Mark Landecker, FPA Crescent's portfolio managers, will review the Fund's recent performance, current positioning, and then take your questions.

[Please see slide 2] We include longer-term performance here for disclosure purposes. Let me now turn the call over to Steven.

Steven: [Please see slide 3] Thanks, Ryan. The bull market continued in the first half of 2025, with the MSCI ACWI and the S&P 500 ending at new highs, overcoming Liberation Day tariff fears but leaving the stock market generally priced more expensively.

(00:01:51)

In the past 6 and 12 months, Crescent performed well on an absolute basis and relative to its net risk exposure. The Fund's net risk exposure decreased from 69.5% a year ago to 65.5% at the end of June, thanks in part to less favorable risk/reward prospects. Even though US large cap holdings look less attractive, we have found select opportunities in small and mid-cap names both domestically and overseas. Crescent's negligible high yield exposure remains nominal due to credit spreads sitting near their all-time lows.

[Please see slide 4] Crescent gained [approximately] 8.4% in the second quarter and [approximately] 13.3% in the trailing 12 months, capturing a little more than 82% of the

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MSCI ACWI's return in the last 12 months and outperforming its 66.9% average net risk exposure.¹

[Please see slide 5] Growth stocks continued to dominate the headlines as value again lagged. In the last year, the S&P 500 Growth Index more than doubled Value's return, returning about 20%, [nearly] 5 points better than the broad [S&P 500] index and 10 points better than the S&P 500 [Value's] 9.6% return. International stocks, as measured by the ACWI ex-US, were the second-best performer in the trailing 12 months, returning [approximately] 17.7%. Crescent's portfolio of long equities returned [approximately] 17.3%, outperforming the ACWI and the S&P.²

[Please see slide 6] Looking over a more meaningful longer-term period, the Fund's long equity book returned almost 11% since [January 1] 2011, outperforming its primary illustrative index, the MSCI ACWI, by 3.5%.

[Please see slide 7] In the previous 12 months, Crescent's top 5 performers contributed 5.1% to its return whilst the bottom 5 detracted [approximately] 1.8%. Since we have previously discussed most of the 10 companies on this slide, let me highlight just two that we haven't addressed recently.

(00:04:00)

Holcim/Amrize has performed well on the back of strong business performance and its strategic decision to separate the company's North American operations, which now goes by its own name, Amrize, and has its own US listing [NYSE: AMRZ]. We're happy to see former [Holcim] CEO Jan Jenisch return to lead the North American business.

¹ Past performance is no guarantee, nor is it indicative, of future results.

² For the twelve-month period ending June 30, 2025, FPA Crescent Fund's long, equity only portfolio outperformed the MSCI ACWI Growth, Value and Emerging Market indices. It slightly trailed the performance of the MSCI ACWI Ex USA and S&P 500 Growth index.



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IFF, International Flavors & Fragrances, strengthened its balance sheet through a series of asset sales. Since the beginning of '24, new management has consistently delivered or exceeded financials targets. However, despite these positive developments, its stock price has declined.³

[Please see slide 8] We continued to trim positions in '24 and early '25 in response to elevated valuations, resulting in increased cash as we awaited opportunities. After President Trump announced his Liberation Day tariffs in early April [2025], global markets plunged but just a few days later, they'd already significantly rebounded. A stock market drawdown that lasts only a few days is too short a timeframe to shift the portfolio materially. Despite the brevity of the decline, we did selectively redeploy some capital in a few high-conviction positions.

[Please see slide 9] The MSCI ACWI declined 16.3% and the S&P 500 by 18.9% from their February peaks over just a few days in early April. For some, such dramatic movement implies greater risk but when viewed over a longer horizon, this view becomes harder to defend.

[Please see slide 10] Anchoring to daily price fluctuations can cause unnecessary stress and lead to decisions that may reduce your returns. If you can internalize the importance of using a longer timeframe then the stress you might otherwise feel in a volatile market will be reduced.

(00:05:57)

³ 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 webcast as legal, tax, investment or other advice or recommendations.

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We have successfully and consistently applied the discipline of looking out over the horizon, through market swings, for more than 30 years. Life offers little certainty, so we expect uncertainty and therefore build models that reflect a range of potential outcomes: low case, base case, and high case. We often have opportunities to acquire good businesses that have bad news and very low expectations for future performance incorporated into their stock prices. To the extent that these businesses exceed these low expectations, we expect to be rewarded. Importantly, the world is neither more nor less certain today than it was before Liberation Day.

[Please see slide 11] [Generally,] valuations remain above average, with US companies trading more expensively relative to their historical average and when compared to those based outside the US, which supports our continued interest in investing overseas.

[Please see slide 13] Companies outside the United States represent [approximately] 40% of the Fund's equity exposure. However, those portfolio [companies] have about 55% of their revenues derived from foreign markets, which is more pertinent.

[Please see slide 14] A more expensive US market does not mean all stocks are expensive. We continue to find better value overseas and in small and medium-sized US companies. Using third-party consensus estimates, Crescent's diversified equity portfolio of what we believe to be market-leading businesses trades at 16.1 times projected earnings and 2.1 times book value, with 22% expected earnings growth over the next 3 years—again, based on consensus estimates, not our own. This is less expensive than the MSCI ACWI and the S&P 500 on both P/E and price-to-book, and with higher expected growth. We hold many stocks in the portfolio that the world has not fallen in love with, allowing for

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a portfolio that trades at a lower valuation, with projected above-market growth, which should serve our investors well.⁴

(00:08:06)

[Please see slide 15] Crescent continues to maintain a conservative exposure with risk assets, mostly equities with a small amount of corporate credit, ending the second quarter at 63.5%, down from 67.5% at year-end '24 and from 69.5% a year ago. Broader risk-taking seems less appropriate today given elements of speculative excess combined with relatively high valuations. The Fund's equity risk exposure, as you can see in this slide, has generally moved in inverse proportion to the market. When stock prices rise, our exposure decreases; and conversely, when stock prices decline, the Fund's exposure increases. This is a generalization, as sectors can sometimes exhibit performances and valuations that deviate from the market as a whole. Before the recent correction, the Fund's net equity exposure dropped to a recent low of 56.6%. We then purchased equities during the market weakness, which caused net equity exposure to increase modestly to 58.9% at quarter end.

[Please see slide 16] As far as mutual funds go, Crescent utilizes an unusually extensive range of tools and approaches to solve various problems effectively. We endeavor to avoid the cognitive bias of overreliance on any one method. If it's raining, for example, we're looking for our umbrella, not our sunscreen.

Our exposure to different sectors has moved around, obviously, a little bit in that timeframe. And as we look at these different asset classes, regions, industries, market capitalizations, etc., it's all shifting as a function of our opportunity.

⁴ Past performance is no guarantee, nor is it indicative, of future results.

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(00:10:02)

For example, we believe that the intersection of risk and reward is more attractive today in small and medium-sized companies, and explains the current attention we have paid to this area. Excessive attention to one area can create opportunities in another, which we believe is the case with small to mid-cap shares versus large cap. Large capitalization stocks, particularly those that are growthier, have captured the minds and wallets of investors and now trade at unusually high valuations, as demonstrated on this slide, and do not afford the downside protection we prefer should either growth be less than expected or valuation multiples contract.⁵

[Please see slide 17] That ends our prepared remark, and we have a number of questions that have come in over the transom preceding this call and some more that are coming through as I see on the screen right now. While, you know, we're going to turn to Q&A but we won't be discussing companies where we are currently engaged in transacting, whether it's a buy or a sale, as those positions that are so small or not to be relevant to Crescent's performance. We also won't be speaking to companies that are not in the portfolio or those subjects of which we have no opinion, including macro-related questions.

I'm going to start with the first question and then turn the rest over to Brian and Mark. **"In July, markets once again hit record highs despite rising consumer debt, a cascading effect from the federal layoffs, tariffs, and the public debt increase, do you see the Fund's cash position increasing even more?"**

About the tariffs, consumer and sovereign debt, employment levels and such that you mentioned, as well as other macroeconomic factors, we don't have high conviction

⁵ Past performance is no guarantee, nor is it indicative, of future results.

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because we cannot foretell how impactful these variables might be, how the markets might respond, or what the timing might be. This is not to say that the markets won't occasionally swing wildly as a result.

(00:12:02)

But by building a conservative view into our financial models for the various companies we own or are considering, we [seek to] mitigate some of those—of these exogenous variables. We are content to buy a business where the upside case warrants the risk for the downside. Operating with a long view, as we do, allows for many of these economic variables to dissipate, reverse direction and/or be absorbed by the business. The Fund's cash position is unlikely to increase from its current levels other than possibly from the temporary noise that comes with both market movements and the timing of buys and sells.

I'm going to turn it to Brian now to begin to take some of the other questions.

Brian:

Sure, thanks, Steve. There is a question, **“How is the portfolio structured if the economy slows by year-end as a result of tariff impacts, and what probability do you think that we may have a recession in the US within the next 12 months?”**

And so I would say the portfolio, we always endeavor to have a portfolio structured to be not necessarily optimal for one particular scenario—say, a recession—but rather robust to many scenarios, meaning possibly economic growth, acceleration, recession, perhaps some type of disruption in capital markets, or even pandemic. And we do that because we don't have a view on what the future might hold.

And you can consider this from the perspective of both the overall portfolio but also from the individual names. The average holding period of the individual names in our companies—in our portfolio—over time has been 5 years, and the top 10 names in the

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Fund we've held over 8 years.⁶ And so if one expects to own businesses over a long period of time, you're going to need to think about things that you would be comfortable with or things that—or businesses that you believe would be robust to changes in economic environment, changes in political administrations, perhaps changes in geopolitics.

(00:14:06)

And so it's with that longer-term lens that we construct the portfolio, so I would say that the portfolio is constructed in a way that we think it will do reasonably well over rolling 5-year periods, sort of no matter what comes, rather than positioned for a recession or not a recession.

On the second part of the question, we do not have a sense of the probability of what a recession would be in the next 12 months.

I'm going to pull this into another question that I think is somewhat similar, and that is, **"Is this a good entry point to invest?"** I assume this reflects to investing in Crescent. I won't make a market comment. So this is about investing in Crescent.

[Please see slide 19] And so as I just mentioned, the overarching goal is equity-like returns with less risk, and we think about risk as permanent impairments. And so we have a slide that I think Morgan has pulled up—thank you, Morgan—that shows that over the history of Crescent, we have not had a rolling 5-year period with a loss, and so that's something we're very proud of. And so we would endeavor to continue to produce investment results similar to what you see on this page, which we would argue means that there is never a particularly awful time to invest in Crescent. But the other side of that is there may never be a time to invest in Crescent where it will be the single best-performing

⁶ As of June 30, 2025, the FPA Crescent Fund's average holding period since inception is 5.0 years, and it's top 10 positions have been in the portfolio for 8.8 years.



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investment you have, right? So you shouldn't expect us to shoot the lights out but you also shouldn't expect us to take you off a cliff and not get you back over time.⁷

And on that idea, we have another slide that Morgan will pull up that was in our 30th year sort of presentation or reflection that's on our website that you can find on the FPA website.⁸ And this, I want to draw your attention to the charts or bars on the right [of page 2], and this sort of shows, one, the performance in bars that I've just showed on the previous page, but the part that's new is the max time to high-water mark.

(00:16:10)

[See also slide XX] So, this is when you think about the drawdown or mark-to-market which, again, we've shown to be temporary over the history of the Fund, and then how long does it take you to get back to even or get ahead. And so you can see Crescent has had a shorter time to get back to even than it's [illustrative indices or the Fund's Morningstar peer group].⁹

And so, while we are not at a time where we are ringing the bell that we're taking up exposure dramatically, we also have been adding a number of names over the last 12 months, and so we've been pretty busy on the buy side, as Steve mentioned, primarily in mid-cap companies in the US—and then I'll also hit on another question—yes, also in international names, that continues.

⁷ Risk is inherent in all investments and you could lose money by investing in the Fund. A summary description of certain principal risks of investing in the Fund is set forth in the Fund's prospectus. Before you decide whether to invest in the Fund, carefully consider these risk factors associated with investing in the Fund, which may cause investors to lose money. There can be no assurance that the Fund will achieve its investment objective.

⁸ Please view the FPA Crescent Fund 30 Year Anniversary; https://fpa.com/docs/default-source/funds/fpa-crescent-fund/literature/fpa-crescent-fund-30-year-anniversary-reflection-2023-06.pdf?sfvrsn=60799f9d_15

⁹ Please see slide 20 for the most recent FPA Crescent Fund "Max Time to High Watermark" data.

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And so I think I've addressed each of those three questions and so I will kick it back or over to you, Mark, for the next.

Mark: Thanks, Brian. The next question was, "How much of a—"

Brian: Mark, sorry. Sorry to cut you off. I'm sorry. I see that I missed part of this. I don't want to—sorry. There's a last bit of the question that I addressed that we're doing things internationally and in domestic small cap, and that's, **"Outside of the hyperscalers, are you seeing much in the way of capex?"**

So the hyperscalers are certainly driving the train but the other thing I would note is that the lifting of the, you know, the ban on LNG (liquefied natural gas) facility builds in the Gulf Coast is there's also a bit of a capex boom, both current and coming, along that. Sorry, go ahead, Mark. Sorry.

Mark: [Please see slide 17] Great, thanks, Brian. So the question was, **"How much of a threat to global financial stability is the widespread ownership of cryptocurrencies, especially of stablecoin?"**

(00:18:01)

And so we realize, in answering this, we collectively will sound like a bunch of Boomers, but aside from Ponzi schemes, rampant speculation and hiding money from illicit activities, none of which your managers engage in, we lean towards the view that crypto and stablecoins are a solution looking for a problem to solve. So, along those lines, we'd call your attention to a recent comment in *Grant's Interest Rate Observer*¹⁰ where Timothy Massad, a research fellow at Kennedy School of Harvard, stated that the CLARITY Act, which supports crypto based on new administration introduced by the Trump

¹⁰ Source: *Grant's Interest Rate Observer*, published on August 1, 2025.

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administration, he called it, effectively, 236 pages of regulatory arbitrage opportunities for creative lawyers.

I should add, some of us also occasionally read the MicroStrategy (NSDQ: MSTR) quarterly conference calls for entertainment, and at the conclusion of each, we can't help but thinking this is a high—there is a high probability this won't end well. But hey, we could be wrong and we reserve the right to change our minds.

The next question I guess I'll take as well. It's, **“If and when short rates come down, do you have an alternative investment idea? Please comment on healthcare sector: value or value trap?”**

So Steve talked about this a little earlier as it relates to the macro but effectively, we don't pre-plan future purchases based on anticipated changes in macro variables. So essentially, we have a couple of type of investments we make: evergreen and opportunistic. So evergreen would be what you can think of as compounder-type businesses whose value increases over time, either because they're slow and defensive growers like Aon, a secular grower like say Meta, or a cyclical grower like Analog Devices (ADI) whose earnings increase from one peak to the next. So, as Brian mentioned, the holding periods for these kind of investments could very well be 5 years or even approaching a decade or longer, as in the case of Aon and ADI.

(00:20:00)

So for evergreen investments, we try to do the work ahead of time so we're prepared to act if valuations allow us to enter with asymmetric risk/reward profiles, as occurred during COVID where we could quickly deploy capital to names that are currently in the portfolio such as Marriott and Richemont.

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On the other hand, we also make what we consider to be commercial investments, which are more opportunistic in nature and take the form of equity or debt. In these cases, we are often acting reactively rather than proactively, so we might be running towards fires looking for value or passing the ruler over a beaten-down sector, like say office real estate a few years ago, which ultimately resulted in investments in Douglas Emmet, Vornado, as well as some small debt issues.

So, in summary, we let value guide us as to where we're spending our time and allocating capital rather than trying to use a macro forecast to steer our activities.

[Please see slide 12] Now, as for the question as to whether healthcare is a value trap, we 100 percent understand what you're asking but internally, our discussions are largely around businesses rather than stocks. That means we don't ask ourselves where a stock could trade but instead, spend our time pondering what's a reasonable range of intrinsic value for a business. In the process, we try to determine the earnings power of the business over, say, 5 or so years in the future, the downside if we are wrong and, perhaps most importantly, how the management team running the business will allocate capital.

Our lived experience has suggested you shouldn't worry about being caught in a value trap if you buy a business at a reasonable price, provided of course you have a management team that allocates capital in an intelligent manner.

Now, bringing that back to healthcare, the sector was actually maybe even our largest exposure back in circa 2010 I believe.¹¹ By and large, the names we owned did well, and our exposure ultimately whittled down to nil or something close to that.

(00:21:57)

¹¹ FPA Crescent Fund's exposure to the Healthcare sector was approximately 22.7% as of December 31, 2010.

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Now, roll forward to mid-2020, 5 years ago, and we were having to defend ourselves as to why we didn't own any names in what was a very popular healthcare sector, and our answer was simply that we weren't finding value in the sector and sometimes, being contrarian is as much about what you don't own versus what you do.

Anyhow, here we are in 2025 and, from the slide that Morgan's brought up here in front of you, you can see that healthcare is the only sector in the S&P 500 trading below the 40th percentile in absolute P/E on both a 10-year and 30-year history. And on a relative basis, on the right, it should also be noted, healthcare is trading the cheapest versus the S&P 500 of all sectors over those same 10- and 30-year periods.

So healthcare has been a tough place to be the last 5 or so years. The starting valuation of the sector today is demonstrably different than, say, 5 years ago, which is important, as we continue to be strong believers that the price you pay goes a long way to determining your ultimate returns. And on that note, it should not surprise you that our interest in this sector is much greater than it was 5 years ago, and you're starting to see that come through in recent purchases, some of which have already been disclosed, and some of which have not.

[Please see slide 17] I'm going to take another quick question that came in on the video. It said, **"I know you don't make much of short-term moves but wondered if you had a view on yesterday's volatility in a certain healthcare name on what seemed to be a no-news day."**

So we're not particularly close to the market but I will say what we observed is that there's groups of stocks that move together in a much more regular fashion now than in years past, and we could be wrong but we think what happens is, effectively, larger shops than us—perhaps pod shops or otherwise—are effectively looking to put on basket-type

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trades. So on Tuesday, they're negative healthcare and they'll short a group of healthcare stocks regardless of the fact that some names in there may have idiosyncratic reasons as to why they should not get swept up.

(00:24:03)

So if you go back for a moment, we talked about buying real estate during the Office Armageddon, and particularly Douglas Emmet, so there might have been a point where people said, "I'm very negative on New York real estate on a Thursday afternoon, I want to get negative, people aren't coming back to work next week," and they'll short a basket of REITs. Douglas Emmet, with their West Coast exposure, particularly on the West Side of LA, will get caught up in that and be down along with the other group, despite the fact it might be for the wrong reasons. So we do notice that happening, we think. We try take advantage of that by leaning into the occasional name where we see we think they've been swept up for the wrong reason in what seems like a bit of a sector trade.

I'll turn it back to Brian or Steve if they have anything to opine there.

Brian:

No. I'll underscore what you said, Mark, and just say that the starting notion that the marginal price of securities is being set by two people who are forming long-term views about the underlying fundamentals of the business may have never been true, but it is certainly not true today. So I would take very little to zero meaning from a big intraday move in a name.

I'll get back to a question from the pre-submitted which is, "**Generally speaking, where in the capital structure are you seeing the most opportunities?**"

It's certainly on the equity side. I think Steve alluded—mentioned spreads being very tight. We did slightly increase our credit exposure in the quarter but that was a very

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idiosyncratic position that came under pressure as a result of some movements by the FCC.

There's a question about FactSet reflecting 9 of the 63 securities in the portfolio as having negative earnings. We think that's a glitch {on FactSet's side}. It's not something we sort of recognize or think makes sense [based on the data we have]. We quickly looked at it. I think there's probably two names that we think are, you know, would be reporting losses or reporting what would be appropriately accounted economic losses.

(00:26:19)

There is a question on size of the Fund and getting money invested in, I would say, the mid-cap names, does the size prevent it?

I would say no, we're not having any problems getting to the size in positions that we want. I think that if you go back to the earlier discussion about wanting a robust portfolio to a lot of different outcomes, I think there are, you know, there are businesses in relation to their prices that we would feel more comfortable being smaller or larger, and that largely dictates our sizing, not any intrinsic liquidity. We think of the universe that is sort of fully actionable for Crescent as being a billion and plus market caps. So you know, we're not looking to do \$100 million names.

Steven:

There is a question—somebody missed the first few minutes and asked us to discuss some things that they're worried they might have missed. As Ryan Leggio mentioned at the top of the hour, our partner and Head of Client Relations, all of this is, you know, the transcript from this will be posted on the website as well as the slides, and I'm also just going to turn it over to Ryan for just a second to comment on something that was in the news this week with respect to another mutual fund that there's a proxy out on, Ryan, for some details.



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Ryan: Sure, thanks, Steven. So the question centers around a preliminary proxy filing that the Centerstone Investors Fund, ticker CENTX, has out to potentially merge into the FPA Crescent Fund. There's not a lot we can say right now because we're in the quiet period since the proxy still is preliminary. We will have more to say if the proxy passes by the Centerstone Investors shareholders.

(00:28:21)

But to kind of put it in round numbers perspective, given the size of that fund and the current rough size of FPA Crescent, we're talking about about two-thirds of one percent if the merger is successful, at current sizes. And so while it's certainly important for FPA Crescent, it's not a very large fund. So again, we'll have more to say if that proxy passes.

Steven: And we were honored to be offered this opportunity by the management team of Centerstone, and we think, should it pass, it will be a benefit to our shareholders. We only will consider these kinds of things to the extent that they will benefit our investors, but we hope that would also be viewed as a benefit by the current investors of Centerstone. And this might be a blueprint for other opportunities should other subscale funds look for [new opportunities] (inaudible @ 00:29:21).

Brian: I think that's probably for you, Ryan.

Ryan: Sorry, which one?

Brian: Just came in.

Steven: The one that came in, on the left. **"Any consideration of an ETF share class?"**

Ryan: Oh. Oh, so the answer is no, for the FPA Crescent Fund. We currently have an ETF that the team managers, [the FPA Global Equity ETF] FPAG, which is the larger cap equities of FPA Crescent fully invested, just the equities. But no, we don't currently anticipate launching—again, things can always change—an ETF share class at Crescent

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because of our considerations about capacity management as well as transparency with the portfolio holdings, and lastly, the suitability of the illiquid assets that Crescent will traffic in for time to time, with an ETF. So nothing as of yet.

(00:30:26)

Brian: Yes, so one of the things that Crescent has done over the last number of years is some small derivative positions that have paid off pretty well for us, and then also some private investment, specifically shipping. And so we wouldn't be able to do those in an ETF and those have been, relative to their size, pretty meaningful to Crescent over the last 5-10 years.¹²

Steven: Well, also private credit over the last, you know, 14 years as well.

Brian: Yes.

Steven: So those kinds of unique things are not the domain of ETFs.

Brian: Yes. You know, there's a question about, **“What level of downside protection would be necessary for increased US large cap? What ratio are you focused on for this?”**

I refer back to sort of what Mark talked about. We really talk about and think about businesses and maybe what we're paying relative to what we think they can do over 5 years, and so that's not a mechanical kind of constraint, large cap or small cap or whatever else. Each is looked at an individual company and, depending on the risk/reward, the financial profile, the makeup of the portfolio, it would be different for different names and different types of businesses. So I guess I'm sort of saying there is not one simple answer I can give for that question.

¹² Past performance is no guarantee, nor is it indicative, of future results.

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Oh, there's a question about energy. It says opportunistic—our brochure says we're opportunistic and with energy sector earning yields up since 2020, just to—but we have small exposure. **“Have there been fundamental structural changes that have reduced the appeal of this sector, requiring a higher margin of safety?”**

(00:32:14)

I'd say no, we're not particularly enamored with the energy sector. We've talked about it a few times. You know, we tend to think that it is tough to find a disciplined management on the E&P side, or the way that we would run an E&P company if we controlled all of it. And then on the services side, we have been more interested, we have a position there now, and I think that that's something we would still consider.

I mean, the concern would be that you are taking some terminal value risk, depending on maybe what niche you're in and what you think of long-term oil production in different parts of the world but...

Steven: Mark stated earlier on the call that when we look at companies, we look at management teams, and we want disciplined capital allocators. And across the energy sector, particularly on the E&P side, as Brian just pointed out, there's been less discipline than we would like.

Brian: I mean, I'll just reference back. We got this—energy did very well in what year I'm looking at, Ryan? 2022 or 2023, and we got a lot of questions, “Hey, aren't you going to do E&P and this and that?” And I remember being on a call and I said, “Well, look, the way it works is once they make money, they go and blow it all on acquisitions,” and like over the next six months, there were a whole bunch of acquisitions announced and now we're three



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years later and they look like expensive acquisitions. So that still is how we feel about the energy sector, I guess.¹³

Steven: That covers all the questions that have come in. We're happy to take additional questions that come in, should they come in later. Please direct them to Ryan Leggio, and I'm going to turn it over to Ryan for the closing.

Ryan: Thanks. Thanks, Steven. Yes. If we missed your question or if you have additional questions, please feel free to reach out to your FPA representative or email us at crm@fpa.com. Thanks for listening to FPA Crescent's Second Quarter Webcast. We now turn it over to the system moderator for closing comments and disclosures.

(00:34:14)

Moderator: Thank you for your participation in today's webcast. We invite you, your colleagues, and shareholders to listen to the playback of this recording and view the presentation slides that will be available on our website, typically within a few weeks, at FPA.com. We urge you to visit the website for additional information about the Fund, such as complete portfolio holdings, historical returns, and after-tax returns.

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This concludes today's call. Thank you and enjoy the rest of your day.

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