

**Q4 2025 FPA Queens Road Small Cap Value Fund (QRSVX) Webcast**  
**February 3, 2026**

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*Note: Items in brackets [ ] are meant to be clarifying statements but are not part of the actual audio recording of the webcast.*

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**The prospectus for the Fund dated September 30, 2024 and corresponding supplements, can be accessed at: <https://fpa.com/request-funds-literature>. The most current prospectus can always be obtained by visiting the website at fpa.com, by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.**

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Moderator: [Please see slide 1] 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.

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

Jon: Thank you so much and good afternoon, everyone, and welcome to the fourth quarter and year end review of the FPA Queens Road Small Cap Value Fund. My name is Jon Cusa and I'm part of the business development team at FPA, and joining me on the call will be our co-portfolio managers Steven Scruggs and Ben Mellman. I should point out that Ben was recently named co-portfolio manager in January, so our congratulations to him for this recognition and of a job well-done.

Another point of interest is that the total assets in the Fund, which add up to be roughly \$1.1 billion as of the end of the year, are near the all-time high, and performance on the year ranked in the top decile of the peer group, which we're going to talk about in greater detail.

[Please see slide 2] Steve and Ben have prepared a few remarks that they will walk through in just a few minutes, and we'll have a Q&A session towards the end where there's been some questions that have been pre-submitted. As the intro suggested, please feel free to add anything in the question and answer box. We'll try to get to as many as we can. And I should point out that we do include longer-term performance for disclosure purposes.

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But let me turn it over to Steve now for comments on the quarter and the year. Steve?

(00:02:16)

Steve: [Please see slide 3] Thank you, Jon, and thank you all for joining us today as we wrap up and recap 2025 performance as well as some portfolio management changes that we made to the portfolio throughout the year, and generally what our outlook is for 2026.

As Jon mentioned, we had what we would consider a very strong performance for the year. We were up a little over 13 and a quarter percent versus about 12.6% for the index, which we're very happy with. But when we go through the entire year, there was different types of markets within the year and, as we have done very consistently in the past, we saw a pattern that repeated itself. If you all remember, during the first quarter of the year, stocks, and small caps in particular, sold off very strongly on the tariff negotiations.

During the first quarter, as stocks fell, we held up a good bit better than the market. We took advantage of the volatility to both reposition some assets as well as we had a couple, a few mergers where we had a little bit of extra cash, and we put those mostly into some existing holdings that got really beat up during that period, but we also added a couple of new companies.

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So coming off of the lows near the end of the first quarter into the second quarter, equities bounced pretty sharply. We participated right along with that, and we maintained our outperformance over the benchmark on into the third quarter.

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As we got into the third quarter, it appears that the rally got a little junkier. More economically sensitive companies tended to do better. More highly levered companies tended to do better. And during those types of markets, as I mentioned, is our—historically this happened—we give up some performance in those types of markets.

But when we look across the full year, again, we outperformed our benchmark and our peer group. As Jon mentioned, we were in the top decile of our Morningstar Small Cap Value category. And we're happy to say, we did it with a lot less risk.

[Please see slide 4] So this is a factor attribution across the year, and there's a lot of talk throughout the year about junkier stocks tended to do better, and quality stocks tended to underperform. And as many of you all know, we have a very strong quality bias within our portfolio. But having said that, everybody defines quality in their own way, and we have our own methodology to do that.

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And so, when we look at our performance and our outperformance with what we consider a very high-quality portfolio in the face of many other competitors who are considered higher-quality, our outperformance I think stands out even more.

[Please see slide 5] The reasons for that, as we go to the individual holding attribution, you can see that we did have a handful of companies—more than a handful—that performed very strongly. Many of these are very long-time holdings, most are. Most notably, Fabrinet was our best performer. I think we've talked about it a lot in the past. They are really benefiting from the growth in AI infrastructure as well as optical communications. And the company just had a remarkable year, record profits across segments, adding new customers, a strategic relationship with Amazon Web Services that they announced, as well as they've moved up construction on a factory expansion to meet the overwhelming demand that they're getting. Their biggest problem is that they can't, they didn't have enough space to meet all their customers' needs.

Having said that, as the company—we love everything about this company. We've owned it for a long time. They have a very unique niche in what they do. But we've been trimming, and we'll continue to do so, purely on valuation because it has gotten up to high—it has gotten pretty

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high in our range of reasonableness for the valuation of the company. So Fabrinet was a great performer.

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InterDigital, another long-term holding. It's an intellectual property licensing company. They too announced some really big agreements. They are not up to 80% of the smartphone market worldwide licenses, parts of their IP portfolio. Those numbers continue to grow. They've expanded beyond handsets, which has typically been their biggest and strongest market, but their IoT business is really growing, as well as in their auto.

One thing that's interesting about the company is they won the same court case in two different venues. It was a case against Disney that really has the potential to change the economics of their business. The cases are under appeal right now but we feel confident that they will be upheld, as they were decided in two separate jurisdictions that are very well-thought-of jurisdictions. So that's another company that performed very strongly, both from a fundamental basis as well as a stock price basis. That too we have been trimming significantly, again on valuation.

You can see the other strong performers somewhat balance. [We had a utility, UGI] they own the AmeriGas franchise, which is retail propane

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distribution.] They've done a great turnaround there, paid down some debt. The stock has bounced back nicely.

But one thing we like is that, as you can see, we did not make a tactical bet or any type of a theme bet. We focus on the bottom-up process that we've been using for the last 24 years to find these attractive, high-quality companies that we hope to compound our shareholder value over long periods.

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I would be remiss to mention our top five contributors without bringing up our detractors and yes, there were a handful there, mostly in lower-quality companies. These are more, most of these would fit more into our opportunistic value bucket. Very company-specific issues that some of these companies are facing. But also, two of our other high-quality long-term holdings, both in financials—that's RLI Corp, a specialty insurer, as well as ServisFirst Bancshares, a regional commercial lender—really detracted from performance.

[Please see slide 6] As we went through the year, we did make some trades and, as I mentioned, a lot of the trading activity was focused kind of late first quarter into the second quarter. We took advantage of the extreme volatility to put some more money to work, as well as to switch

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out of some positions and added pretty significantly to some existing holdings.

The new companies we bought during the year. REV Group, which is a, it is a municipal [manufacturer]—they make firetrucks and ambulances primarily. They have an RV business and some other businesses, but that's really what drove the needle there. Did really well on that one. I think we only owned it not even a full year, and Terex recently announced in December that they were going to buy the company, and that deal has already closed. It closed last Friday.

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Ingles Markets is a regional grocer, it's based in the Southeast, with a unique business model, a lot of hidden assets on their balance sheet. Family-controlled, with a long track record of creating value. They're really great operators within the grocery space.

With regard to the additions we made to long-term holdings, as you can see there, there were quite a few of those. Much of that was done during the tariff sell-off, as prices came in very sharply and we were comfortable, given the valuations, that we added to the position sizing across those companies.

[Please see slide 7] As far as portfolio changes of sales more than repositioning company assets or adding new companies, we

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sold out of, as you can see there, TreeHouse Foods, a long-term holding that had struggled, unable to get a turnaround done. We finally admitted our losses on that one and moved on.

Knife River, which was a spinout that we did really well on, it's a great company, but again its valuation, after having such a strong year, we decided to leave that, as well as UniFirst and Mativ.

As I mentioned earlier, some significant reductions—Fabrinet, CSW, InterDigital—all of which were really strong performers. We trimmed those on valuation. And then at the bottom there, you can see that we did have a little bit of corporate activity with regard to the Enstar buyout and the Arcadium buyout.

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All in all, for the year, turnover was in the 10-15% range, which is kind of what we guide as as-to-be-expected.

[Please see slide 8] So, when we look at the portfolio today, you can see this is a very broad view of how the portfolio looks. We always say we want high-quality investments, we want to buy them at a discount to intrinsic value as well as the index and the opportunity set, and we have a long-term view in everything we do. And again, this is very broad strokes but, as you can see here on the top part of that chart, our portfolio has a return on equity rolling 5-year number of call it 14% versus roughly 5% for

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our index. And if you look at the bottom line in that section, you can see our P/E, average P/E, is close to 13 versus about a 17 for the index. So, again, take this for what it's worth but I do think it illustrates that we're doing what we say we attempt to do, and that is buy higher-quality companies at more attractive valuations.

[Please see slide 9] This chart, historical performance chart, I think anybody who we have presented to has seen this. We like to talk about it a lot because I think it speaks to the consistency of the correlation of our returns in different types of markets. And I think it's also good to help set investor expectations going forward.

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Each block represents a rolling 5-year period for the Fund since inception. If you look on the far right, you can see just what we've called a robust market, a rolling 5-year number return that's greater than 10%. In those types of markets, we've only outperformed about 20% of the time. But while we trail, you can see that our average performance during those periods is a little over 12% versus a little under 14% for the index. So while we do trail, we do participate meaningfully.

If you look in that center section, what we've called a normal market, 0-10% on a rolling 5-year basis, it's more of a choppy market, a

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reasonable amount of risk priced in. During those periods, we've outperformed about 80% of the time.

And then when you look on the far left at a rolling period that has a negative return for the Russell 2000 Value, we've outperformed 100% of the time. And when you look at those, you can see that our average performance is actually a positive just over 2%.

So that's how our stated goal is to outperform over full market cycles. We expect to do that with considerably less risk. And this performance profile is how historically we've been able to do that, and what we would expect going forward.

[Please see slide 10] Again, the downside protection, we talk about it a lot.<sup>1</sup> Talked about, first quarter of last year, how the Fund held up. But if we go back to inception, we can see that since inception, there have been six periods where our index has fallen more than 20%. We've outperformed each time, with a downside capture of roughly 60% and roughly, on average, outperformance of over 12%. So the downside protection is a hallmark of this.

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<sup>1</sup> **Downside protection** refers strictly to a strategic investment goal and is not meant to imply any guarantee against loss, including the loss of the entire principal amount invested

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And when we look at the most important—we talk about downside protection a lot, but we also want to make sure that everybody understands that the goal is not downside protection. The goal is to end up with the most money in the long run, and we [seek to] do that through downside protection. And I think this is a very simple chart that really illustrates how we've gone about that, and the goal really is to increase our margin over our benchmark and our peers slowly and steadily, over full market cycles and long periods of time.

[Please see slide 11] This slide points out, and I'm sure these, many of you all had seen. These type of charts have been going around a good bit lately. When we look at the relative valuation of small caps versus large cap right now, we're seeing a near-historic low, meaning small caps relative to large caps are trading at a price/earnings ratio that we haven't seen since the fallout from the dotcom bubble. We think that puts us in a good light for better forward performance. We do know—we don't know when the reversion to the mean will happen but we do know, typically, when you start from a better valuation position, you will have better forward performance. And that's what we're seeing today.

Ben: [Please see slide 12] Thanks, Steve. But from our perspective, this is a chart that is really interesting. This chart from Vanguard shows the valuation difference between quality small caps and quality large caps.

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Here, “quality” is defined as having a return on invested capital above 20%.

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[Please see slide 13] Of course, we are quality-biased and look for companies that can compound value over long periods of time, and this Vanguard study showing that small quality is relatively cheap is consistent with our own analysis, as presented in past letters, and with what we are seeing anecdotally from the bottom up.

[Please see slide 14] Here we have the forward P/E of the S&P 600 trading on the cheaper end of its historical valuation.

[Please see slide 15] And here we have the historical P/E of the Fund similarly trading slightly cheap to its history. At roughly 15 times price to earnings on an absolute basis, we think that small cap valuations are reasonable rather than dirt-cheap.

[Please see slide 16] But it is also true that in the current environment, where investors are apathetic and uninterested in smaller, boring companies, creates more opportunity for discerning investors. And Steve is going to walk through a couple of examples of how this is reflected in our portfolio.

Steve: [Please see slide 17] Thanks, Ben. So yes, I've talked about our focus on quality and our long-term view, and now I'm going to briefly touch

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on a few portfolio holdings and kind of go through time about our history with them, as well as what we're—how we feel about them today.

TD Synnex is a very long-term holding. There were two predecessor companies, Tech Data and Synnex. Long story, they ended up merging after Tech Data was taken to by private equity, but they ended up back together. We've owned it for 16 or 17 years, know the company really well, the management, the business model.

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And as you can see from this chart, over time, the green represents the P/E ratio, and the blue line is a matter of total return. And so you can see from 2016 till today, while the company, the share price has done remarkably well, the valuation of the company has come down. This is something that we really like to see.

Again, Synnex is a company that we bought it as a small cap. It has grown into midcap, a midcap categorization. And one of the changes to the process that we have made over time is that we will continue to own a midcap company up until a certain threshold, but we're not going to add any more to them.

And TD Synnex finds itself in that place today. It's a kind of a company that we wouldn't mind adding to, we still have a very significant

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exposure to it, but given its market cap and its positioning within the portfolio, we are comfortable with its weighting today.

[Please see slide 18] Similarly, another company, RLI, the specialty insurer, again we've owned for 15 years, and this chart shows the same thing. The valuation has come down, while the stock price has slowly and steadily depreciated over that period. There are some specific things going on with the company right now. Some of their markets are showing some softness. There is a little bit more competition in the excess and surplus areas and some of their kind of sweet spots with regard to surety.

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But having known this company for a long time, we've always been impressed with how they are very disciplined in stepping away from soft markets, focusing on the niches that they somewhat dominate, and we're seeing that right now. So we would expect lower earnings growth perhaps this year, but as a long-term investment, this is another one that we really feel strongly about. And as such, it's one of the biggest holdings in the portfolio.

[Please see slide 19] And then lastly, New Jersey Resources. We started buying this in 2002. It has very much, its weight within the portfolio has fluctuated as it has gotten more expensive or less expensive. And today, we really like the valuation that we're getting for it. Again, you can

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see that the price, the value of the stock has gone up considerably, and the valuation has gotten more attractive. Accordingly, it's a larger-sized—accordingly, it's a larger position in the portfolio today.

So that just, that wraps up the prepared remarks, kind of changes we've made over the last 12 months, what we're seeing when we look closely at the portfolio and what we're seeing out there in the universe. So now I'm going to, I guess, open this up to question and answer. I think Jon said that there were some questions in the queue.

Jon: [Please see slide 20] That's right, and well done, as always. Thanks for jumping in there. I know there was a little bit of a technical glitch. Our apologies on our end. But let's get to the Q&A, and I'll first suggest those that were pre-submitted, and we have some time for some others that also have come through, so thank you for those.

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**So the first question, Steve, refers actually back to an article that came out in the *Wall Street Journal* about the auto parts industry, perhaps in general, but more specifically it mentions AutoZone and how that there was, I'll say, at least in this question, some creative accounting around the accounts payable of companies like O'Reilly and to and including AutoZone. The question is, this appears to have happened in the past and has this made the**

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**Advance story more compelling in your opinion? Or do you think this might be dead money given that this story has now surfaced in the news?**

Steve: Yes, it's a very complicated question and for quite some time, Advance Auto has kind of been known in the industry as not being, you could call it aggressive or you could call it being as I'm not sure what, to carry the same level of payables that the big, the other big two auto parts companies do.

I think it's a double-edged sword. Part of that was a decision and part of that was brought onto them by their credit position. And we've talked about Advance in the past and I won't go into the full-blown investment thesis because it would take a very long time. But we started buying this company, I want to say 18 months ago. There had been several attempts to turn their business around. It's been struggling ever since they made a large acquisition over a decade ago. But they had brought in the right people at the executive suite level, at the board level, and on down through management.

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So when we started buying, we knew going into this that the turnaround at Advance was going to be a multiyear process, and it was going to take a lot of patience, and that it was going to be probably a

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bumpy ride, and we've seen just that. And shortly after we started investing, they announced the sale of a big wholesale unit they had called Worldpac, got a lot of cash for that. But as their business continued, they had a downgrade on their debt, which really put them at a disadvantage with regard to this payable financing that O'Reilly and AutoZone do so well. It's caused quite a bit of their having—they had to restructure their balance sheet to make their vendors more comfortable with accepting longer-term payables.

And that's where they are today, and there's the word on the street from the experts that we listen to, they've got a long way to go. A lot of the suppliers are a little bit concerned about the ongoing long-term viability, to be honest with you.

But what we have seen that's positive is they shut down roughly 700 stores last year. They are going back to basics on their logistics, on their store footprints. And a lot of what they're doing is, instead of growing for the sake of growing, they're entrenching themselves in a business model that makes a lot more sense to us. It's very similar to what O'Reilly does with regard to their distribution channels and whatnot.

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And when we see the results that they're having in the markets where they've been able to implement these changes, we do see that the

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company, there are some green shoots. But for every green shoot, there's also a lot of concerns, and this vendor management is a big one right now.

And so I guess to get back to the question, they're at a disadvantage right now with regard to vendor finance because of their credit rating, and it puts them at a bit of a disadvantage. The changes they've made to their balance sheet mitigates those somewhat, but they're going to have to get operating margins up within the next three years to really be a long-term viable competitor here. It's one of the riskier holdings in the portfolio. It's one that we would definitely call opportunistic, but—and it is sized appropriately. I think it's about a 1.5 position within the portfolio.

So I don't know if I've exactly answered—okay, the question was is it more compelling or is it dead money. And I'm going to say that the jury's out but as we continue to hold it, we think that the probability of them getting closer—back on track, makes it an attractive investment. They don't have to get—if you look at the financial ratios, the operating margins, etc. compared between Advance and O'Reilly and AutoZone, O'Reilly and AutoZone are operating margins in the high teens to low 20s. Advance is in the low single-digits.

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Their stated goal is to get that number up to 7% operating margin, which we think is doable. It's going to take some time. They've made some very concrete progress in getting there. But I think it's too early to say if, you know, it's certainly not a sure thing. But when we do valuation analysis of if they can get to a 7% operating margin, what we think the company would be worth, it's considerably more than it is today. And if we look farther out, if they can get to 7%, we think that they could get into the low double-digits and it would be even more of a successful investment. Having said that, it is a riskier investment. It's one of the riskiest in the portfolio. It's one that we monitor very closely but we are cautiously optimistic about.

Jon: Great, thank you, Steve, and a great question, by the way. Thank you for that.

**Let's move on to the next one, which talks about Fabrinet and that is can appear to be a foreign stock position. And the question ultimately becomes, well, do you see it as a foreign stock would be, I guess, the first part of that, and how might a name like this come up through, come through your screening process, given that the portfolio is domestic in nature?**

Steve: Yes. We, in our prospectus, we can invest up to a certain percentage in foreign companies but we don't really look at Fabrinet so

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much as a foreign company. Yes, they have their headquarters in the Cayman Islands, and that's primarily for tax reasons. Those tax benefits are slowly going away with this new global minimum business tax regime as it gets implemented. But historically, that's why they've been headquartered there.

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But when we look at the company, it's listed on the New York Stock Exchange. North American is their largest individual geography by revenue. The executive headquarters is in Silicon Valley. But the bulk of their manufacturing is actually done in their company-owned factories in Thailand. But we're comfortable with companies that trade on the US exchange, that reports to the SEC in US GAAP, and so yes, it is domiciled in the Cayman Islands but we look at it as somewhat a North America-centric company.

And that's not—we've done similar things. We've had some Bermuda insurers which take advantage of being based in Bermuda but primarily wrote their insurance within the US, and those too would be US-listed companies and reported to the SEC. So that's how we think about that.

Jon: Great, thank you so much. **The next question talks about small cap perhaps overall, and just the observation that small cap has**

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**been lagging large cap for a long time, yet the Fund still has about 10% in cash. And the question is really getting at are you holding 10% in cash because you think that the existing holdings are too pricey in aggregate to meaningfully add to them, or are there other reasons?**

Steve: Sure. It's all a result of the process. Right now, when we look, we can find a lot of really seemingly cheap companies that are not of high quality, and that's not really our focus.

When we look right now at the quality premium in our universe, how much do we have to pay up for quality? And I'd say it has come down somewhat, and again we're talking broadly. The companies that I went through briefly, we think those are high-quality companies and they're trading at attractive valuations.

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But when we look broadly across our prospect lists, our watchlists, the quality premium is, we're just not seeing, from a bottom-up basis, companies that meet our criteria. But we do—I mean we have an extensive watchlist. We're keeping a close eye on it, and we're ready to put money to work quickly when the opportunity's right.

Jon: Okay. You know, building off of this, **the question about AI and whether or not any of the companies that you own or have been**

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**talking to have been discussing AI as having a material or tangible impact on their business, either from a cost or from a revenue perspective. Has that come up in what you are seeing in your conversations with managements?**

Steve: On a very regular basis, yes. I mean, all managements are talking a lot about the benefits and risks of AI and what's it going to, how's it going to change the world. And again, we're looking at it company by company, and we do worry that AI is going to cause some disruptions, and we see some risks. But we have to kind of manage those and mitigate them, and think through it probabilistically. And then we're seeing, on the other side of the risk, is a lot of managements are adopting AI solutions that are already in place and they're making their products more valuable, either to their customers or to their own internal processes.

So it's a very interesting time of, you know, we're definitely moving forward. AI is going to change the future. Our managements are doing a good job, we think, of managing that and applying those applications where they can. But we do worry that can a solution make a big line of one of our businesses obsolete or just put them in a competitively challenged position.

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So yes, there are some material things, some tangible things. We like to see how our managements are managing around that. And I would say by and large, it's helping our companies in the short term. In the longer term, we just don't know yet.

Jon: Yes, thank you for that. We have a couple more questions here and just a few more minutes, so let's see if we can get through the rest of them here. **This next one is more of a higher-level question about the macroeconomic environment and whether or not you stress-test the companies based off of any macroeconomic impacts. And I guess in that could be an example of an AI, which might not be macroeconomic until you get to the unemployment picture. So it's a complicated soup as we talk about macroeconomics. So as you are thinking about individual companies, are you stress-testing them for such things like unemployment that could really have an impact on things like demand?**

Ben: Sure, Jon. I can take that one.

Jon: Thanks, Ben.

Ben: So we do not—well, we always think probabilistically and are very focused on what can go wrong. We are not macro or thematic investors, and we stick to our knitting with the individual companies.

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That being said, we are always worried about what can go wrong.

But at the same time, we are wary of over-precision and trying to get it exactly right what a downside scenario would look like.

So in our estimation and in our process, the best way to protect against the downside from any sort of macro concerns is to walk through our four-pillar process and invest in companies that are robust and can stand up when bad things happen, so making sure we have companies with strong balance sheets, at reasonable valuations, well-run, with good management teams, and in industries, in industry structures and—industry structures that are well-structured for the long term.

Jon: Nice. There's a couple more here and again, we're just going to try to get through all of these while we have a few more minutes. **And the question is about could you please talk about the thesis on Upbound and whether or not that thesis needs to be updated if the dollar weakens?**

Steve: Yes, Upbound. It's old Rent-A-Center and Acima. It's a lease-to-own company that they recently bought. They've made some other recent acquisitions, one called Brigit, which I think is a great example of how they're using AI within their underwriting.

But yes, as we followed the company, last—coming into last year, they had some benefits with regard to tightening standards in prime

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lending, which was a benefit for them. There's a trend in that industry, when prime lenders cut back a little bit, it pushes a lot of customers down to the Upbound or the Rent-A-Center, and [we believe] they do a better job of—historically it's pretty well-documented that they do a better job of underwriting those types of risks than the prime lenders.

(00:42:36)

Having said that, the growth in Acima, which is the lease-to-own, a lot of uncertainties around that. Regarding, they've had a business model in place for decades at the old Rent-A-Center business, and the lease-to-own is a different, it's a bit of a different animal. The story is that their expertise, the data that they have on payment trends and creditworthiness of their target clients, and the types of things that they lend on, has really held up well. And if you go back and look how other portfolio has performed during previous recessions, it holds up a lot better than you might think. And a lot of that has to do with their vast experience in this and what good underwriters there are.

Last year, the Acima had a lot of growth, and during the summer there was some margin compression. They were having above-average bad experience. I won't go into all the reasons why, but a big part of it had to do with that growth, and there was a lot of fraud involved actually, with taking on new ecommerce platforms that did not do the due diligence on

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their potential customers the way they should have. But this is a very short-tailed lending. The average on a lease-to-own is about a four-month tail. The Rent-A-Center business is a little bit longer.

(00:44:21)

But we were really pleased to see they went in and they tightened a little bit, and the experience over the course of the next 90 days got considerably better. And I think that gets back to their history in this and the ability with which they can underwrite this particular market. Yes, we do, we do have some concerns over weakness in the consumer but again, if you look at the valuation of the company today and again, the history of being great underwriters, we think it's an attractive opportunity.

Jon: We are right at 45 minutes here and I'm going to take one more question, and if we didn't have an opportunity to answer your questions directly, please know that we will come back to you directly to make sure that we get to answer anybody's open questions. We appreciate the interest.

**The last one here is to comment on SFM and why you think the company is at the lows. Steve or Ben, can one of you—**

Steve: Yes, this, Sprouts Farmers Market, it's another grocer, specialty grocer focusing in organic fresh vegetables, fresh produce, fresh meats and seafood. It's one we started buying during, I think it was 2020, a big

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selloff in COVID. There were some specific issues at the company on top of this COVID selloff. We started investing then, and management did just a wonderful job managing through the issues that they were having at the time.

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And so we had a good management coming out of some, a beat-up stock price. We had the COVID bounce that really helped the consumer spending, and the stock did remarkably well. It was one of our best performers over that period. And we were fortunate to trim considerably as the valuation got a little bit stretched.

And any time you have a company that performs like that, it has a tendency to get ahead of itself. It did a bit. And when they missed an earnings number some time last fall, the stock fell about 25% in a day. And that, I think it's a good example of what we're always focusing on. It's not what the near-term movement in the stock price was; we were focused on how is this company performing on a fundamental basis, and what would we have to pay to invest in that company?

And you know, again, it got ahead of itself. There are some operating concerns with regard to some, you know, margins are going to come down a bit. I think a little bit of that is from a weaker consumer. But we still like the company. They are very strategic in how they're growing

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their store base. As we take a long-term view, 3-5 years out, we think that Sprouts is going to continue to add 40 or so stores a year and manage them well. They have some initiatives in place to improve margin in the near term.

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With regard to—and this is something they've also done with their produce—they're taking that, taking internal distribution for their meat and seafood, and they are going to have a better selection, higher quality, more availability, and it will take out some costs. So we saw them do that. They've been running their produce business that way. It's locally sourced, the way they've built out their distribution center to be stores-focused within a couple of hundred miles of a distribution center.

So again, we can't tell you what's going to happen but, from our track record with the company, what we're hearing, the valuation today looks a lot more attractive. So it's another company that we think is a good opportunity.

Jon: That's perfect, and I think that's actually a great place to take a break here and thank everybody for the time. And again, I know we were unable to get to all the questions. We will make sure that we comb through those and get to you directly with some responses if we weren't able to address those on the session today.

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So with that, on behalf of Steve and Ben and everybody here at FPA, thank you for your trust and for your business. We look forward to staying in touch and speaking with you next time. I'll send it now over to the operator.

Moderator: [Please see slide 21] Thank you for your participation in today's webcast.

[Please see slide 22] 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.

[Please see slide 23] We urge you to visit the website for additional information about the Fund, such as complete portfolio holdings, historical returns, and after-tax returns.

Following today's webcast, you will have the opportunity to provide your feedback and submit any comments or suggestions. We encourage you to complete this portion of the webcast. We know your time is valuable, and we do appreciate and review all of your comments.

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[Please see slide 24] Please visit FPA.com for future webcast information, including replays. We post the date and time of upcoming webcasts towards the end of each current quarter, and webcasts are

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typically held three to four weeks following each quarter end. If you did not receive an invitation via email for today's webcast and would like to receive them, please email us at [crm@fpa.com](mailto:crm@fpa.com). We hope that our quarterly commentaries, webcasts, and special commentaries will continue to keep you appropriately informed on the strategies discussed today.

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[Please see slides 25, 26 and 27] This concludes today's call.  
Thank you and enjoy the rest of your day.

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