FPA Queens Road Small Cap Value Fund
Fourth Quarter 2024 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 fpa.com, by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

Trailing Performance (%)

As of December 31, 2024	Inception	20 Yr	15 Yr	10 Yr	5 Yr	3 Yr	1 Yr	YTD	QTD
FPA Queens Road Small Cap Value (QRSVX)	9.47	7.68	9.34	8.50	10.31	5.29	10.76	10.76	2.38
Russell 2000 Value	8.18	7.01	9.46	7.14	7.29	1.94	8.05	8.05	-1.06

Past performance is no guarantee, nor is it indicative, of future results. Current performance may be higher or lower than the performance shown. This data represents past performance and investors should understand that investment returns and principal values fluctuate, so that when you redeem your investment it may be worth more or less than its original cost. Current month-end performance data, which may be lower or higher than the performance data quoted, may be obtained at fpa.com or by calling toll-free, 1-800-982-4372. The Fund's Total Annual Operating Expenses are 0.99% (Investor Class), 0.91% (Advisor Class), and 0.80% (Institutional Class).

The FPA Queens Road Small Cap Value Fund ("Fund") commenced operations on June 13, 2002 (Inception date). Fund performance shown is for the Investor Class (QRSVX). 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.

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 are 0.99% (Investor Class), 0.91% (Advisor Class), and 0.80% (Institutional Class).

Please see additional important disclosures at the end of this Commentary.

Dear Shareholder,

The FPA Queens Road Small-cap Value Fund ("Fund") returned 2.38% for the fourth quarter of 2024 compared to a -1.06% return for the Russell 2000 Value Index in the same period. For the full year, the Fund returned 10.76% versus 8.05% for the Russell 2000 Value Index.

We focus on long term performance. Our goal is to outperform the Russell 2000 Value Index with less risk over the full market cycle. As a result of our diligent, disciplined, and patient process, we expect to outperform in down markets and trail in speculative markets, consistent with our historical returns.

20% or Larger Russell 2000 Value Drawdowns Since Fund Inception (%)[1]

	Jun 02 – Oct 02	Jun 07 – Mar 09	Jun 15 – Feb 16	Aug 18 – Mar 20	Nov 21 – Oct 23[2]	Average
Russell 2000 Value	-28.99	-61.71	-22.55	-46.03	-25.60	-36.98
FPA Queens Road Small Cap Value	-16.70	-50.69	-10.17	-26.74	-12.08	-23.28
Downside Capture	*57.6*	*82.1*	*45.1*	*58.1*	*47.2*	*58.03*
Outperformance (bps)	*1229*	*1102*	*1238*	*1930*	*1352*	-

U.S. large caps, and particularly the largest growth companies, had a very strong year. Our benchmark, the Russell 2000 Value Index ("R2KV"), returned 8.05% in 2024, a number that brings to mind the phrase "equity-like returns." We outperformed with less risk and are pleased with our performance for the year.

In 2024, small-caps had several bouts of "equity-like volatility" that were generally attributed to moves in interest rates, Trump's proposed economic policies, or factor-based positioning and unwinding. We wrote about mid-July's sudden and violent rally among small-caps in our second quarter letter.[3] Below are 2024's four largest peak to trough drawdowns given a one-month lookback for the Russell 2000 Value Index. On average, we had a 68.6% downside capture with slightly better performance during the two larger drawdowns in the second half of the year.[4] Upside capture during the four largest intra-month rallies was a little higher, consistent with our cumulative outperformance in 2024. These results are in line with our expectations. The Fund's cash position was roughly 10% for the year.

[1] As of December 31, 2024. Source: Morningstar Direct, FPA. Data shown for the FPA Queens Road Small Cap Value Fund – Investor Class ("Fund"). Inception of the Fund was June 13, 2002. The periods referenced above reflect Russell 2000 Value drawdowns 20% or greater and are calculated from that index's peak and trough dates, (i.e., 6/28/2002-10/9/2002, 6/4/2007-3/9/2009, 6/23/2015-2/11/2016, 8/22/2018-3/23/2020, 11/8/2021-10/27/2023). Please see page 1 for net performance of the Fund since inception. Please also see the end of this commentary for Important Disclosures and Definitions of Key Terms.

[2] Since the current market cycle is ongoing, the most recent max drawdown covering the period 11/8/2021-10/27/2023 is also still ongoing. The trough date is subject to change.

[3] https://fpa.com/funds/fpa-queens-road-small-cap-value-fund-quarterly-commentary-archive

[4] Source: Factset. The study looks at peak to trough cumulative performance over a 20 day lookback window. The four largest rallies looks at trough to peak cumulative performance over a 20 day lookback window.

2024's Four Largest Drawdowns for the Russell 2000 Value Index (%)

Start End	27-Dec 17-Jan	28-Mar 17-Apr	31-Jul 5-Aug	2-Dec 19-Dec	Average
Russell 2000 Value	-8.95	-9.40	-12.23	-13.02	-10.90
FPA Queens Road Small Cap Value	-5.23	-8.19	-7.48	-8.80	-7.43
Downside Capture	*58.4*	*87.2*	*61.2*	*67.6*	*68.6*

2024's Four Largest Rallies for the Russell 2000 Value Index (%)

Start End	18-Apr 15-May	9-Jul 26-Jul	5-Aug 26-Aug	31-Oct 25-Nov	Average
Russell 2000 Value	9.37	15.54	9.60	12.48	11.75
FPA Queens Road Small Cap Value	9.17	7.90	7.27	11.61	8.99
Upside Capture	*97.9*	*50.8*	*75.7*	*93.0*	*79.4*

Our investment strategy primarily seeks to buy high quality compounders and hold them for the long term, accepting there is a "range of reasonableness" for valuations. Tax efficiency is an additional consideration of this strategy.[5] A handful of our quality compounders had outsized returns in 2024 and, through appreciation, have reached our 5% position limit and/or now trade at the high end of our "range of reasonableness." The main culprits are Interdigital (IDCC), Sprouts (SFM) and CSW Industries (CSWI), but there are a few other holdings that give us pause (you can read more about these companies in our "Top Five, Bottom Five" section later in the letter). Over the course of 2024, the Fund similarly trimmed top performers Fabrinet (FN) and Deckers (DECK).

Risk management requires that we trim these positions. This is obviously a good problem to have and we seek to optimize the Fund's capital gains on these sales. To that end, the Fund began using ReFlow Fund, LLC ("Reflow") redemption service last year. ReFlow helps manage the Fund's share redemption process and allows us to make redemptions in-kind ("RIK") in lieu of outright sales of securities. Due to the ability to make RIK, the use of ReFlow may also help increase the tax efficiency of the Fund. There is one limitation to note, we can only use Reflow when the Fund has daily net redemptions. And we haven't had many redemptions lately – another good problem to have.[5]

It has been almost four years since we joined the FPA family and two and a half years since Ben joined. The Fund's workflows and processes are progressing smoothly and the Fund is growing. We spend most of our letters talking about small-caps in general, and our holdings specifically. But, for investors that are interested in our processes, we are happy to arrange a call.

[5] Please refer to the Fund's current prospectus for more detailed Distribution and Tax information as it may relate to an investment in the Fund and for information relating to the ReFlow Liquidity Program. There is no guarantee that the use of Reflow will increase the tax efficiency of the Fund. This is not intended to be, nor should it be construed as tax advice for investors. As always, you should consult your tax adviser about the potential tax consequences of an investment in the Fund under all applicable tax laws.

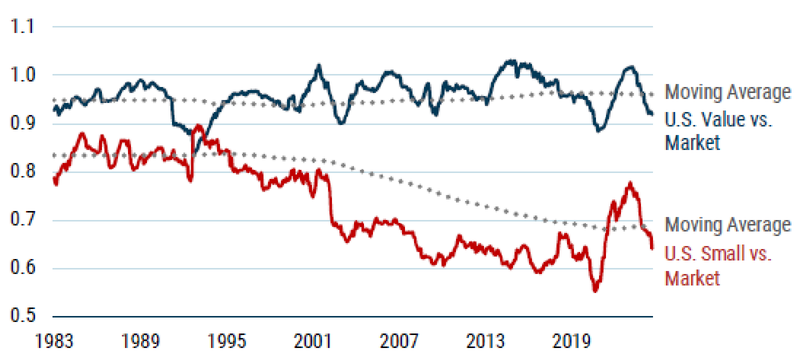
Market Commentary

As we have written in our last handful of letters, stocks are generally expensive and, from a bottom-up perspective, we are having trouble finding quality companies that trade at reasonable valuations. Small-caps generally trade at a significant valuation discount to large-caps and, as an asset class, appear cheap. But it is difficult to appropriately compare valuation when one considers the compositions of the indices. For example, the small-cap indices have many more companies with negative or volatile earnings, many more banks and fewer technology companies, and generally higher debt levels. The small-cap indices are generally "junkier", holding fewer quality companies, than the large-cap indices.

Again, we point to "Size Matters, If You Control Your Junk," the 2015 paper published by AQR. AQR showed that there are fewer quality small-caps but that **when you control for quality (i.e. choosing companies of equivalent quality), small companies outperform large companies, consistently and by a lot.**[6] Similarly, in our Q2 letter, we performed a study that compared small and large companies of similar quality (in this case earnings consistency), and found that the small consistent earners were significantly cheaper than the large consistent earners.[7]

This quarter, a couple of additional data points caught our attention. The following chart appeared in GMO's recent piece, "Bargain, Value Trap or Something in Between?" and shows the decline of return on invested capital (ROIC), a prime measure of capital efficiency and quality, in the small cap universe over 30 years.[8]

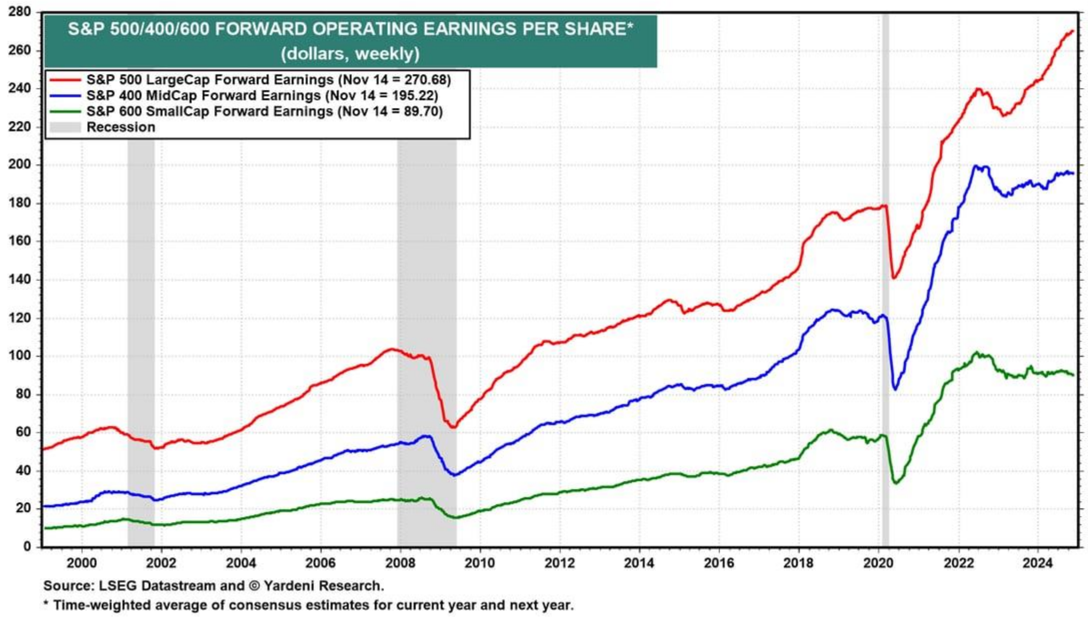
Return on Capital (Relative to the U.S. Market)[9]



We also want to point out a chart from Ed Yardeni, who maintains terrific chart packages that are available to the public. Yardeni tracks the growth in forward operating earnings per share for different indices and finds another area where small-caps are lagging.[10] We flagged this in our Q2 2023 letter where we noted the large number of small companies that were overearning in the post-Covid environment.[11]

[6] Source: AQR; https://www.aqr.com/Insights/Research/Working-Paper/Size-Matters-If-You-Control-Your-Junk
[7] See our Q2 2024 letter; https://fpa.com/funds/fpa-queens-road-small-cap-value-fund-quarterly-commentary-archive
[8] Source: GMO; https://www.gmo.com/americas/research-library/bargain-value-trap-or-something-in-between_gmoquarterlyletter/
[9] As of 9/30/2024; Source: GMO Computstat, Worldscope, MSCI
[10] Source: Yardeni Research; https://yardeni.com/charts/largecaps-vs-smidcaps/
[11] fpa.com/docs/default-source/funds/fpa-queens-road-small-cap-value-fund/literature/fpa-qr-small-cap-value-fund-commentary-2023-06_final.pdf?sfvrsn=74749f9d_8

S&P 500/400/600 Forward Operating Earnings Per Share (dollars, weekly)



We think this makes a compelling case for active management in small-caps. At Queens Road, we own a collection of quality small companies trading at reasonable valuations. At a time when large-cap indices are expensive and index breadth is narrowing, we think that quality small companies look relatively attractive and that our portfolio provides investors with prudent diversification and peace of mind.[12]

Top of the Funnel

Our investors are often curious about our "top of the funnel" process and how we use quantitative screens to whittle down our universe. We are never going to buy large subsets of our benchmark, the Russell 2000 Value Index ("R2KV"), because the companies are consistently unprofitable, expensive, have too much debt, poor returns on capital, or are in sectors with poor historical returns. These screens say a lot about how the Fund differs from our benchmark. They also say a lot about how we think we can best compound the Fund's capital over the long term. But these quick eliminations at the top of the funnel don't say much about our investing process or how we actually spend our time.

Roughly estimated and based on the screens below, a little less than half the R2KV by weight and a little more than half by number is inappropriate for our strategy.[13] As of year-end, the R2KV had 1,436 companies in it. Its largest holding is SouthState Corporation, a Florida based bank, with a weight of 58 bps while the smallest 119 companies have weights that round to zero and sum to 32 bps.

25% of the index by weight and 45% in number were unprofitable in 2024 or had been unprofitable on average over the last five years. 8% of the index by weight and number trades at more than 40x earnings, a level that would generally cause us to pass over such companies without looking deeper.

[12] Source: Morgan Stanley; https://www.morganstanley.com/im/publication/insights/articles/article_stockmarketconcentration.pdf
[13] All data from Factset. Russell 2000 Value Index constituents as of 12/31/24. Uses Factset's industry and sector classifications.

R2KV as of Dec. 31, 2024	Weight (%)	Count (%)	Description
Profitability			
Unprofitable This Year (trailing)	21	39	Sorted on trailing annual earnings
Unprofitable 5 Years (trailing)	19	37	Average 5 Yr trailing EPS
Unprofitable This Year OR 5 Years (trailing)	25	45	
Above 40x Earnings	8	8	Average this year, 1 year and 2 years forward (0,1,2)

By sector and industry, 12% of the index weight and 19% by number are in areas where poor historical returns and poor historical capital allocation make us uninterested. These sectors include energy, biotech, pharma, commodities, and shipping.[14]

R2KV as of Dec. 31, 2024	Weight (%)	Count (%)	Description
Sector or Industry			
Energy Minerals	3	2	Coal, Integrated Oil, Oil & Gas Production[15]
Health Technology (Biotechnology)	2	7	
Health Technology (Pharmaceuticals)	3	6	
Non Energy Minerals	2	2	Forest products, Other, Precious Metals, Steel
Transportation (Marine Shipping)	2	1	
Total	**12**	**19**	

7% of the index weight and 35% by number have a free float under $500m, making them difficult to buy in significant size. Generally, the smallest small-caps tend to be of lower quality than slightly larger companies. We do occasionally buy companies with less than $500m of float, but prudent limits on liquidity mean we tend to hold these companies in smaller size.

R2KV as of Dec. 31, 2024	Weight (%)	Count (%)	Description
Free Float			
Below $500m	7	35	

Returns on capital and debt load are two of our primary quality indicators. We generally treat these metrics with more nuance than a simple screen can provide. But, for argument's sake, below are the minimum thresholds at which we would usually expect the company to be un-redeemable.

For companies in sectors excluding financials and utilities (55% of the universe by weight and 68% by number), we look at returns on invested capital (ROIC) and net debt to EBITDA. Screening on these numbers is imperfect; for example, Factset's calculation of ROIC is missing some adjustments that we make. The numerator in Factset's ROIC calculation is net income, so there is significant overlap with the unprofitable companies above. Our view of debt capacity is highly business model and industry-dependent.

[14] The large cap value fund does own pharma and there is a big difference between large, mature pharma and small, speculative pharma.
[15] Excludes Oil Refining / Marketing

We also have a preference for interest coverage rather than debt to EBITDA as our primary credit indicator. The numbers below are only for demonstration's sake.

R2KV as of Dec. 31, 2024	Weight (%)	Count (%)	Description
Ex. Financials and Utilities	55	68	
Debt / EBITDA >3	16	17	Net debt, 3 year average EBITDA
ROIC <5	34	48	5 year average

Finally, we look at ROE for financials and utilities (45% of the universe by weight and 32% by number). A quick reminder: banks, a large subset of the companies below, are cyclical and have taken minimal credit losses over the last five years, flattering their ROEs. Utilities and financials have their leverages set by regulators and are all reasonably levered on a headline debt-to-equity basis.[16] For these companies we make a more robust assessment of their leverage and balance sheet as we get into the weeds.

R2KV as of Dec. 31, 2024	Weight (%)	Count (%)	Description
Financials and Utilities	45	32	
ROE <5	12	9	5 year average

For the companies that remain, we make qualitative assessments about their quality and valuation. Our investing process is difficult to describe because it is not mechanical – we are in the judgement business. The process is iterative where we check the company's business model, industry, management, historical profitability, culture, balance sheet and valuation, then put these components into context and form a narrative. For example, the debt load may be inappropriate given the cyclicality of the industry. The valuation looks full given the quality of the business model. Or, when we triangulate through the historical financials, management doesn't look like they have added much value. Etc.

We are primarily looking for compounders, high quality companies that we hope to own forever, that are trading at reasonable valuations (we also look for opportunistic value situations that are absolutely cheap). In our experience, we believe that at any time, there are roughly 150 small companies that are high quality and would be appropriate candidates for the Fund. For these companies, we think through our Four Pillar Process (balance sheet, valuation, management and industry dynamics) but there are always tradeoffs and there is no perfect investment. We choose to pass on many of these quality companies because they are too expensive, but there can be other disqualifying elements as well. Of this universe, we own about 50 of these companies for the Fund.

[16] The debt to equity ratios for banks were not reasonable until the Financial Crisis and Dodd-Frank but are pretty conservative now.

Fund Activity[17]

- In the fourth quarter of 2024, we made a number of adjustments to the portfolio to rebalance risk and return expectations.
- We made significant additions to the Fund's holdings in AGCO Corporation (AGCO), Qorvo (QRVO), Advance Auto Parts (AAP), Science Applications (SAIC), Vishay Intertechnology (VSH), and Levi Strauss (LEVI).[18]
- We made smaller additions to Littelfuse (LFUS), UGI Corp (UGI, Darling Ingredients (DAR), CSG Systems (CSGS), Upbound (UPBD), Concentrix (CNXC), Arrow Electronics (ARW), Oshkosh (OSK), MDU Resources (MDU), Arcadium Lithium (ALTM), and John Bean Technology (JBTM).
- We trimmed positions in Sprout's Farmers Market (SFM), InterDigital (IDCC) and CSW Industries (CSWI) for risk control purposes – these are high quality companies whose shares have performed well. Sprout's and Interdigital are top five holdings in the Fund.
- We also trimmed the Fund's holdings in Mativ (MATV) and Scholastic (SCHL), two lower-quality companies that have struggled and been penalized with declining share prices.
- We received shares in Everus Construction Group (ECG) when it was spun off from MDU Resources Group (MDU) on November 1 and continue to hold positions in both companies.[19]
- Equity Commonwealth (EQC) distributed the majority of its substantial cash holdings to shareholders on December 9, 2024. The Fund's remaining EQC shares are a de minimis position and we expect the company to be wound down this year.
- The Fund's cash position as of the end of the fourth quarter was 9.3%.

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[17] It should not be assumed that an investment in the securities mentioned was or will be profitable. The Fund's full list of holdings as of December 31, 2024 can be found at fpa.com. The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. With respect to the securities mentioned, as of December 31, 2024 the corresponding positions sizes were as follows: AGCO (2.0%), QRVO (1.2%), AAP (2.5%), SAIC (2.8%), VSH (2.2%), LEVI (1.8%), LFUS (0.5%), UGI (2.9%), DAR (1.3%), CSGS (2.3%), UPBD (1.4%), CNXC (1.1%), ARW (2.2%), OSK (2.5%), MDU (1.2%), ALTM (0.8%), JBTM (2.5%), SFM (4.0%), IDCC (4.8%), CSWI (1.1%), MATV (0.1%), SCHL (0.8%), ECG (1.1%), EQC (0.1%)

[18] Significant Addition means a position that changed by more than 33% and the position size represented more than 0.75% of the portfolio at the end of the quarter.

[19] Source: MDU Resources Group, Inc.; https://investor.mdu.com/news/news-details/2024/MDU-Resources-Board-of-Directors-Approves-Everus-Spinoff-Declares-Distribution-of-Shares-of-Everus/default.aspx

Trailing Twelve Months (TTM) Contributors and Detractors (%)[20]

Contributors	Performance Contribution	% of Portfolio	Detractors	Performance Contribution	% of Portfolio
Sprouts Farmers Market	3.94	3.8	Concentrix	-1.47	1.7
InterDigital	3.35	4.8	Arcadium Lithium	-0.73	1.6
Fabrinet	1.43	2.1	Advance Auto Parts	-0.72	2.1
CSW Industrials	1.19	1.3	Vishay Intertechnology	-0.72	1.6
Deckers Outdoor	1.06	3.8	Darling Ingredients	-0.67	2.7
Total	**10.98**	**15.8**		**-4.31**	**9.6**

Trailing Twelve Months (TTM) Contributors[21]

- **Sprouts Farmers Market (SFM)** is a grocer focusing on fresh, natural and organic products. The company has best-in-class margins, attractive returns on capital, great new store economics, and accelerated unit growth from 12 stores a year to 35 stores in 2024 on a base of roughly 400 stores.[22] Over the past year, the stock has performed well after reporting strong operating results and starting from a reasonable initial valuation.[23] Through the first three quarters of 2024, the company delivered strong earnings growth. Consensus estimates expect Sprouts to grow EPS by 30% in 2024 and 14% in 2025.[24] We have largely maintained our position and allowed it to appreciate, only beginning to trim in 2024 Q3. Although SFM's share price has increased faster than bottom-line results, we believe SFM still trades in the "range of reasonableness" for a high-quality, non-cyclical franchise that can reinvest capital at attractive rates of return.
- **InterDigital (IDCC)** is a research and development organization that develops and acquires wireless and video patents. The company has a history of strong financial performance, opportunistically buys back shares, and pays a modest dividend. IDCC has been successfully renewing its wireless licensing agreements (Apple in 2022, Samsung in 2023) and has a growing stream of recurring licensing revenues across consumer electronics, internet of things (IoT), and automotive customers. CEO Liren Chen joined IDCC from Qualcom in 2021 and has been hiring other former Qualcom managers. The share price has been strong all year following increased revenue, profitability, and buybacks, but it jumped when the company released particularly strong Q2 results on August 1, 2024 and Q3 results on October 31, 2024.

[20] Reflects the top contributors and top 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 TTM. 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 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. Totals may not sum due to rounding. 'Percent of Portfolio' reflects the average weight over the period.

[21] The company data and statistics referenced in the TTM Contributors and Detractors sections are sourced from company earnings calls, transcripts, and press releases, investor presentations, and financial disclosures (e.g., 10Q, 10-K) unless otherwise noted.

[22] In 2023, Sprout's achieved a gross margin of 36.9% and an operating margin of 5.7% before store opening and closing costs – high compared to competitors. (Source: Form 10-K for the year ended December 31, 2023).

[23] Source: Factset. On December 31, 2023, SFM's share price was $48.11. This was 17x trailing EPS of $2.84 for the year ending Dec-23 and 13x forward EPS of $3.69 expected for the year ending Dec-24.

[24] Source: Factset. Sprouts beat 24Q1 earnings estimates by 11.3%, 24Q2 earnings estimates by 19.9% and 24Q3 earnings estimates by 17.8%.

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

- **CSW Industrials (CSWI)** sells HVAC and plumbing parts and accessories, mostly for professional tradespeople. CSW is one of those sneaky great businesses – margins are near 30% for what looks like a basic industrial with low tech products. But CSW has scale and scope advantages across its product range, the products they sell are high value but low cost, and they benefit from a dynamic where the tradesperson chooses the product they are most familiar with but the end customer is the one who pays. CSW was a big beneficiary of Covid era inflation and stimulus. Despite fears of a slowdown, earnings in 2024 have been exceptional. On July 31, the company announced high single digit organic growth and aggressive margin gains for its core Contractor Solutions business. We have trimmed the position along the way as CSW's stock price outpaced the company's strong fundamentals.
- **Deckers (DECK)** is a footwear and apparel company that owns the UGG, Hoka, Teva, Sanuk, and Koolaburra brands. Management has done a terrific job growing and extending the UGG franchise and developing Hoka running shoes. We first bought a small position in Deckers in 2015 and 2016 when the company was struggling with supply chain issues. The stock is up more than ten times since then because of excellent operating performance. We have trimmed all the way up. In 2024, the company's market cap exceeded $20 billion and we trimmed even more substantially. Deckers trades at over thirty times forward earnings (as of Dec. 31, 2024) and we continue to trim.[25]
- **ServisFirst Bancshares (SFBS)** is a conservatively run lending franchise helmed by Tom Broughton. Tom hires local bankers but doesn't build branches – this allows for best-in-class efficiency metrics while maintaining a strong and conservative lending culture. Return on equity (ROE) and average earnings per share growth were near 20% for the 10 years through 2023 – very attractive for a conservative, plain vanilla commercial lender.[26] SFBS's share price declined significantly with other regional banks in 2023 as rising rates put pressure on deposit pricing, NIMs (net interest margins), and ROE (return on equity). Shares are up since the depth of regional banking crisis, and during the Q1 2024 and Q2 2024 earnings calls, management ssaid that NIM is improving as loan growth re-accelerates and the asset side of their balance sheet reprices higher.

Trailing Twelve Months (TTM) Detractors

- **Concentrix (CNXC)** is one of two top customer experience (CX) vendors globally. The company began by managing call centers but has since evolved into a high-tech business process outsourcer (BPO) that also designs and runs customer-facing websites and apps, integrates the data, and optimizes a client's customer interactions. The company was spun out from TD Synnex, another of the Fund's core holdings. We have always been impressed with CNXC's innovation and growth. CX is a relatively new business model, and Concentrix has been acquiring smaller competitors. In March, 2023 they bought WebHelp, a leading European CX player, for $4.8B in cash and stock.[27] We believe the WebHelp acquisition will help consolidate an industry where Concentrix and Teleperformance are the largest players.

  The market is currently concerned about the potential of artificial intelligence to disrupt Concentrix' core call center business. All CX companies' shares are down meaningfully over the past two years. On Sep. 25, 2024 CNXC stock declined significantly again when they released fiscal 2024 Q3 results and reduced revenue guidance. Fiscal 2024 organic revenue is now expected between -.5% and 1.5%. Concentrix has a debt to EBITDA ratio of 3x from the Webhelp deal that will be a problem if earnings deteriorate quickly. But Concentrix now trades at less than five times adjusted EPS and is highly cash-generative. We think, but don't know, that Concentrix' domain knowledge and integration into

[25] Source: Facset

[26] Source: Factset. Cumulative average growth rate is based on diluted earnings per share for year ends 2013-2022.

[27] Source: https://ir.concentrix.com/news-releases/news-release-details/concentrix-combine-webhelp-creating-diversified-global-cx-leader.

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

customers' workflows make for meaningful switching costs and that clients will be reluctant to let AI manage relationships with their customers.

- **Scholastic (SCHL)** is an educational publishing company that runs the eponymous book fairs in America's K-12 schools. We first bought shares in 2008, have added a little over time and received additional shares when we merged with the FPA Capital Fund. Over 15 years, results have been volatile as Scholastic has never been able to translate its name brand, publishing assets or forays into adjacent markets into consistent earnings. The company has always been inexpensive compared to its potential and owns some prime New York City real estate that we estimate to be worth $300 - $400 million. We were cautiously optimistic when Peter Warwick, from Thomson Reuters, took over as CEO in 2021. Poor execution this year caused the stock to drop 20% following results on July 19 and another 20% following results reported on December 20.
- **Vishay Intertechnology (VSH)** makes passive electronic components and discrete semiconductors (resistors, inductors, capacitors, MOSFETs, diodes, etc). Although the industry is cyclical, competitive dynamics are stable and VSH benefits from incremental growth from electric vehicles and industrial electrification. The industry is currently struggling from a cyclical downturn following the excesses and component hoarding of the Covid era. Additionally, at its April 2024 Investor Day, Vishay announced very aggressive 2028 investment and profitability targets with a plan to strategically change a company culture that was notably staid and conservative. We are cautiously optimistic about Vishay's growth plans and have been adding to the position during this cyclical weakness.
- **Synaptics (SYNA)** designs and sells a collection of chip designs and technologies around wireless networking, data processing, and video/audio compression. The company is also the leader in chips that facilitate touchscreens in consumer devices and cars. After losing its contract for the iPhone display driver in 2018, SYNA has been re-orienting its business toward internet of things (IoT) – allowing edge and peripheral devices to quickly and efficiently process and send data. SYNA has concurrently been hit by the large cyclical slowdown and de-stocking in the semi-conductor industry that caused June 2024's fiscal year revenue to fall 29% while EPS fell 72%. We are cautiously optimistic regarding Synaptics' technology and a cyclical rebound and have continued to hold our shares.
- **MSC Industrial Direct (MSM)** is an industrial distributor with a specialty in metalworking products. We like distributors – they tend to be cash generative, sticky, and they can protect cash flow in recessions by selling down inventory. MSC has been a steady earner over its lifetime and pays most of its earnings out as dividends. The company also scores well on our dashboard that measures earnings consistency and return on invested capital (ROIC). The company has suffered from lowered expectations for an American manufacturing renaissance and the shares fell 10% on June 14 after the company reported weak results and took down guidance.

Conclusion

Despite recent market volatility and an uncertain macro environment, we feel good about the Fund's long-term prospects. We do not make short-term predictions on market direction. But the current valuations, competitive positions, and track records of execution at the Fund's portfolio holdings give us confidence that they will be worth considerably more in three-to-five years than they are today.

As always, and as significant co-investors in the Fund, we appreciate your trust in us to be good stewards of your capital. If you would like to discuss performance or the Fund's portfolio holdings in greater detail, please let us know.

Respectfully,

Steve Scruggs, CFA, Portfolio Manager

Ben Mellman, Senior Analyst

January 24, 2025

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 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 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. Securities of smaller, less well-known companies involve greater risks and they can fluctuate in price more than larger company securities. You risk paying more for a security than you received from its sale.

The Fund primarily invests in equity securities (common stocks, preferred stocks and convertible securities) of **small-capitalization U.S. companies**, defined as those with market-capitalization, at the time of purchase, that is no greater than the largest market-capitalization of any company included in the Russell 2000 Index. Investing in small companies involves special risks including, but not limited to, the following: smaller companies typically have more risk and their company stock prices are more volatile than that of large companies; their securities may be less liquid and may be thinly traded which makes it more difficult to dispose of them at prevailing market prices; these companies may be more adversely affected by poor economic or market conditions; they may have limited product lines, limited access to financial resources, and may be dependent on a limited management group; and small-cap stocks may fluctuate independently of large-cap stocks. All investment decisions are made at the discretion of the Portfolio Manager, in accordance with the then current Prospectus. Comparison to any index is for illustrative purposes only.

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

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

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

The FPA Funds are distributed by Distribution Services, LLC. Three Canal Plaza, Suite 100, Portland, ME 04101. Distribution Services, LLC and FPA are not affiliated.

Index / Benchmark / Category Definitions

Comparison to any index or benchmark is for illustrative purposes only and should not be relied upon as a fully accurate measure of comparison. The Fund may 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 **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. It is a market cap weighted index that includes the smallest 2,000 companies covered in the Russell 3000 universe of United States-based listed equities.

The **Russell 2000 Value Index** measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies that are considered more value oriented relative to the overall market as defined by Russell's leading style methodology.

Standard & Poor's 500 Stock Index (S&P 500) is a-capitalization-weighted index which covers industrial, utility, transportation and financial service companies, and represents approximately 75% of the New York Stock Exchange (NYSE) capitalization and 30% of NYSE issues. The S&P 500 is considered a measure of large-capitalization stock performance.

Standard & Poor's 600 Stock Index (S&P 600) is an index of small-cap stocks managed by Standard & poor's. It tracks a broad range of small-sized companies that meet specific liquidity and stability requirements. This is determined by specific metrics such as public float, market capitalization, and financial viability, among other factors.

Small-cap Value Companies: The term small-cap describes companies with a relatively small market-capitalization. A company's market-capitalization is the market value of its outstanding shares. The definition for small-cap varies, but generally means a company with $300 million to $2 billion in market-capitalization.

Other Definitions

Compound annual growth rate (CAGR) is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment's life span.

Downside-capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has fallen. The ratio is calculated by dividing the manager's returns by the returns of the index during the down market, and multiplying that factor by 100. BPS or basis points; 1 bps is equal to 0.01%.

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock.

Earnings yield is the earnings per share for the most recent 12-month period divided by the current market price per share.

Expected earnings are an estimate for a company's future quarterly or annual earnings per share (EPS).

Forward earnings are an estimate of the next period's earnings of a company, usually through the completion of the current fiscal year and sometimes to the following fiscal year.

Free Cash Flow represents the cash a company can generate after required investment to maintain or expand its asset base.

Margin of Safety - Buying with a "margin of safety" is when a security is purchased at a discount to the portfolio manager's estimate of its intrinsic value. Buying a security with a margin of safety is designed to protect against permanent capital loss in the case of an unexpected event or analytical mistake. A purchase made with a margin of safety does not guarantee the security will not decline in price.

Market Cycle Performance is defined as a period that contains a decline of at least 20% from the previous market peak over at least a two-month period and a rebound to establish a new peak above the prior market peak.

Net income margin measures how much net income or profit is generated as a percentage of revenue.

Operating margin measures how much profit a company makes on a dollar of sales after paying for variable costs of production.

Price/Earnings Ratio (P/E) is the price of a stock divided by its earnings per share. Percentages are based on the absolute number of shares. P/E ex-Neg EPS is Price/Earnings ex negative earnings per share.

Return on Equity (ROE) measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Return on Invested Capital (ROIC) is the percentage amount that a company is making for every percentage point over the cost of capital.

FPA Queens Road Small Cap Value Fund
Portfolio Holdings

12/31/2024

TICKER	PRINCIPAL/ SHARES	SECURITY	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
		COMMON STOCK (LONG)			
AAP	423,013	ADVANCE AUTO PARTS INC	47.29	20,004,285	2.5%
AGCO	171,313	AGCO CORP	93.48	16,014,339	2.0%
ALTM	1,268,658	ARCADIUM LITHIUM PLC	5.13	6,508,216	0.8%
ARW	154,675	ARROW ELECTRONICS INC	113.12	17,496,836	2.2%
AX	373,282	AXOS FINANCIAL INC	69.85	26,073,748	3.2%
BAM	185,915	BROOKFIELD ASSET MGMT-A*	54.19	10,074,734	1.3%
CNO	514,304	CNO FINANCIAL GROUP INC	37.21	19,137,252	2.4%
CNXC	211,280	CONCENTRIX CORP	43.27	9,142,086	1.1%
CSGS	363,213	CSG SYSTEMS INTL INC	51.11	18,563,816	2.3%
CSWI	26,100	CSW INDUSTRIALS INC	352.80	9,208,080	1.1%
DAR	304,666	DARLING INGREDIENTS INC	33.69	10,264,198	1.3%
DECK	31,182	DECKERS OUTDOOR CORP	203.09	6,332,752	0.8%
DCO	93,372	DUCOMMUN INC	63.66	5,944,062	0.7%
ESGR	62,211	ENSTAR GROUP LTD*	322.05	20,035,053	2.5%
EQC	393,071	EQUITY COMMONWEALTH	1.77	695,736	0.1%
ECG	139,479	EVERUS CONSTRUCTION GROUP	65.75	9,170,744	1.1%
FN	132,415	FABRINET*	219.88	29,115,410	3.6%
FSBC	24,894	FIVE STAR BANCORP	30.09	749,060	0.1%
FSTR	102,635	FOSTER (LB) CO-A	26.90	2,760,882	0.3%
GIII	477,328	G-III APPAREL GROUP LTD	32.62	15,570,439	1.9%
GGG	81,171	GRACO INC	84.29	6,841,904	0.9%
GPK	272,999	GRAPHIC PACKAGING HOLDING CO	27.16	7,414,653	0.9%
HMN	365,798	HORACE MANN EDUCATORS	39.23	14,350,256	1.8%
IAC	386,082	IAC INC	43.14	16,655,577	2.1%
IDCC	199,116	INTERDIGITAL INC	193.72	38,572,752	4.8%
JBTM	155,262	JBT MAREL CORP	127.10	19,733,800	2.5%
KNF	40,921	KNIFE RIVER CORP	101.64	4,159,210	0.5%
LEVI	828,700	LEVI STRAUSS & CO- CLASS A	17.30	14,336,510	1.8%
LFUS	18,761	LITTELFUSE INC	235.65	4,421,030	0.5%
MATV	92,197	MATIV INC	10.90	1,004,947	0.1%
MDU	557,919	MDU RESOURCES GROUP INC	18.02	10,053,700	1.2%
MTG	850,202	MGIC INVESTMENT CORP	23.71	20,158,289	2.5%
MSM	258,539	MSC INDUSTRIAL DIRECT CO-A	74.69	19,310,278	2.4%
NJR	321,890	NEW JERSEY RESOURCES CORP	46.65	15,016,169	1.9%
OSK	215,640	OSHKOSH CORP	95.07	20,500,895	2.5%
PVH	231,226	PVH CORP	105.75	24,452,150	3.0%
QRVO	136,153	QORVO INC	69.93	9,521,179	1.2%
RLI	160,450	RLI CORP	164.83	26,446,974	3.3%
SCHL	306,989	SCHOLASTIC CORP	21.33	6,548,075	0.8%
SAIC	201,610	SCIENCE APPLICATIONS INTE	111.78	22,535,966	2.8%
SFBS	384,754	SERVISFIRST BANCSHARES INC	84.74	32,604,054	4.1%
SFM	254,656	SPROUTS FARMERS MARKET INC	127.07	32,359,138	4.0%

TICKER	PRINCIPAL/ SHARES	SECURITY	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
SYNA	132,326	SYNAPTICS INC	76.32	10,099,120	1.3%
SNX	284,230	SYNNEX CORP	117.28	33,334,494	4.1%
THS	174,987	TREEHOUSE FOODS INC	35.13	6,147,293	0.8%
UGI	832,135	UGI CORP	28.23	23,491,171	2.9%
UNF	12,712	UNIFIRST CORP/MA	171.09	2,174,896	0.3%
UPBD	387,083	UPBOUND GROUP INC	29.17	11,291,211	1.4%
VSH	1,065,006	VISHAY INTERTECHNOLOGY INC	16.94	18,041,202	2.2%
VSEC	55,401	VSE CORP	95.10	5,268,635	0.7%
		TOTAL COMMON STOCK (LONG)		**729,707,254**	**90.7%**
		PREFERRED STOCK			
WCC	6,085	WESCO INTERNATIONAL INC	25.52	155,289	0.0%
		TOTAL PREFERRED STOCK		**155,289**	**0.0%**
		TOTAL INVESTMENT SECURITIES		**729,862,544**	**90.7%**
		SHORT TERM INVESTMENTS			
MISXX	74,392,360	MSILF TREASURY PORT-INST	100.00	74,392,360	9.2%
		TOTAL SHORT TERM INVESTMENTS		**74,392,360**	**9.2%**
		CASH & EQUIVALENTS		460,641	0.1%
		TOTAL CASH & EQUIVALENTS		**74,853,000**	**9.3%**
		TOTAL NET ASSETS		**804,715,544**	**100.0%**
		NUMBER OF LONG EQUITY POSITIONS			**51**

* Indicates foreign security.

IMPORTANT DISCLOSURES

You should consider the FPA Queens Road Small Cap Value Fund's ("Fund") investment objectives, risks, and charges and expenses carefully before you invest. The Prospectus details the Fund's objective and policies, sales charges, and other matters of interest to the prospective investor. Please read the Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at fpa.com, by email at crm@fpa.com, toll-free by calling 1-800-982-4372 or by contacting the Fund in writing.

The Fund's holdings data contained herein is subject to change. Portfolio composition will change due to ongoing management of the Fund. References to individual securities are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio managers, FPA, or the distributor.

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