FPA Queens Road Small Cap Value Fund
Third 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 September 30, 2024	Inception	20 Yr	15 Yr	10 Yr	5 Yr	3 Yr	1 Yr	YTD	QTD
FPA Queens Road Small Cap Value (QRSVX)	9.46	8.21	9.47	8.96	12.11	7.44	22.34	8.18	7.48
Russell 2000 Value	8.33	7.74	9.80	8.22	9.29	3.77	25.88	9.22	10.15

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 7.48% in the third quarter of 2024 vs. 10.15% for the Russell 2000 Value Index ("R2KV"). Year to date, the Fund has returned 8.18% while the R2KV has returned 9.22%. As a reminder, we expect to outperform in down markets and trail in speculative markets as a result of our diligent, disciplined, and patient process.

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 of Each Period Since Inception
FPA Queens Road Small Cap Value	-16.70%	-50.69%	-10.17%	-26.74%	-12.08%	-
Russell 2000 Value	-28.99%	-61.71%	-22.55%	-46.03%	-25.60%	-
Downside Capture	57.6%	82.1%	45.1%	58.1%	47.2%	58.03%
Outperformance (bps)	1229	1102	1238	1930	1352	-

Market Commentary

- On a headline basis, small-caps are still cheap relative to large-caps.[3] This corroborates what we are seeing from a bottom-up perspective. But, as quality-focused investors, we are having trouble finding new investments that both meet our criteria for quality and that trade at prices that allow for a margin of safety. Small companies that are cheap but problematic, with higher debt levels or where we have significant questions about near-term profitability, are relatively plentiful.
- We do not make macro or thematic bets. Although it is true that from the bottom up, small-caps have more exposure to the domestic economy and more floating rate debt than large-caps, translating this into tactical investing decisions is difficult. In a recent article, "If a Soft Landing Is in the Cards, Why Aren't Small-Cap Stocks Rallying?", the Wall Street Journal makes the point that many analysts and strategists expected small-caps to benefit from interest rate cuts. But, in the short term, that isn't what happened.[4]
- However, when considering small-caps as an asset class, we believe it is important for investors to recognize that small-cap indices have fewer quality companies than the large-cap indices.

[1] As of September 30, 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] Source: Ed Yardeni; *LargeCaps vs. SMidCaps, Figure 9; https://yardeni.com/charts/largecaps-vs-smidcaps/*

[4] Source: Wall Street Journal; https://www.wsj.com/finance/stocks/if-a-soft-landing-is-in-the-cards-why-arent-small-cap-stocks-rallying-475b8b66

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Quality can be defined in a lot of different ways including relatively higher debt levels and more volatile earnings, as highlighted above. Most shockingly, companies with negative earnings now make up 42% of the Russell 2000, a percentage that has more than doubled over the past 20 years (reprinted below from Torsten Slok at Apollo). By comparison, companies with negative earnings make up only 6% of the S&P 500.[5] We track a collection of quality indicators including earnings consistency and returns on capital and find that, even excluding unprofitable companies, small-caps generally score worse than large-caps.[6]

The Share of Russell 2000 Companies with Negative Earnings Continue to Rise[5]

- In the 2024 Q2 letter, we looked at earnings consistency, one of our preferred measures of quality. We found that the small-cap index has fewer consistent earners than the large-cap index, but that these small consistent earners are considerably cheaper than their large-cap peers. The earnings volatility for the top quintile (20%) of consistent earners in the S&P 500 had an earnings volatility of 13.8% or less. To keep things like-for-like in terms of quality, we compare these low earnings volatility large-caps to similarly consistent earners in the S&P 600 small-cap index. The small-cap basket has fewer companies (only 6.8% of the index) but the small consistent earners are cheaper, trading at a forward earnings per share (EPS) of 17x vs. 24x for the large-cap basket.

  The FPA Queens Road Small Cap Fund has almost as many companies with low earnings volatility as the S&P 500 (17.8% of our portfolio) and the consistent earners in our portfolio trade at only 15x forward earnings. Results are summarized in the table below. Please see our 2024 Q2 letter for a full explanation and complete details and methodology.[7]

[5] Source: Apollo; https://www.apolloacademy.com/a-rising-share-of-the-russell-2000-have-negative-earnings/
[6] Source: https://fpa.com/docs/default-source/funds/fpa-queens-road-small-cap-value-fund/literature/fpa-qr-small-cap-value-fund-commentary-2024-06.pdf?sfvrsn=6f6c9e9d_4
[7] FPA Queens Road Small Cap Value Fund 2024 Q2 commentary; https://fpa.com/funds/fpa-queens-road-small-cap-value-fund-quarterly-commentary-archive

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	S&P 500	S&P 600	QRSVX
Earnings Volatility	13.8%	13.9%	13.5%
Weight	20.9%	6.8%	17.8%
Count	17.5%	5.3%	12.2%
Weighted Avg. Trailing PE	27.10	19.28	18.04
Weighted Avg. Forward PE	24.36	17.35	14.63
Weighted Avg. 7 Yr. EPS CAGR	13.2%	12.5%	14.2%

- This is a good opportunity to point our readers to a 2015 paper published by the researchers at AQR, "Size Matters, If You Control Your Junk."[8] AQR's research, from a quantitative perspective, corroborates what we see from the bottom-up. The small-cap universe scores lower across the metrics associated with the quality factor, such as low volatility, high margins, high capital efficiency, low leverage, high cash conversion, etc. **But, once you control for similar levels of quality, small companies outperform large companies, consistently and by a lot.** The small company premium is alive and well, you just need to adjust for the changing index composition, i.e. more junk in the small-cap index over time.
- We think this makes the case for active management in small-caps. At Queens Road, we own a portfolio of quality small companies that we believe will earn more in three-to-five years than they do today. And, at a time when the large-cap indices are expensive and index breadth is narrowing, quality small companies look relatively attractive.[9] While we never make market predictions, owning companies of similar quality but at lower valuations should be beneficial to future returns. Diversifying into quality small-caps is a solution to the problem posed by expensive and top-heavy U.S. indices.
- Finally, we are big fans of annual asset class returns maps as popularized by the Periodic Table of Investment Returns. These make the case for diversification in a strikingly visual way. On an annual (or monthly) basis, it is very hard to predict which asset classes will do well and which will do poorly.[10] Large growth is the flavor of the day, but who knows what tomorrow will bring.

[8] Source: AQR; https://www.aqr.com/Insights/Research/Working-Paper/Size-Matters-If-You-Control-Your-Junk
[9] Source: Morgan Stanley; https://www.morganstanley.com/im/publication/insights/articles/article_stockmarketconcentration.pdf
[10] Source: Callan; https://www.callan.com/periodic-table/

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The Periodic Table of Investment Returns[9]

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real Estate 37.96%	Emerging Market Equity 34.00%	Real Estate 42.12%	Emerging Market Equity 39.38%	U.S. Fixed Income 5.24%	Emerging Market Equity 78.51%	Small Cap Equity 26.85%	U.S. Fixed Income 7.84%	Real Estate 27.73%	Small Cap Equity 38.82%
Emerging Market Equity 25.55%	Real Estate 15.35%	Emerging Market Equity 32.17%	Developed ex-U.S. Equity 12.44%	Global ex-U.S. Fixed 4.39%	High Yield 58.21%	Real Estate 19.63%	High Yield 4.98%	Emerging Market Equity 18.23%	Large Cap Equity 32.39%
Developed ex-U.S. Equity 20.38%	Developed ex-U.S. Equity 14.47%	Developed ex-U.S. Equity 25.71%	Global ex-U.S. Fixed 11.03%	Cash Equivalent 2.06%	Real Estate 37.13%	Emerging Market Equity 18.88%	Global ex-U.S. Fixed 4.36%	Developed ex-U.S. Equity 16.41%	Developed ex-U.S. Equity 21.02%
Small Cap Equity 18.33%	Large Cap Equity 4.91%	Small Cap Equity 18.37%	U.S. Fixed Income 6.97%	High Yield -26.16%	Developed ex-U.S. Equity 33.67%	High Yield 15.12%	Large Cap Equity 2.11%	Small Cap Equity 16.35%	High Yield 7.44%
Global ex-U.S. Fixed 12.54%	Small Cap Equity 4.55%	Large Cap Equity 15.79%	Large Cap Equity 5.49%	Small Cap Equity -33.79%	Small Cap Equity 27.17%	Large Cap Equity 15.06%	Cash Equivalent 0.10%	Large Cap Equity 16.00%	Real Estate 3.67%
High Yield 11.13%	Cash Equivalent 3.07%	High Yield 11.85%	Cash Equivalent 5.00%	Large Cap Equity -37.00%	Large Cap Equity 26.47%	Developed ex-U.S. Equity 8.95%	Small Cap Equity -4.18%	High Yield 15.81%	Cash Equivalent 0.07%
Large Cap Equity 10.88%	High Yield 2.74%	Global ex-U.S. Fixed 8.16%	High Yield 1.87%	Developed ex-U.S. Equity -43.56%	Global ex-U.S. Fixed 7.53%	U.S. Fixed Income 6.54%	Real Estate -6.46%	U.S. Fixed Income 4.21%	U.S. Fixed Income -2.02%
U.S. Fixed Income 4.34%	U.S. Fixed Income 2.43%	Cash Equivalent 4.85%	Small Cap Equity -1.57%	Real Estate -48.21%	U.S. Fixed Income 5.93%	Global ex-U.S. Fixed 4.95%	Developed ex-U.S. Equity -12.21%	Global ex-U.S. Fixed 4.09%	Emerging Market Equity -2.60%
Cash Equivalent 1.33%	Global ex-U.S. Fixed -8.65%	U.S. Fixed Income 4.33%	Real Estate -7.39%	Emerging Market Equity -53.33%	Cash Equivalent 0.21%	Cash Equivalent 0.13%	Emerging Market Equity -18.42%	Cash Equivalent 0.11%	Global ex-U.S. Fixed -3.08%

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real Estate 15.02%	Large Cap Equity 1.38%	Small Cap Equity 21.31%	Emerging Market Equity 37.28%	Cash Equivalent 1.87%	Large Cap Equity 31.49%	Small Cap Equity 19.96%	Large Cap Equity 28.71%	Cash Equivalent 1.46%	Large Cap Equity 26.29%
Large Cap Equity 13.69%	U.S. Fixed Income 0.55%	High Yield 17.13%	Developed ex-U.S. Equity 24.21%	U.S. Fixed Income 0.01%	Small Cap Equity 25.52%	Large Cap Equity 18.40%	Real Estate 26.09%	High Yield -11.19%	Developed ex-U.S. Equity 17.94%
U.S. Fixed Income 5.97%	Cash Equivalent 0.05%	Large Cap Equity 11.96%	Large Cap Equity 21.83%	High Yield -2.08%	Developed ex-U.S. Equity 22.49%	Emerging Market Equity 18.31%	Small Cap Equity 14.82%	U.S. Fixed Income -13.01%	Small Cap Equity 16.93%
Small Cap Equity 4.89%	Real Estate -0.79%	Emerging Market Equity 11.19%	Small Cap Equity 14.65%	Global ex-U.S. Fixed -2.15%	Real Estate 21.91%	Global ex-U.S. Fixed 10.11%	Developed ex-U.S. Equity 12.62%	Developed ex-U.S. Equity -14.29%	High Yield 13.44%
High Yield 2.45%	Developed ex-U.S. Equity -3.04%	Real Estate 4.06%	Global ex-U.S. Fixed 10.51%	Large Cap Equity -4.38%	Emerging Market Equity 18.44%	Developed ex-U.S. Equity 7.59%	High Yield 5.28%	Large Cap Equity -18.11%	Emerging Market Equity 9.83%
Cash Equivalent 0.03%	Small Cap Equity -4.41%	Developed ex-U.S. Equity 2.75%	Real Estate 10.36%	Real Estate -5.63%	High Yield 14.32%	U.S. Fixed Income 7.51%	Cash Equivalent 0.05%	Global ex-U.S. Fixed -18.70%	Real Estate 9.67%
Emerging Market Equity -2.19%	High Yield -4.47%	U.S. Fixed Income 2.65%	High Yield 7.50%	Small Cap Equity -11.01%	U.S. Fixed Income 8.72%	High Yield 7.11%	U.S. Fixed Income -1.54%	Emerging Market Equity -20.09%	Global ex-U.S. Fixed 5.72%
Global ex-U.S. Fixed -3.09%	Global ex-U.S. Fixed -6.02%	Global ex-U.S. Fixed 1.49%	U.S. Fixed Income 3.54%	Developed ex-U.S. Equity -14.09%	Global ex-U.S. Fixed 5.09%	Cash Equivalent 0.67%	Emerging Market Equity -2.54%	Small Cap Equity -20.44%	U.S. Fixed Income 5.53%
Developed ex-U.S. Equity -4.32%	Emerging Market Equity -14.92%	Cash Equivalent 0.33%	Cash Equivalent 0.86%	Emerging Market Equity -14.57%	Cash Equivalent 2.28%	Real Estate -9.04%	Global ex-U.S. Fixed -7.05%	Real Estate -25.10%	Cash Equivalent 5.01%

Annual Returns for Key Indices Ranked in Order of Performance (2004-2023)

Portfolio Update[11]

- In 2023, our turnover was roughly 13%, about average for the history of the Fund. Turnover continues to be low and during the third quarter we mostly trimmed around the edges in the service of portfolio maintenance.
- In the third quarter, we added a new position in Advanced Auto Parts (AAP), an aftermarket automotive parts distributor and retailer that sells to both do-it-yourself consumers and professional repair shops. For now, AAP sits in our "opportunistic value" bucket of cheap companies that have known problems or are of only medium quality. AAP is in the middle of a major turnaround, a situation we usually avoid. Auto parts retailing can be a great business but under the previous management regime, operating and financial metrics significantly lagged competitors O'Reilly (ORLY) and Autozone (AZO).

  CEO Shane O'Kelly joined in August 2023 from HD Supply, a well run building products distributor that was bought by Home Depot in 2020. O'Kelly's expertise is badly needed as AAP redesigns its inventory management and supply chain. Additionally, AAP added significant depth to the Board including Tom Seboldt from O'Reilly, Gregory Smith who ran operations at Goodyear and then ran supply chain for Walmart, and Brett Windom who was CEO of Pep Boys. AAP also cured their balance sheet when they announced the sale of their WorldPac subsidiary for $1.5B on their Q2 2024 earnings call. For now, margins are near zero as the company rebuilds its business. As of September 30, 2024 we believe the company is very cheap at roughly 30% of sales if they can get their operating margins anywhere near the high single figure they achieved through 2022.

[11] 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 September 30, 2024 can be found at fpa.com.

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We think this turnaround is going to take at least a couple of years to play out. We bought some before Q2 results and then a little more after Q2 results sent the share price down more than 10%.[12] The stock price has continued to drift lower since our purchases. Given the level of uncertainty here, we believe we have sized the position appropriately at roughly 1% of the Fund. (We also discussed the investment thesis for Advanced Auto Parts on our Q2 webcast.)

- We opportunistically and incrementally added to two positions, Equity Commonwealth (EQC) and Littelfuse (LFUS) that are small holdings and attractively priced.
- We sold out of a small position in Aaron's (AAN). The company is being acquired and the stock price approached the buyout price of $10.10/share.[13]
- We incrementally reduced the Fund's positions in Interdigital (IDCC), Sprouts Farmers Market (SFM), CSW Industrials (CSWI) and Deckers (DECK). As of quarter end, Interdigital and Sprouts are top five holdings for the Fund, CSW is a mid-sized holding for the Fund and Deckers was a mid-sized holding that we have progressively reduced on size considerations. All four of these stocks have appreciated considerably and have approached the upper end of our range of reasonableness in terms of valuation.
- We also incrementally reduced the Fund's position in Horace Mann Educators (HMN), an insurer that has been frustratingly sluggish returning to profitability following the rampant cost inflation experienced by the industry during Covid.
- The Fund's cash position is a residual of the investment process. When we cannot find companies that meet our stringent criteria, we will allow cash to build. Over the long term, we would prefer to own a diversified portfolio of quality companies (acquired at reasonable prices) instead of cash. But we weigh this objective against our reluctance to sacrifice a margin of safety and risk of permanent impairment of-capital. At quarter end, our cash position was 10.0%.

Quality and the Four Pillar Process

Our investment process focuses on four pillars:

1. **Balance-Sheet Strength** – We seek companies with strong balance sheets. We are not comfortable owning companies that have significant liabilities (e.g., debt, legal, regulatory, pension, or something inherent in their business models) that could cause insolvency concerns when there is an economic, financial, or any other kind of crisis. We want to make sure we are invested in companies that have staying power.
2. **Valuation** – We normalize economic earnings over full market cycles, primarily using free cash-flow discount valuation models. We demand a margin of safety.
3. **Management** – We evaluate management's track record of laying out a long-term strategy and successfully executing their stated objectives.
4. **Sector and Industry Analysis** – We own companies in growing industries with stable competitive dynamics and favorable economics. We avoid commoditized or overly-competitive industries.

As previously mentioned, we have a preference for long-term compounders – i.e., high-quality franchises with strong balance sheets, proven management teams, and attractive industry dynamics that we hope to

[12] Advance Auto Parts 24Q2 earnings release and call; https://ir.advanceautoparts.com/investors/news-and-events/events-and-presentations/default.aspx
[13] The Aaron's Company, Inc.; https://investor.aarons.com/news-and-events/press-releases/press-release-details/2024/IQVentures-Completes-Acquisition-of-The-Aarons-Company/default.aspx

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own forever. Compounders don't usually come cheap, and while we are always valuation-conscious, we are generally willing to pay a little bit more for higher quality companies.

So, what do we mean by quality? At the most basic level, quality means we can have confidence that a company's earnings and cash flows will be greater in three-to-five years than they are today. Different investors look at different metrics to describe quality. High returns on-capital, high operating margins, organic growth, high cash conversion, and low debt are all indicators of quality. But at the end of the day, we take a holistic look at our companies, identify their risks, try to remain conservative and judicious, and compare their current prices to our confidence in their futures. Our four pillars – balance sheet strength, valuation, management, and industry analysis – guide this process.

Historically, quality has been a large contributor to our outperformance during market downturns.[14] Low leverage allows companies to survive and reinvest during downturns. Strong management teams can be trusted to shepherd their companies through headwinds and seek out new growth opportunities. Entrenched competitive positions and industries with favorable outlooks mean that the passage of time is our friend. In practice, it is never this easy. It is rare to find a company that sits cleanly atop each of our four pillars. But when things get complicated and the future seems uncertain, the four-pillar framework helps us keep a long-term perspective.

Trailing Twelve Months (TTM) Contributors and Detractors[15]

Contributors	Performance Contribution	% of Portfolio	Detractors	Performance Contribution	% of Portfolio
TTM					
Sprouts Farmers Market	3.83%	3.3%	Concentrix	-0.89%	2.0%
InterDigital	2.90%	4.5%	Arcadium Lithium	-0.80%	0.5%
Fabrinet	1.90%	4.6%	Advance Auto Parts	-0.64%	0.2%
CSW Industrials	1.88%	2.2%	Vishay Intertechnology	-0.59%	2.2%
Deckers Outdoor	1.83%	1.8%	Darling Ingredients	-0.59%	1.5%
	12.34%	**16.3%**		**-3.51%**	**6.4%**

[14] Please refer to the table on page 2 for performance of the Fund during 15% or greater downturns in the Russell 2000 Value Index.
[15] 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.

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Trailing Twelve Months (TTM) Contributors[16]

- **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 is accelerating unit growth from 12 stores a year to 35 stores in 2024 on a base of roughly 400 stores.[17] Over the past year, the stock has performed well after reporting strong operating results and from a low initial valuation.[18] The stock price jumped when the company reported 2023 Q4 results and gave strong 2024 guidance. The share price jumped again when they reported 2024 Q2 numbers. 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 in 2021 from Qualcom and has been hiring other former Qualcom managers. Shares have been strong all year on growing revenue, profitability, and buybacks but jumped when the company released particularly strong Q2 results on August 1, 2024.[19]

- **Fabrinet (FN)** is a contract manufacturer of optical communications components and modules. The company has a dominant position in hard-to-replicate precision-manufacturing technologies and an enviable track record of execution. The majority of Fabrinet's sales are to networking equipment manufacturers but it has been successfully diversifying into the data center, industrial, auto, and medical end-markets. Fabrinet has been a big beneficiary of the current wave of datacenter investment. The stock took off following June 2023 earnings when datacenter sales increased 50% sequentially and more than 100% over the previous year, driven by their 800-gigabyte transceivers for Artificial Intelligence applications. The company also announced that Nvidia is a 10%+ customer.[20]

  Fabrinet was a top-five holding in the Fund before its June 2023 earnings announcement. Since then, the stock has appreciated considerably and we have trimmed in keeping with our risk management policies. Given the growth in forward earnings estimates, Fabrinet trades in line with its historical earnings multiples and remains a top five Fund position.

- **CSW Industrials (CSWI)** sells HVAC and plumbing parts and accessories, mostly for professional trades people. 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 this year have been exceptional. On July 31, the company announced high single digit organic growth and aggressive margin gains for its core Contractor Solutions business.[21] We have trimmed the position along the way as CSW's stock price has outpaced CSW's strong fundamentals.

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[16] 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.

[17] 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).

[18] Source: Factset. On June 30, 2023, SFM's share price was $36.73. This was 15x trailing EPS of $2.39 for the year ending Dec-22 and 13x forward EPS of $2.84 for the year ending Dec-23.

[19] Source: Interdigital 24Q2 Earnings; https://ir.interdigital.com/quarterly-results/default.aspx

[20] Source: Fabrinet fiscal Q4 2023 earnings release and call; https://investor.fabrinet.com/events/event-details/fabrinets-fourth-quarter-2023-financial-results-conference-call

[21] Source: CSW Industrial Fiscal Q1 2025 earnings release; https://cswindustrials.gcs-web.com/events-and-presentations/events.

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- **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. Now they are repeating their success with Hoka running shoes. At roughly thirty times forward earnings (as of Sep. 31, 2024), we have weighed Deckers' valuation against the quality of its management team, strong brands, and net cash balance sheet and have trimmed the position.

  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 on excellent operating performance and we have trimmed all the way up. This year, the market cap exceeded $20 billion and we trimmed even more substantially. Given the company's exceptional financial performance and growth, we think the stock still trades in the "range of reasonableness" and continue to hold a small position.

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, and we have always been impressed with CNXC's innovation and growth. CX is a relatively new business model, and Concentrix has been rolling up smaller competitors. In March, 2023 they bought WebHelp, a leading European CX player, for $4.8B in cash and stock.[22] 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 badly over the last two years.[23] On Sep. 25, 2024 CNXC stock got hit again when they released fiscal 2024 Q3 results and took down revenue guidance – fiscal 2024 organic revenue is now expected to come in between -.5% and 1.5%.[24] Concentrix has a debt to EBITDA ratio of 3x from the Webhelp deal which 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 customers' work flows make for meaningful switching costs and that clients will be reluctant to let AI manage the relationships with their customers. We have held on to Concentrix shares but have not added to the position.

- **Arcadium Lithium (ALTM)** is an integrated, low-cost, well-managed lithium producer formed by the merger of Livent, which the Fund owned, and Allkem in Australia. The merger was completed at the beginning of this year and we received, and decided to hold, shares of Arcadium.[25] The share price has declined because of volatile lithium prices that collapsed from bubbly levels at the beginning of 2023.[26] Estimates for electric vehicle production are slowing and capacity got ahead of demand; the industry is now waiting for a supply response.[27] On October 03, 2024, post quarter end, Arcadium announced that they are getting bought by Rio Tinto for $5.85 per share.[28]

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

[23] Source: Concentrix fiscal 23Q2 earnings transcript; https://ir.concentrix.com/financials/quarterly-results

[24] Source: Concentrix fiscal 24Q3 earnings; https://ir.concentrix.com/news-releases/news-release-details/concentrix-reports-third-quarter-2024-results

[25] Source: https://www.prnewswire.com/apac/news-releases/arcadium-lithium-announces-completion-of-merger-of-equals-between-allkem-and-livent-302026367.html

[26] Source: https://tradingeconomics.com/commodity/lithium

[27] Source: https://www.fastmarkets.com/insights/battery-materials-market-facing-oversupply-and-macroeconomic-headwinds-in-2024-2024-preview/.

[28] Source: Rio Tinto press release; https://www.riotinto.com/en/news/releases/2024/rio-tinto-to-acquire-arcadium-lithium

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

Arcadium is an unusual investment for us. We normally avoid the commodity and materials sectors, and have kept our position in Arcadium small. But we believe Arcadium has a unique position in an industry with a strong long-term outlook. The company has low-cost production assets, is virtually debt-free, and has considerable capacity additions planned near-term.

- **Advance Auto Parts (AAP)** is discussed in the Portfolio Commentary section above.

- **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 jarringly change a company culture that was notably staid and conservative.[29] We are cautiously optimistic about Vishay's growth plans and have been adding to the position during this cyclical weakness.

- **Darling Ingredients (DAR)** is the world's largest rendering operation with about 17% of the global market and a higher share in the core U.S. market.[30] The business is one part industrial where scale and route density are big advantages – they collect unused animal waste from slaughterhouses and butchers. But the business is also one part commodity producer – their plants process this waste into fats, bone meal and ingredients that trade at prices set by the global markets. Finally, DAR's Diamond Green Diesel joint venture with Valero turns animal fats into green energy – a business that benefits from renewables subsidies and tax credits. The company took on debt to make three large acquisitions in 2022, adding additional complexity as DAR integrates the acquisitions and de-levers. The stock has sold off on weakness in DAR's commodity end markets, falling renewable identification number (RIN) prices, and lower earnings and guidance reported over the past year.[31]

  We first purchased Darling shares in 2008 and have watched as CEO Randy Stuewe has grown Darling from a minnow to a global behemoth. As of September 30, 2024, Darling trades at approximately 10x normal earnings and, despite the company's commodity exposure and organizational complexity, we are comfortable holding a mid-sized position.

Conclusion

Despite the 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

October 21, 2024

[29] Source: Vishay Intertechnology April 2, 2024 Investor Day; https://ir.vishay.com/events/event-details/investor-day

[30] Source: Mar 6, 2023 Raymond James Institutional Investors Conference transcript.

[31] Source: Darling 23Q2 and 23Q3 earnings releases; https://ir.darlingii.com/quarterly-results.

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

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 UMB Distribution Services, LLC, 235 W. Galena Street, Milwaukee, WI, 53212. UMB 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** is a small-cap stock market index of the smallest 2,000 stocks in the Russell 3000 Index.

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

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 (FCF) is the cash a company generates after taking into consideration cash outflows that support its operations and maintain its-capital assets.

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

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.

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

The **Price-to-earnings (P/E) ratio** is the ratio for valuing a company that measures its current share price relative to its earnings per share.

Return on Equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity.

Return on Invested Capital (ROIC) is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments.

FPA

FPA Queens Road Small Cap Value Fund
Portfolio Holdings

9/30/2024

TICKER	PRINCIPAL/ SHARES	SECURITY	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
		COMMON STOCK (LONG)			
AAP	192,479	ADVANCE AUTO PARTS INC	38.99	7,504,756	1.0%
AGCO	14,871	AGCO CORP	97.86	1,455,276	0.2%
ALTM	1,218,658	ARCADIUM LITHIUM PLC	2.85	3,473,175	0.5%
ARW	139,675	ARROW ELECTRONICS INC	132.83	18,553,030	2.4%
AX	373,282	AXOS FINANCIAL INC	62.88	23,471,972	3.1%
BAM	185,915	BROOKFIELD ASSET MGMT-A*	47.29	8,791,920	1.2%
CNO	514,304	CNO FINANCIAL GROUP INC	35.10	18,052,070	2.4%
CNXC	189,995	CONCENTRIX CORP	51.25	9,737,244	1.3%
CSGS	304,386	CSG SYSTEMS INTL INC	48.65	14,808,379	2.0%
CSWI	51,100	CSW INDUSTRIALS INC	366.39	18,722,529	2.5%
DAR	254,666	DARLING INGREDIENTS INC	37.16	9,463,389	1.2%
DECK	31,182	DECKERS OUTDOOR CORP	159.45	4,971,970	0.7%
DCO	93,372	DUCOMMUN INC	65.83	6,146,679	0.8%
ESGR	62,211	ENSTAR GROUP LTD*	321.59	20,006,435	2.6%
EQC	393,071	EQUITY COMMONWEALTH	19.90	7,822,113	1.0%
FN	132,415	FABRINET*	236.44	31,308,203	4.1%
FSTR	102,635	FOSTER (LB) CO-A	20.43	2,096,833	0.3%
GIII	477,328	G-III APPAREL GROUP LTD	30.52	14,568,051	1.9%
GGG	81,171	GRACO INC	87.51	7,103,274	0.9%
GPK	272,999	GRAPHIC PACKAGING HOLDING CO	29.59	8,078,040	1.1%
HMN	365,798	HORACE MANN EDUCATORS	34.95	12,784,640	1.7%
IAC	386,082	IAC INC	53.82	20,778,933	2.7%
IDCC	275,836	INTERDIGITAL INC	141.63	39,066,653	5.2%
JBT	154,267	JOHN BEAN TECHNOLOGIES CORP	98.51	15,196,842	2.0%
KNF	40,921	KNIFE RIVER CORP	89.39	3,657,928	0.5%
LEVI	597,920	LEVI STRAUSS & CO- CLASS A	21.80	13,034,656	1.7%
LFUS	13,742	LITTELFUSE INC	265.25	3,645,066	0.5%
MATV	181,233	MATIV INC	16.99	3,079,149	0.4%
MDU	526,962	MDU RESOURCES GROUP INC	27.41	14,444,028	1.9%
MTG	850,202	MGIC INVESTMENT CORP	25.60	21,765,171	2.9%
MSM	258,539	MSC INDUSTRIAL DIRECT CO-A	86.06	22,249,866	2.9%
NJR	321,890	NEW JERSEY RESOURCES CORP	47.20	15,193,208	2.0%
OSK	195,640	OSHKOSH CORP	100.21	19,605,084	2.6%
PVH	231,226	PVH CORP	100.83	23,314,518	3.1%
QRVO	36,153	QORVO INC	103.30	3,734,605	0.5%
RCII	337,083	RENT-A-CENTER INC	31.99	10,783,285	1.4%
RLI	160,450	RLI CORP	154.98	24,866,541	3.3%
SCHL	350,990	SCHOLASTIC CORP	32.01	11,235,190	1.5%
SAIC	99,470	SCIENCE APPLICATIONS INTE	139.27	13,853,187	1.8%
SFBS	384,754	SERVISFIRST BANCSHARES INC	80.45	30,953,459	4.1%
SFM	304,885	SPROUTS FARMERS MARKET INC	110.41	33,662,353	4.4%
SYNA	132,326	SYNAPTICS INC	77.58	10,265,851	1.4%

FPA Queens Road Small Cap Value Fund
Portfolio Holdings

9/30/2024

TICKER	PRINCIPAL/ SHARES	SECURITY	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
SNX	284,230	SYNNEX CORP	120.08	34,130,338	4.5%
THS	174,987	TREEHOUSE FOODS INC	41.98	7,345,954	1.0%
UGI	682,135	UGI CORP	25.02	17,067,018	2.3%
UNF	12,712	UNIFIRST CORP/MA	198.65	2,525,239	0.3%
VSH	733,461	VISHAY INTERTECHNOLOGY INC	18.91	13,869,748	1.8%
VSEC	55,401	VSE CORP	82.73	4,583,325	0.6%
		TOTAL COMMON STOCK (LONG)		**682,827,174**	**90.0%**
		PREFERRED STOCK			
WCC	6,085	WESCO INTERNATIONAL INC	25.85	157,297	0.0%
		TOTAL PREFERRED STOCK		**157,297**	**0.0%**
		TOTAL INVESTMENT SECURITIES		**682,984,471**	**90.0%**
		SHORT TERM INVESTMENTS			
MISXX	75,199,171	MSILF TREASURY PORT-INST	100.00	75,199,171	9.9%
		TOTAL SHORT TERM INVESTMENTS		**75,199,171**	**9.9%**
		CASH & EQUIVALENTS		334,202	0.0%
		TOTAL CASH & EQUIVALENTS		**75,533,373**	**10.0%**
		TOTAL NET ASSETS		**758,517,844**	**100.0%**
		NUMBER OF LONG EQUITY POSITIONS			**49**

* Indicates foreign security.

FPA Queens Road Small Cap Value Fund

Portfolio Holdings

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.

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