



# FPA Queens Road Small Cap Value Fund

Second Quarter 2024 Webcast Presentation

Presented by: Steve Scruggs and Ben Mellman

July 31, 2024

*The FPA Funds are distributed by UMB Distribution Services ("UMBDS"), LLC, 235 W. Galena Street, Milwaukee, WI, 53212. UMBDS is not affiliated with First Pacific Advisors, LP or any of the individual presenters.*

Follow us on:



# Performance

## Trailing Performance

As of Date: 6/30/2024	Inception	20 Years	15 Years	10 Years	5 Years	3 Years	1 Year	YTD	QTD
FPA Queens Road Small Cap Value (%)	9.22	7.79	9.96	7.61	10.37	4.00	11.27	0.65	-2.62
Russell 2000 Value (%)	7.95	7.23	10.59	6.23	7.07	-0.53	10.90	-0.85	-3.64
Performance vs. Benchmark (bps)	126	56	-64	138	329	453	38	150	103
Morningstar Small Value Category (Avg. %)	8.18	7.50	10.81	6.38	9.04	2.85	11.12	0.50	-3.97

## Annual Performance

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FPA Queens Road Small Cap Value (%)	16.00	-9.16	23.19	13.62	20.00	-5.66	5.86	15.59	-0.12	4.91	30.88
Russell 2000 Value (%)	14.65	-14.48	28.27	4.63	22.39	-12.86	7.84	31.74	-7.47	4.22	34.52
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002*
FPA Queens Road Small Cap Value (%)	4.83	-3.36	21.33	32.50	-23.81	2.02	10.02	1.43	26.47	42.60	-2.89
Russell 2000 Value (%)	18.05	-5.50	24.50	20.58	-28.92	-9.78	23.48	4.71	22.25	46.03	-14.95

Past performance is no guarantee of future results and current performance may be higher or lower than 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. There can be no assurance that the Fund will meet any of its objectives. Current month-end performance data, which may be lower or higher than the performance data quoted, may be obtained at [fpa.com](http://fpa.com), or by calling toll-free, 1-800-982-4372.

As of June 30, 2024. Source: Bragg Financial Advisors (BFA), Morningstar.

Periods greater than one year are annualized. Inception of the FPA Queens Road Small Cap Value Fund – Investor Class (“Fund”) was June 13, 2002. Fund performance is net of all fees and expenses and includes reinvestment of 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.

\* Data calculation begins in the first full month of Fund performance (i.e., July 2002) and ends on December 31, 2002.

The performance and other statistics shown reflects the historical performance of the Fund when Bragg Financial Advisors, Inc. (“BFA”) served as investment adviser of the Fund. Effective November 1, 2020, First Pacific Advisors, LP (“FPA” or “Adviser”) became the investment adviser of the Fund and BFA transitioned to serving as the sub-adviser. BFA continues to be responsible for the day-to-day management of the Fund, subject to FPA’s oversight. No changes to the Fund’s principal investment strategies were made in connection with these changes in management of the Fund, and Steve Scruggs, CFA, Senior Portfolio Manager for BFA, continues to serve as the portfolio manager for the Fund.

From inception of the Fund to December 31, 2004, BFA and its affiliates voluntarily absorbed certain expenses of the Fund and voluntarily waived its management fee. Had BFA not done this, returns would have been lower during that period. Effective January 1, 2005 through October 31, 2020, BFA charged a single unitary management fee and contractually agreed to pay all operating expenses of the Fund except for brokerage, taxes, interest, litigation expenses, and other extraordinary expenses.

As of the most recent prospectus, the Fund’s Total Annual Operating Expenses before reimbursement is 0.96% (Investor Class), 0.90% (Advisor Class), and 0.79% (Institutional Class). Prior to November 1, 2020, the Fund had a unitized fee structure that limited annual operating expenses to 1.18%.

# First Half 2024 Summary

---

- The Fund outperformed its benchmark in the first half of 2024. We are pleased with this incremental outperformance in a flat market.
- We had no significant changes in the portfolio in the first half of 2024. Most of the activity was portfolio management.
  - Added a new, mid-sized position in John Bean Technologies (JBT). We wrote about JBT in the Q1 letter.
  - Made additions to six existing holdings.<sup>1</sup>
  - Sold out of United Natural Foods (UNFI). We have been writing about UNFI in the top five detractors portion of our letters.
  - Made reductions to three positions that had performed well.<sup>1</sup>
  - Received two positions, Brookfield Asset Management (BAM) and Arcadium Lithium (ALTM) as the result of corporate actions.
- The Fund's cash position rose from 9.5% of assets to 10.4% of assets

As of June 30, 2024, Portfolio composition will change due to ongoing management of the Fund. The holdings mentioned should not be considered a recommendation to purchase or sell a particular security, represents only a small percentage of the entire portfolio and the securities noted may not remain in the portfolio at the time of this presentation. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed. Please see the Appendix for a list of the Fund's holdings and position weights as of June 30, 2024.

<sup>1</sup> The information provided does not reflect all positions purchased, sold or recommended during the quarter. Increases and decreases represent securities whose position size changed by 50 bps or more over the period.

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

# A Small Cap Eruption

---

For the five business days from July 10 through July 16 (post quarter end), small-caps erupted higher with the Russell 2000 Value Index up 12.3%.<sup>1</sup>

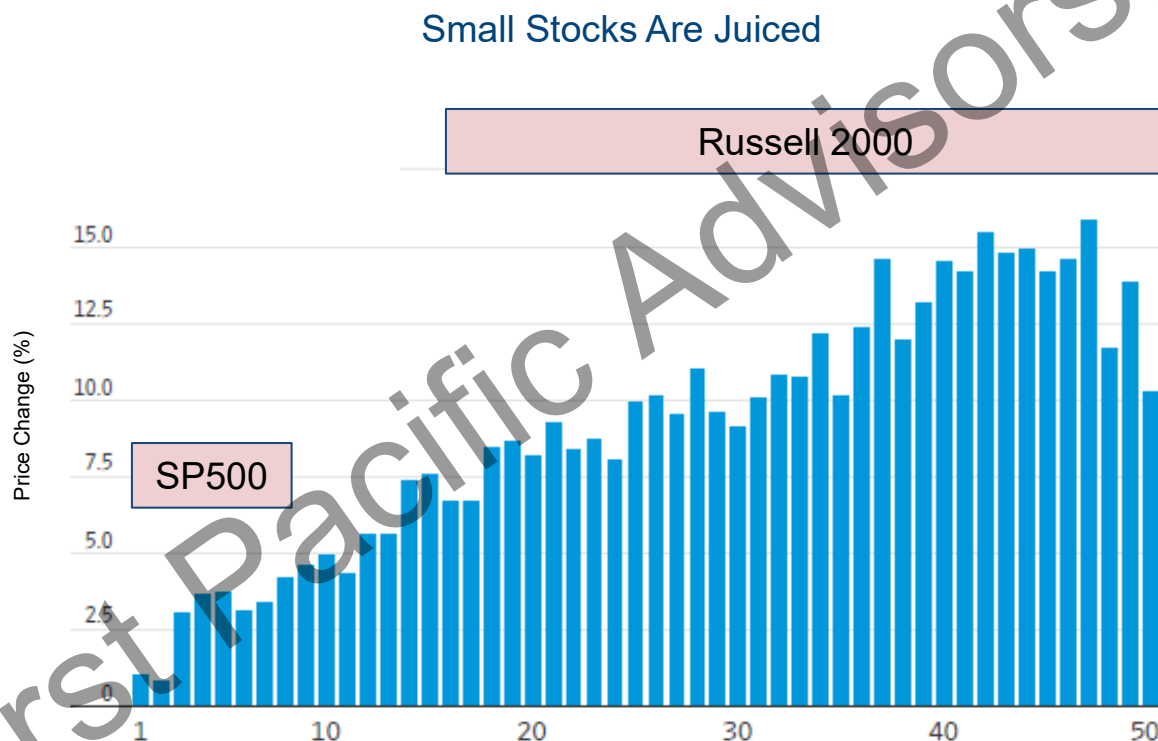
- The Fund trailed and was up only 7.7%, a 63% upside participation rate.
- This performance was in line with our expectations. As a result of our diligent, disciplined and patient process, we have tended to hold up better in down markets but trail in speculative markets. Our goal is to outperform over a full market cycle.
- The move reversed some of the underperformance of the Russell 2000 vs. Nasdaq 100 over the previous 18 months.<sup>1</sup>
- Smaller companies and lower quality companies outperformed. The best factor attribution that we came across was from a chart compiled by Societe General and reprinted by James Mackintosh in the Wall Street Journal (see page 5).<sup>2</sup>

<sup>1</sup> Source: Bloomberg; <https://www.bloomberg.com/news/articles/2024-07-16/riskiest-stocks-begin-an-epic-rotation-with-rate-cuts-in-sight>

<sup>2</sup> Source: WSJ Live Updates on July 18, 2024; [https://www.wsj.com/livecoverage/stock-market-today-dow-sp500-nasdaq-live-07-18-2024/card/the-puzzle-of-the-small-stock-rally-uBL03eK2c08LiOiggFtM?mod=Ictimeline\\_finance](https://www.wsj.com/livecoverage/stock-market-today-dow-sp500-nasdaq-live-07-18-2024/card/the-puzzle-of-the-small-stock-rally-uBL03eK2c08LiOiggFtM?mod=Ictimeline_finance). See Page 5 for detail.

# A Small Cap Eruption

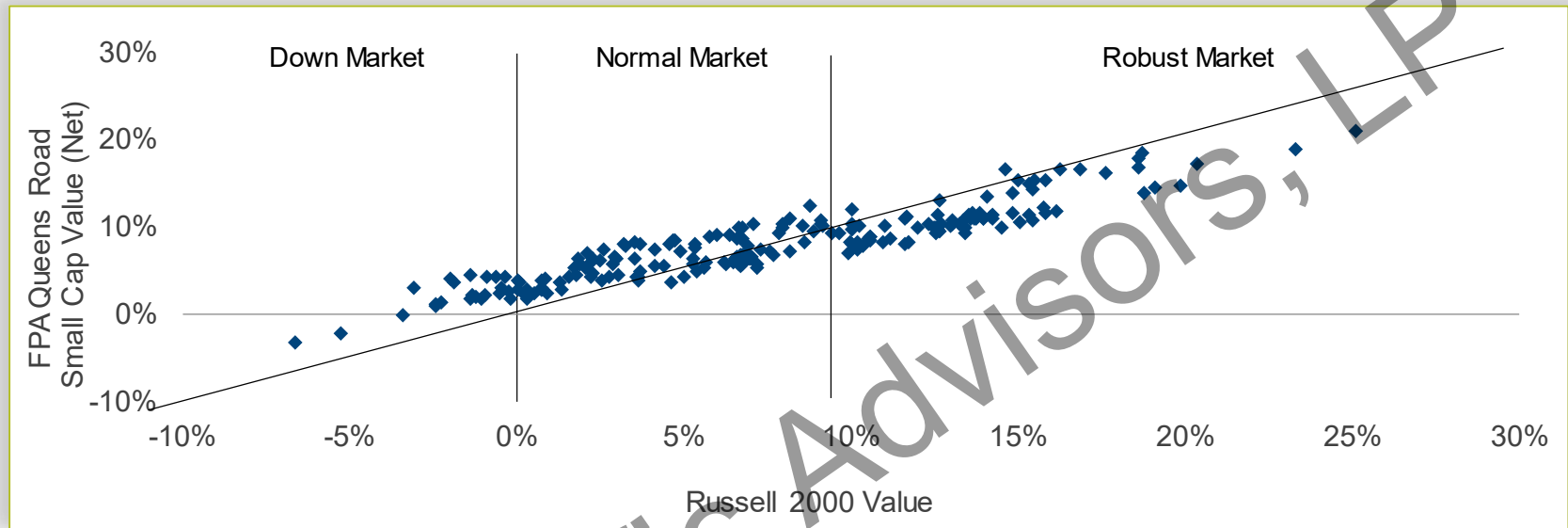
Below is the Russell 3000 divided into 50 buckets by market cap. There is a clear correlation between size and performance, even within the 2,000 smallest stocks.



Source: Wall Street Journal, Societe General. The chart shows the Russell 3000 bucketed into 50 groups by market capitalization (size) on the X-Axis, where 1 represents the largest companies by market cap and 50 represents the smallest companies by market cap. The Y-axis shows the price change in each group for the 5-business day period from Wednesday July 10, 2024 through Tuesday July 16, 2024.

**For illustrative purposes only,** we show approximately where companies in the S&P 500 Index and Russell 2000 Index would fall on this chart based on market cap. Placements of the S&P 500 and Russell 2000 Index are estimates based on data from Factset.

# 5-year rolling returns by market type since Fund inception



	Down Market Russell 2000 Value 5-year Avg. Return Below 0%	Normal Market Russell 2000 Value 5-year Avg. Return 0-10%	Robust Market Russell 2000 Value 5-year Avg. Return Above 10%
<b>FPA Queens Road Small Cap Value (Avg. net return)</b>	2.20%	6.61%	11.88%
<b>Russell 2000 Value (Avg. return)</b>	-1.75%	4.89%	13.98%
<b>Periods of Outperformance</b>	100%	77%	9%
	23 of 23	81 of 105	7 of 77

Source: Morningstar Direct. The chart illustrates the monthly five-year rolling average returns for the FPA Queens Roads Small Cap Value Fund - Investor Class ("Fund") from inception on June 13, 2002 through June 30, 2024 compared to the five-year rolling average returns for the Russell 2000 Value Index over the same period. Fund performance is net of all fees and expenses and includes reinvestment of all distributions. The table categorizes returns for three market environments: periods where the five-year rolling average return for the Russell 2000 Index was below 0% (down market), from 0%-10% (normal market), and above 10% (robust market). The horizontal axis represents the five-year rolling average returns for the Index, and the vertical axis represents the Fund's five-year rolling average returns. The diagonal line illustrates the relative performance of the Fund vs. the Index. Points above the diagonal line indicate the Fund outperformed in that period, while points below the line indicate the Fund underperformed in that period. The table categorizes returns for three distinct market environments: a "down market" is defined as any period where the five-year rolling average return for the Index was less than 0%; a "normal market" is defined as any period where the five-year rolling average return for the Index was between 0-10%; and a "robust market" is defined as any period where the five-year rolling average return for the Index was greater than 10%. There were 205 five-year rolling average monthly periods between June 13, 2002 and June 30, 2024. **Past performance is no guarantee, nor is it indicative, of future results. Please refer to page 2 and the end of this presentation for important Disclosures and definitions of key terms.**

# Downside capture – Historically less risk

- Since inception in 2002, the Fund has outperformed during every large drawdown.

## 20% or Larger Russell 2000 Value Index Drawdowns Since Fund Inception

	Jun-02 to Oct-02	Jun-07 to Mar-09	Jun-15 to Feb-16	Aug-18 to Mar-20	Nov-21 to Oct-23*	Average of Each Period Since Inception
<b>FPA Queens Road Small Cap Value</b>	-16.70%	-50.69%	-10.17%	-26.74%	-12.08%	-
<b>Russell 2000 Value</b>	-28.99%	-61.71%	-22.55%	-46.03%	-25.60%	-
<b><i>Downside capture ratio</i></b>	57.6%	82.1%	45.1%	58.1%	47.2%	58.03%
<b><i>Outperformance (bps)</i></b>	1229	1102	1238	1930	1352	-

As of June 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 Index 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).

The drawdown periods above reflect Russell 2000 Value Index drawdowns of 20% or greater during each market cycle since inception of the Fund, where drawdown is defined as the 20% or greater loss from a peak to a trough of a portfolio, before a new peak is attained. See **page 12** for definition of **market cycle**.

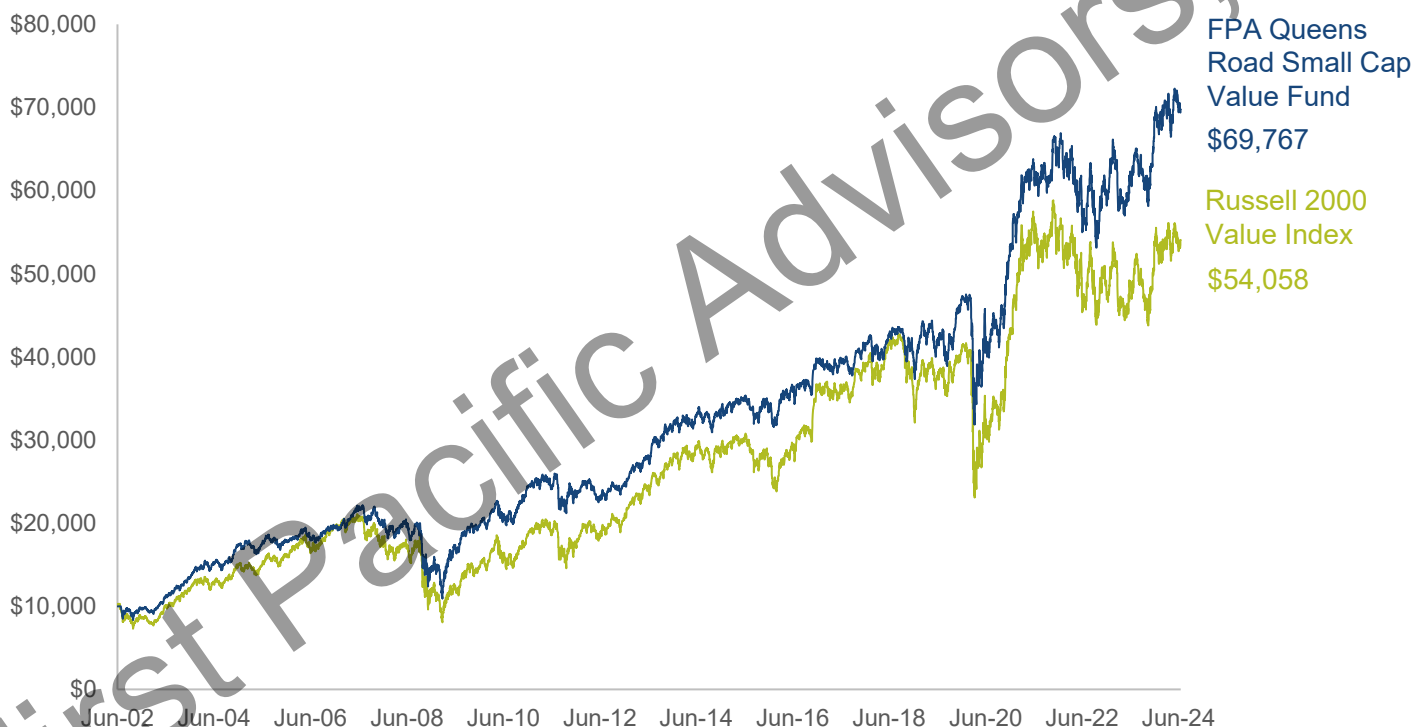
\* The most recent drawdown period of 11/8/2021 - 10/27/2023 is still ongoing because the current market cycle has not ended, and thus the trough date is subject to change.

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%.

Please refer to **page 2** for net performance of the Fund since inception, disclosures, and definitions. **Past performance is no guarantee, nor is it indicative, of future results. Please also see the end of this presentation for Important Disclosures and Definitions of Key Terms.**

# Performance Since Inception

FPA Queens Road Small Cap Value Fund & Russell 2000 Value: Growth of \$10,000<sup>1</sup>



<sup>1</sup>The chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund since inception through June 30, 2024. Fund returns shown assume reinvestment of distributions and do 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. This chart is not intended to imply any future performance of the Fund.

Value investing does not protect against loss of principal and there is no assurance that the FPA Queens Road Small Cap Value Fund ("Fund") will meet its investment objective. Portfolio composition will change due to ongoing management of the Fund. **Past performance is no guarantee, nor is it indicative, of future results.**



# Trailing Twelve Months Contributors and Detractors

Both contributors and detractors were diversified and idiosyncratic.

Contributors	Performance Contribution	Percent of Portfolio	GICS Sector
<b>TTM</b>			
Fabrinet	3.41%	4.9%	Information Technology
Sprouts Farmers Market	2.65%	2.8%	Consumer Staples
Deckers Outdoor	1.79%	2.3%	Consumer Discretionary
ServisFirst Bancshares	1.50%	3.4%	Financials
TD Synnex	1.11%	4.8%	Information Technology
	<b>10.47%</b>	<b>18.1%</b>	
Detractors	Performance Contribution	Percent of Portfolio	GICS Sector
MasTec	-1.25%	0.6%	Industrials
Darling Ingredients	-1.01%	1.7%	Consumer Staples
IAC	-0.80%	2.3%	Communication Services
Arcadium Lithium	-0.68%	0.4%	Materials
Vishay Intertechnology	-0.61%	2.2%	Information Technology
	<b>-4.35%</b>	<b>7.3%</b>	

As of June 30, 2024.

Reflects the top contributors and top detractors to the FPA Queens Road Small Cap Value Fund – Investor Class (“Fund”) performance based on weighted 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 list of top and bottom 5 holdings should not be considered a recommendation to purchase or sell a particular security, represents only a small percentage of the entire portfolio and the securities noted may not remain in the portfolio at the time of this presentation. The information provided does not reflect all positions purchased, sold or recommended by FPA 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 FPA Client Service at [crm@fpa.com](mailto: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. Portfolio composition will change due to ongoing management of the Fund. ‘Percent of Portfolio’ reflects the average weight over the period. **Past performance is no guarantee, nor is it indicative, of future results. Please refer to page 2 and the end of this presentation for Important Disclosures and definitions of Key Terms.**

# Top Five Portfolio Companies by Weight

Portfolio Company	Percent of Portfolio	Year First Purchased	Description
InterDigital	4.7%	2018 <sup>1</sup>	InterDigital is a research organization that develops and acquires key wireless and video patents. Earlier this year, InterDigital announced highly accretive licensing renewals with Samsung, LG and Panasonic. The company has a history of strong financial performance, opportunistically buys back shares and pays a modest dividend.
TD Synnex	4.6%	2012	Synnex Corp. is the largest information technology (IT) distributor in the US and has successfully evolved to sell its customers more high value services, software and cloud offerings. We believe the company can continue to take share, improve margins and will use its cash flow to pay down debt and buy back shares at attractive prices.
Fabrinet	4.6%	2014	Fabrinet is a contract manufacturer of optical communications equipment. They have dominant scale in hard to replicate precision manufacturing technologies and an enviable track record of execution. The majority of sales go into telecom equipment manufacturers like Lumentum and Cisco, but Fabrinet has been successfully diversifying into data centers, industrial, auto, and medical end-markets.
Sprouts Farmers Market	4.2%	2021	Sprouts Farmers Market (SFM) is a natural grocer with great merchandising and strong margins. <sup>2</sup> The company has attractive returns on capital, great new store economics, and they are accelerating their unit growth from 12 stores a year to 35 stores this year on a base of roughly 400 stores.
PVH Corp	3.5%	2020	PVH owns the Tommy Hilfiger and Calvin Klein brands globally. While the US business has struggled, the international business is performing well. Particularly in Europe, Tommy and Calvin have a superior brand positioning, consistent growth, high margins, and a strong direct to consumer presence. CEO Stephan Larsson, who replaced long time leader Manny Chirico in 2021, has improved the operations, strengthened the brand, grown in Asia and digitally. PVH generates a lot of cash, most of which it returns to shareholders through buybacks.

As of June 30, 2024. Note: Company descriptions were developed by the investment team.

<sup>1</sup> The Fund first purchased InterDigital Inc. in 2008 but it was a very small position and mostly sold a year later. The Fund's more meaningful investment began in 2018.

<sup>2</sup> As of March 31, 2024, Sprout's gross margin was 38.3%. (Source: Form 10-Q for the quarter ended March 31, 2024).

The list of top 5 holdings by weight should not be considered a recommendation to purchase or sell a particular security, represents only a small percentage of the entire portfolio and the securities noted may not remain in the portfolio at the time of this presentation. Portfolio composition will change due to ongoing management of the fund. **Past performance is not indicative, nor is it a guarantee, of future results.**

# Notable Sector Exposures

---

We do not target sector weights or invest thematically. We invest from the bottom up, one company at a time.

## ■ Financials

- We own fewer financials than the benchmark and our exposure is heavily weighted towards insurance and away from banks.

## ■ Technology

- The Fund is overweight technology. But the companies we own are distributors and manufacturers and are not dependent on new product cycles.

## ■ Oil and Gas

- The Fund does not have a position in oil and gas and generally shies away from commodity exposure.

As of June 30, 2024.

Portfolio composition will change due to ongoing management of the Fund.

# What We Mean by Quality

---

We have been writing about quality in our letters. We thought it would be helpful to give a couple of examples of how we assess the quality of companies in our portfolio. Some additional context -

- **Our job is weighing quality and valuation**

- It is rare to find a company that sits cleanly atop each of our Four Pillars - balance sheet, valuation, management and industry structure.

- **Quality remains expensive**

- We are having trouble finding new companies that meet our disciplined process.
- In the first half of 2024, the Fund incrementally sold down some of our highest quality holdings including Deckers (DECK), Fabrinet (FN), CSW Industries (CSWI) and Graco (GGG) as the shares performed well. In total, we reduced our exposure to these companies by 3.4%.

As of June 30, 2024.

Portfolio composition will change due to ongoing management of the Fund. The holdings noted should not be considered a recommendation to purchase or sell a particular security, represents only a small percentage of the entire portfolio and the securities noted may not remain in the portfolio at the time of this presentation. Please see the Appendix for a list of the Fund's holdings and position weights as of June 30, 2024. **Past performance is no guarantee, nor is it indicative, of future results.**

# RLI Corporation

---

RLI is a property and casualty insurer with a high percentage of excess and surplus lines. The company finds profitable niches such as Hawaii homeowners, inland marine and small and medium sized contractor surety, and won't commit capital at low rates of return. For the past 10 years, RLI has an average combined ratio of 89% and an average ROE of 21%.<sup>1</sup>

- **Balance Sheet** – Over capitalized, conservative underwriting and conservative investments on the asset side.
- **Valuation** – Adjusting for the equities on RLI's balance sheet, the company trades at 24x trailing earnings.<sup>2</sup>
- **Management** – Demonstrated history of superior underwriting and refusing to commit capital in soft markets. Entrepreneurial culture with unique compensation structures.
- **Industry** – Profitable niches – focus on excess and surplus and specialty.

<sup>1</sup> Source: Factset and RLI annual reports. <sup>2</sup> Source: Bragg estimates. Financial metrics from 2014 - 2023. ROE is Return on Equity. Combined Ratio is (expenses + incurred losses) / earned premiums; it is a measure of an insurance company's profitability from operations before benefitting from securities income. 'Excess and surplus lines' refers to higher risk businesses that standard insurers will typically not cover.

For illustrative purposes only, this investment example was chosen to illustrate the tradeoffs between quality and valuation. We consider this company to be a high quality company, but it trades at a full valuation.

This information should not be considered a recommendation to purchase or sell a particular security, and the security noted may not remain in the portfolio at the time of this presentation. **Past performance is not indicative, nor is it a guarantee, of future results.** Please see the Appendix for Important Disclosures and definition of key terms.

# PVH Corporation

---

PVH owns the Tommy Hilfiger and Calvin Klein brands globally. In America, these brands are fatigued and the company needs to reinvest. Most of the company's profits come from international, and Europe in particular, where Tommy and Calvin have significantly more brand value, profitability and growth. Stefan Larsson took over as CEO in 2021 and we think he has done a terrific job tightening up the operations and managing the Covid stimulus withdrawal.<sup>1</sup>

- **Balance Sheet** – Free cash flow is 7.5x interest expense and an investment grade rating.
- **Valuation** – 10.0x trailing earnings and 8.8x forward earnings.
- **Management** – Incremental operational improvements including in the struggling U.S. operations. Excess cash used to buy back at attractive multiples.
- **Industry** – Strong brands and distribution (particularly internationally), but consumer preferences can change quickly.

<sup>1</sup> Source: Factset and PVH annual reports. Investment grade refers to the quality of a company's credit and includes bonds and loans rated BBB or higher by Standard and Poor's or Baa or higher than Moody's. Trailing earnings are for the trailing twelve months through April 30, 2024. Forward earnings are Jan 2025 estimate.

For illustrative purposes only, this investment example was chosen to illustrate the tradeoffs between quality and valuation. We consider this company to be a good, but not great, quality company, but it trades at an attractive valuation.

This information should not be considered a recommendation to purchase or sell a particular security, and the security noted may not remain in the portfolio at the time of this presentation. **Past performance is not indicative, nor is it a guarantee, of future results.** Please see the Appendix for Important Disclosures and definition of key terms.

# Opportunistic New Position – Advance Auto Parts

---

Advance Auto Parts (AAP) is an aftermarket automotive parts supplier that serves both do it yourself consumers and professional repair shops. Until 2023, AAP was consistently profitable although operating and financial metrics trailed competitors O'Reilly (ORLY) and Autozone (AZO). In 2023, profitability collapsed and AAP is undergoing a difficult turnaround.<sup>1</sup>

- **Balance Sheet** – At first glance, AAP looks over-levered. But we expect asset sales to improve the net financial leverage considerably.
- **Valuation** – Our valuation estimates, based on normalized free cash flow and asset value, are attractive.
- **Management** – New CEO, Shane O'Kelly, came from HD Supply, a well-run building product distributor that was bought out by Home Depot in 2020. Extensive experience in logistics and inventory management. Additionally, they have added significant depth to the Board, including Tom Seboldt, previously at O'Reilly, Gregory Smith who ran operations at Goodyear and ran supply chain at Walmart and Brett Windom who was CEO of Pep Boys.
- **Industry** – They are in an attractive oligopoly. Their competitors have high returns on invested capital, consistent operating margins and growth. O'Reilly and Autozone stocks have been incredible long-term compounders.

<sup>1</sup> Source: Advance Auto Parts annual reports, proxy and quarterly earnings updates, Factset; <https://ir.advanceautoparts.com/investors/financials/sec-filings/default.aspx>

This information should not be considered a recommendation to purchase or sell a particular security, and the security noted may not remain in the portfolio at the time of this presentation. **Past performance is not indicative, nor is it a guarantee, of future results.** Please see the Appendix for Important Disclosures and definition of key terms.

# Earnings Consistency

---

Earnings consistency and returns on capital are some of the quality indicators that we care about most when we make investments.

- There are fewer quality companies in the small-cap indices than there are in the large-cap indices. This is what we mean when we call the Russell 2000 Index “junky”. 41% of the Russell 2000 does not make money.<sup>1</sup>
- But when we compare small companies to large companies of *similar earnings consistency*, the small companies are significantly cheaper on a price to earnings basis.<sup>2</sup>
- The Fund holds a higher allocation (by weight) of consistent earners than the S&P 600 small cap index, and those companies were significantly cheaper than those (of similar earnings consistency) in the S&P 500.<sup>2</sup>
- We believe this supports the need for active management in small caps. Discerning investors can assemble selective portfolios of quality small companies at reasonable prices.
- Additional detail, including the methodology for this analysis, will be provided in our Q2 2024 Commentary.

<sup>1</sup> Source: Apollo Daily Spark; July 22, 2024; <https://www.apolloacademy.com/small-cap-vs-large-cap-earnings-expectations/>

<sup>2</sup> Based on internal research where we compared the earnings volatility of companies in the S&P 600 Index and the Fund to those in the S&P 500 index over the ten-year period 2016 through 2025 (which includes some forward earnings estimates). We took the standard deviation of earnings over the ten-year period versus the overall earnings growth trend (“Stdev of EPS to Trend”) for companies in the S&P 500 Index. Stdev of EPS to Trend shows how closely a company’s earnings in each individual year adhered to the overall earnings growth trend. We looked at the stocks in the top 10%, 20% and 40% of the S&P 500 index, ranked by earnings consistency, and compared them to companies in the S&P 600 Index and in the Fund with similar earnings consistency. Detail about the methodology and the results of our internal analysis can be found in the Q2 2024 Commentary. Data used for the analysis was sourced from Factset.

**Past results are not indicative, nor are they a guarantee, of future results.** Please see the Appendix for Important Disclosures and definition of key terms.





## Question & Answer

First Pacific Advisors, LP



## Appendix

First Pacific Advisors, LP

# Sector allocation

	FPA Queens Road Small Cap Value	Russell 2000 Value
Information Technology	21.2%	6.4%
Industrials	20.3%	14.4%
Financials	20.0%	26.2%
Consumer Discretionary	9.7%	10.5%
Consumer Staples	6.4%	2.2%
Communication Services	4.3%	2.4%
Utilities	4.2%	3.9%
Materials	2.4%	5.0%
Real Estate	0.9%	9.9%
Energy	0.0%	10.4%
Health Care	0.0%	8.7%
Cash/Cash Equivalents	10.4%	0.0%
	100.0%	100.0%

As of June 30, 2024. Data shown for the FPA Queens Road Small Cap Value Fund – Investor Class (“Fund”). Portfolio composition will change due to ongoing management of the Fund. Sector classification scheme for equities reflects GICS (Global Industry Classification Standard). Totals may not equal 100% due to rounding.

# Active stock selection has driven differentiated returns

## Fully Invested Long-equity Gross Performance vs. Benchmark

	S.I.	20 Years	15 Years	10 Years	5 Years	3 Years	1 Year	YTD	QTD		
QRSVX Fully Invested (Gross %)	12.23	10.77	13.72	10.55	13.45	5.31	13.62	1.18	-2.67		
Russell 2000 Value (%)	7.83	7.23	10.59	6.23	7.07	-0.53	10.90	-0.85	-3.64		
Excess Return vs. Benchmark (bps)	440	354	313	432	638	584	273	203	98		
QRSVX (Net %)	9.22	7.79	9.96	7.61	10.37	4.00	11.27	0.65	-2.62		
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
QRSVX Fully Invested (Gross %)	18.88	-9.95	29.87	17.78	26.13	-6.35	9.32	22.11	1.67	8.02	41.05
Russell 2000 Value (%)	14.65	-14.48	28.27	4.63	22.39	-12.86	7.84	31.74	-7.47	4.22	34.52
Excess Return vs. Benchmark (bps)	423	453	160	1314	374	651	148	-964	914	380	653
QRSVX (Net %)	16.00	-9.16	23.19	13.62	20.00	-5.66	5.86	15.59	-0.12	4.91	30.88
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002*
QRSVX Fully Invested (Gross %)	8.24	-4.19	28.10	42.73	-25.11	2.62	12.16	3.01	29.49	46.57	-2.19
Russell 2000 Value (%)	18.05	-5.50	24.50	20.58	-28.92	-9.78	23.48	4.71	22.25	46.03	-17.42
Excess Return vs. Benchmark (bps)	-981	132	360	2215	381	1240	-1132	-169	724	54	1523
QRSVX (Net %)	4.83	-3.36	21.33	32.50	-23.81	2.02	10.02	1.43	26.47	42.60	-2.89

**For illustrative purposes only.** As of June 30, 2024, which represents latest data available. The inception date of the FPA Queens Road Small Cap Value Fund - Investor Class (QRSVX or "Fund") is June 13, 2002. For these charts, the inception to date calculation begins in the first full month of Fund performance (i.e., July 2002).

\* Data calculation begins in the first full month of Fund performance (i.e., July 2002) and ends on December 31, 2002.

Source: FPA and Morningstar Direct. The table above shows the performance of the long equity segment of the Fund only, excluding the impact of cash and cash equivalents, and is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented significantly. The fully invested long equity performance information shown herein is for illustrative and comparison purposes only and may not reflect the impact of material economic or market factors causing the fund to be more or less invested in cash and cash equivalents over the time periods shown. No representation is being made that any account, product or strategy will or is likely to achieve profits, losses, or results similar to those shown. **Long equity performance does not represent the return an investor in the Fund could have, can or should expect to receive. Fund shareholders may only invest or redeem their shares at net asset value.**

Active stock selection refers to the fact that the Fund can make investments outside of the index or in different weights than the index and thus Fund performance will differ as a result, sometimes materially, for any given period as compared to a given index.

**Past performance is no guarantee, nor is it indicative, of future results. Please refer to page 2 and the end of the presentation for Important Disclosures and Definitions of Key Terms.**

# Holdings as of June 30, 2024

<b>Communication Services</b>	4.3%	<b>Industrials</b>	20.3%	<b>Real Estate</b>	0.9%
IAC	2.6%	<b>Oshkosh</b>	<b>3.0%</b>	Equity Commonwealth	0.9%
Scholastic	1.8%	<b>MSC Industrial Direct</b>	<b>2.9%</b>	<b>Utilities</b>	4.2%
<b>Consumer Discretionary</b>	9.7%	CSW Industrials	2.1%	UGI	2.2%
<b>PVH Corp</b>	<b>3.5%</b>	John Bean Technologies	2.0%	New Jersey Resources	2.0%
G-III Apparel Group	1.8%	MDU Resources	1.9%	<b>Preferred Stock</b>	0.0%
Levi Strauss	1.6%	CSG Systems	1.8%	Wesco International	0.0%
Rent-A-Center	1.5%	Concentrix	1.7%	<b>Cash and Equivalents (net of liabilities)</b>	10.4%
Deckers Outdoor	0.9%	Science Applications	1.7%	<b>Total Net Assets</b>	100%
Aaron's Co	0.4%	Graco	0.9%		
<b>Consumer Staples</b>	6.4%	Ducommun	0.8%		
<b>Sprouts Farmers Market</b>	<b>4.2%</b>	Vse	0.7%		
Darling Ingredients	1.3%	Foster (LB) Co-A	0.3%		
TreeHouse Foods	0.9%	Unifirst	0.3%		
<b>Financials</b>	20.0%	AGCO	0.2%		
<b>ServisFirst Bancshares</b>	<b>3.4%</b>	<b>Information Technology</b>	21.2%		
<b>RLI</b>	<b>3.2%</b>	<b>InterDigital</b>	<b>4.7%</b>		
<b>Axos Financial</b>	<b>3.0%</b>	<b>Synnex</b>	<b>4.6%</b>		
Enstar	2.7%	<b>Fabrinet</b>	<b>4.6%</b>		
MGIC Investment Corp	2.6%	Arrow Electronics	2.4%		
Horace Mann Educators	2.0%	Vishay Intertechnology	2.3%		
CNO Financial Group	2.0%	Synaptics	1.7%		
Brookfield Asset Management	1.0%	Qorvo	0.6%		
<b>Health Care</b>	0.0%	Littelfuse	0.3%		
		<b>Materials</b>	2.4%		
		Graphic Packaging	1.0%		
		Arcadium Lithium	0.6%		
		Mativ	0.4%		
		Knife River	0.4%		

## Top 10 Holdings by Weight Bolded

The percentages shown in the table are the market value of each holding divided by the total net assets of the FPA Queens Road Small Cap Value Fund – Investor Class ("Fund") as of June 30, 2024. Portfolio composition will change due to ongoing management of the Fund. Totals may not add up due to rounding. Sector classification scheme for equities reflects GICS (Global Industry Classification Standard). **Please see the end of this presentation for Important Disclosures and Definitions of Key Terms.**

# Important disclosures

**These slides are intended as supplemental material to the Second Quarter 2024 FPA Queens Road Small Cap Value Fund ("Fund") audio presentation and transcript that will be or is posted on FPA's website at [fpa.com](http://fpa.com).** This presentation 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 with respect to 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 FPA Queens Road Small Cap Value Fund's ("Fund") Prospectus, which supersedes the information contained herein in its entirety. This presentation does not constitute an investment management agreement or offering circular.

Effective November 1, 2020, First Pacific Advisors, LP ("FPA" or "Adviser") became the investment adviser to the Fund; and Bragg Financial Advisors, Inc. ("BFA" or "Sub-Adviser"), the former investment adviser to the Fund, transitioned to serving as the sub-adviser to the Fund. BFA continues to be responsible for the day-to-day management of the Fund, subject to FPA's oversight. No changes to the Fund's principal investment strategies were made in connection with these changes in management of the Fund, and Steve Scruggs, CFA, Director of Research and Senior Portfolio Manager for BFA, continues to serve as the portfolio manager for the Fund.

**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](http://fpa.com), by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.**

**The Fund's Total Annual Operating Expenses before reimbursement is 0.96% (Investor Class), 0.90% (Advisor Class), and 0.79% (Institutional Class).** The adviser has contractually agreed to waive its management fees and to make payments to limit Fund expenses, until July 27, 2024 so that the total annual operating expenses (excluding interest, taxes, brokerage fees and commissions payable by the Fund in connection with the purchase or sale of portfolio securities, fees and expenses of other funds in which the Fund invests, and extraordinary expenses, including litigation expenses not incurred in the Fund's ordinary course of business) of the Fund do not exceed 1.04%, 0.99% and 0.89%, for Investor Class, Advisor Class, and Institutional Class shares, respectively. These fee waivers and expense reimbursements are subject to possible recoupment by the adviser from the Fund in future years (within the three years from the date when the amount is waived or reimbursed) if such recoupment can be achieved within the lesser of the foregoing expense limits or the then-current expense limits. The expense limit agreement may be terminated only by the Fund's Board of Trustees, upon written notice to the adviser. Prior to November 1, 2020, the Fund had a unitized fee structure that limited annual operating expenses to 1.18%.

Certain statements contained herein reflect the opinions and views of the portfolio manager 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 should not be construed as a recommendation by the Fund, the portfolio managers, the Adviser, or the distributor to purchase or sell such securities or invest in such sectors, and any information provided is not a sufficient basis upon which to make an investment decision. 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](http://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 to the Adviser and/or Sub-Adviser, and can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "intend," "continue" or "believe," or the negatives thereof or other variations thereon or comparable terminology. 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.

# Important disclosures (continued)

The reader is advised that Adviser's and Sub-Adviser's investment strategy includes active management of its client portfolios 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 Adviser's or Sub-Adviser'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.

NO INVESTMENT DECISIONS SHOULD BE BASED IN ANY MANNER ON THE INFORMATION AND OPINIONS SET FORTH IN THIS PRESENTATION. YOU SHOULD VERIFY ALL CLAIMS, DO YOUR OWN DUE DILIGENCE AND/OR SEEK ADVICE FROM YOUR OWN PROFESSIONAL ADVISOR(S) AND CONSIDER THE INVESTMENT OBJECTIVES AND RISKS AND YOUR OWN NEEDS AND GOALS BEFORE INVESTING IN ANY SECURITIES MENTIONED. AN INVESTMENT IN ANY SECURITY MENTIONED 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.

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 information provided in this presentation is based upon data existing as of the date(s) of the report and has not been audited or reviewed. While we believe the information to be accurate, it is subject in all respects to adjustments that may be made after proper review and reconciliation.

Investments, including mutual fund investments, carry risks and investors may lose principal value. Capital markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Small and mid-cap stocks involve greater risks and they can fluctuate in price more than larger company stocks. Short-selling involves increased risks and transaction costs. You risk paying more for a security than you received from its sale. Groups of stocks, such as value and growth, go in and out of favor which may cause certain funds to underperform other equity funds. The value of an individual security can be more volatile than the market as a whole and can perform differently than the value of the market as a whole.

**Small Capitalization Companies:** 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.*



# Important disclosures (continued)

## Index / Benchmark / Category Definitions

Indices are unmanaged and index returns do not reflect transactions costs (e.g., commissions), investment management fees or other fees and expenses that would reduce performance for an investor. It is not possible to invest directly in an index. Indices have limitations when used for comparative purposes because they may have volatility, credit, or other material characteristics that are different from the referenced fund. For example, the referenced fund may hold underlying securities that are not included in any index used for comparative purposes and FPA/BFA makes no representation that the referenced fund is comparable to any such index in composition or element of risk involved. Any comparisons herein of the investment performance of a referenced fund to an index are qualified as follows: (i) the volatility of such index may be materially different from that of the referenced fund; (ii) such index may employ different investment guidelines and criteria than the referenced fund and, therefore, holdings in such fund may differ significantly from holdings of the securities that comprise such index; and (iii) the performance of such index may not necessarily have been selected to represent an appropriate index to compare to the performance of the referenced fund, but rather, is disclosed to allow for comparison of the referenced fund's performance (or the performance of the assets held by such fund) to that of a well-known index. Indexes should not be relied upon as a fully accurate measure of comparison. No representation is made as to the risk profile of any index relative to the risk profile of the referenced fund.

The **Russell 2000 Value TR USD Index** is a subset of the **Russell 2000 Index**, which 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. You cannot invest directly in these indexes.

## Other Definitions

**Forward earnings per share:** price-to-earnings ratio that uses forecasted earnings for the P/E calculation.

**Free Cash Flow** is the cash a company generates after taking into consideration cash outflows that support its operations and maintain its capital assets.

The **Global Industries Classification Standards**, or GICS®, is a common global classification standard developed by S&P Dow Jones Indices and MSCI.

**Maximum drawdown** is the maximum loss from a peak to a trough of a portfolio, before a new peak is attained.

**Price-to-earnings (P/E) Ratio** measures a company's current share price relative to its per-share earnings.

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

**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.

**Trailing earnings per share:** A company's earnings generated over a prior period (often a fiscal year) reported on a per-share basis.

**Upside/downside capture ratio** show you whether a given fund has outperformed--gained more or lost less than--a broad market benchmark during periods of market strength and weakness, and if so, by how much. Upside capture ratio is calculated by taking the fund's monthly return during months when the benchmark had a positive return and dividing it by the benchmark return during that same month. Downside capture ratios are calculated by taking the fund's monthly return during the periods of negative benchmark performance and dividing it by the benchmark return.

## Morningstar Categories

**Morningstar Small Value Category** portfolios invest in small U.S. companies with valuations and growth rates below other small-cap peers. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). As of 6/30/2024, there were 492 funds in the category.

©2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted by Morningstar to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee, nor is it indicative, of future results.**