

# Moerus Worldwide Fund

MOWIX - MOWNX

Q1 2026 Quarterly Review & Outlook



Performance (%) (As of March 31, 2026)	QTR	YTD	1 Yr	3 Yr*	5 Yr*	Since Inception June 1, 2016*
Moerus Worldwide Fund (Inst.)	5.23%	5.23%	42.36%	27.79%	19.54%	11.67%
MSCI All-World Country Index ex USA (Net) <sup>1</sup>	-0.71%	-0.71%	24.91%	14.49%	7.02%	8.43%
MSCI All-World Country Index (Net) <sup>2</sup>	-3.20%	-3.20%	20.01%	16.58%	9.49%	11.36%

\*Performance for periods longer than 1 year is annualized.

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Returns are shown net of fees and expenses and assume reinvestment of dividends and other income. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Investment performance reflects expense limitations in effect. In the absence of such expense limitations, total return would be reduced. For performance current to the most recent month-end, please call 1-844-663-7871.**

The gross total expense ratio of the Moerus Worldwide Fund Institutional Class ("the Fund") is 1.36%. The Adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, until at least March 31, 2027, to ensure that total annual fund operating expenses after fee waiver and/or reimbursement (exclusive of any taxes, brokerage fees and commissions, borrowing costs, acquired fund fees and expenses, fees and expenses associated with investments in other collective investment vehicles or derivative instruments, or extraordinary expenses such as litigation) will not exceed 1.25% for Institutional Class Shares.

## Fund Performance – Q1 2026

The Moerus Worldwide Fund Institutional Class ("the Fund") returned +5.23% in the First Quarter ("Q1"); by comparison, the MSCI All Country World ex USA ("MSCI ACWI ex USA") Net Index returned -0.71%, while the MSCI All Country World ("MSCI ACWI") Net Index returned -3.20%. In short, in the First Quarter, the Fund generated strong returns in *absolute* terms and meaningfully outperformed both the MSCI ACWI ex USA and the MSCI ACWI in *relative* terms. Longer-term, the Fund has significantly outperformed both the MSCI ACWI ex USA and MSCI ACWI over one, three, and five-year periods (see table above). We'll return to the Fund's performance after a review of markets in Q1.

## Market Review – Q1 2026

The First Quarter was a tumultuous period for global equity markets, which declined sharply in March as long simmering geopolitical tensions erupted with the outbreak of the Iran conflict. Prior to that, international equity indices were up significantly over the first two months of 2026, picking up where they left off in 2025; on the other hand, U.S. equities were mixed, weighed down by a sell-off in various software stocks on AI disruption fears, in addition to continued U.S. policy uncertainty and concerns in other areas such as private credit. However, once war broke out in Iran, international stocks gave back much (if not all) of their prior gains, while the U.S. market also declined meaningfully, but to a lesser extent – as Europe and Asia are generally considered more exposed to immediate-term impacts from the closure of the Strait of Hormuz than is the U.S. For Q1 in total, international benchmark indices (MSCI ACWI ex USA Index: -0.71%; MSCI Emerging Markets Index: -0.17%) outperformed U.S. equity market benchmark indices (S&P 500: -4.35%; NASDAQ Composite: -6.96%) on a *relative* basis, though the gap narrowed considerably after war broke out in/around the Persian Gulf. As illustrated by index performance, *Value* stocks (MSCI ACWI *Value* Index: +1.17%) held up much better in Q1 than *Growth* stocks (MSCI ACWI *Growth* Index: -7.68%), which were beset by AI capex and disruption-related concerns (and lofty valuations, we'd argue). Gold and silver continued their recent surge through February before giving back much of the YTD gains in March, as the war dampened expectations of additional Fed rate cuts amid heightened fears of a potential surge in inflation, given rising oil prices and the disruption in the flow of various commodities (oil, gas, agricultural, etc.).

<sup>1</sup>The MSCI All-Country World ex USA Index (Net) is an unmanaged index consisting of 46 country indices comprised of 22 of 23 developed markets (excluding the US) and 24 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. The Index is shown solely for comparison purposes and the underlying holdings of the Index may differ significantly from the portfolio. The Index is a trademark of MSCI Inc. and is not available for direct investment.

<sup>2</sup>The MSCI All-Country World Index (Net) is an unmanaged index consisting of 47 country indices comprised of 23 developed and 24 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. The Index is shown solely for comparison purposes and the underlying holdings of the Index may differ significantly from the portfolio. The Index is a trademark of MSCI Inc. and is not available for direct investment.

## Fund Attribution – Q1 2026

Against this backdrop, the Fund generated strong, positive performance on an absolute basis and significantly outperformed both the MSCI ACWI ex USA and the MSCI ACWI in Q1. The Fund's five most significant positive contributors in Q1 were Valaris, Natura Cosméticos, International Petroleum Corp. (IPC), Tidewater, and Aker ASA. The five largest detractors in Q1 were Jefferies Financial, IDFC First Bank, Douglas Elliman, Magna Mining, and Samsonite Group. The Fund's solid performance during a volatile quarter – one in which both its international and global benchmark indices declined – was driven primarily by two factors. The first was corporate activity, which has been a meaningful contributor to the Fund's performance historically (a topic we have highlighted often in past updates and letters). The reason for this starts with our price-conscious approach, which tends to result in a portfolio of investments that are out-of-favor for a variety of reasons (industry, country, or company-specific) at the time of purchase. Indeed, without something seemingly being “wrong” at the time, the discounted pricing that a bargain hunter like the Fund requires wouldn't likely be available, given an environment in which wide swaths of the investment universe are trading at arguably expensive valuations. We believe that one of the attractive characteristics of unusually cheap stocks – situations where expectations are low and the degree of investor disdain or indifference is high – is that such rock-bottom pricing often offers multiple paths to potentially rewarding returns. One path is that the market eventually comes to appreciate the underlying value of the investment in question – perhaps the dark clouds that had been hovering over a business have cleared, allowing its more enduring attractions to come into greater focus – and the share price begins to reflect that in the market. However, a second path to potentially rewarding returns is sometimes available, even for stocks that have failed to eventually find their way into the market's good graces. That is, depressed valuations sometimes serve as magnets that attract value-accretive corporate activity, such as takeovers by strategic or financial buyers who might look past the popularity contest that a current *stock* price reflects, focusing instead on the long-term value that an underlying *business* offers.

As has often been the case throughout the Fund's history, in Q1 this second path to value creation was once again a meaningful contributor to the Fund's performance, which was led by two holdings that were approached by suitors – one (Valaris) received a takeover offer, while the other (Natura Cosméticos) was approached by a private equity investor. Shares of Valaris, a U.S.-based provider of offshore drilling services, rose 95% in Q1, driven (in part) by the February 9th announcement that the company has agreed to be acquired by Transocean in an all-stock transaction, which was priced at a roughly 32% premium to Valaris' stock price (based on the previous day's closing price of each stock). Valaris was added to the Fund in 2025 following a slide in its share price, amid then-subdued oil prices and what we believed to be a temporary lull in offshore drilling activity caused by support infrastructure constraints (among other factors). These shorter-term headwinds temporarily overshadowed the longer-term benefits of what we viewed to be a dramatic transformation undergone by the offshore drilling industry since 2019. A wave of bankruptcies, mergers, and acquisitions has consolidated the higher-spec deepwater rig market into just four companies (including Transocean and Valaris) that arguably dominate the space; meanwhile Valaris emerged from its 2021 restructuring with a cleaned-up balance sheet. We believed this consolidation was likely to bring long-absent supply and pricing discipline to the industry, with favorable implications for profitability looking forward. Yet the near-term headwinds offered the opportunity to invest in Valaris at a significant discount (in our estimation) to both the construction cost of its fleet and the secondary market value of its rigs. It appears Transocean agrees with that view given its pending takeover offer for Valaris – an announcement that was enthusiastically received by investors who have generally viewed the combination as a win-win for both companies.

As for Natura Cosméticos, the Brazil-based beauty products retailer was the most significant detractor from performance in Q4 and for full-year 2025, as cyclically weak consumer spending in Brazil and costs associated with the company's ongoing business restructuring weighed on shares. As we noted last quarter, we believe that the weak consumer environment will eventually improve, while Natura's recent jettisoning of non-core business units and renewed focus on its core brands are positive developments for the long-term investment thesis, which remains attractive. Accordingly, we added significantly to the Fund's position in Natura in 2025 and early in 2026. In Q1 2026, an already strong quarter for Natura shares was punctuated on March 30th by the announcement that private equity investor Advent International intends to buy an 8% to 10% stake in Natura in the market over the next six months, aiming at an average purchase price of BRL 9.75 per share. Upon purchasing said stake, Advent would be entitled to appoint two members to Natura's board of directors. Also under the proposal, Alessandro Carlucci, former CEO who led Natura during some of its most successful years, would become Chair of a reconstituted board. Natura also announced that its three founders and former CEO Fabio Barbosa would move from the board to a newly formed advisory board, leaving day-to-day decision-making powers to the board of directors. The announcement of an interested financial investor with experience investing in the Brazilian beauty space was well received by the market, as was the proposed board refresh, which at the same time addressed the succession plan of the company's founders. Natura shares surged on the first day of trading after the announcement, surpassing the BRL 9.75 price at which Advent seeks to acquire a stake. It is unclear whether Advent will be able to acquire

the stake that the completion of this agreement is contingent upon; or whether, if they fail to do so, the terms (price, etc.) might be amended or the agreement called off. Nonetheless, the news was unsurprisingly well received by investors.

The second major factor driving the Fund's performance in Q1 was its collection of Energy-related holdings, which accounted for five out of the six-largest contributors to performance during the quarter. This collection includes two offshore energy services providers (Valaris, Tidewater), two primarily Canadian oil producers (International Petroleum, Greenfire Resources), and a Norwegian Holding Company (Aker ASA) that owns stakes in one of Norway's largest oil & gas producers (Aker BP) as well as a number of energy services businesses (among other assets). Shares of each of these holdings performed well in Q1 as war in and around the Persian Gulf resulted in a surge in oil prices, which benefited the shares of oil producers and related service providers whose operations are less exposed to events in the Middle East. During the volatile First Quarter, these gains in the Fund's energy-related holdings offset and outweighed declines in other areas of the portfolio (e.g., select financials, real estate, and consumer spending-related holdings) that have been weighed down by concerns about the economic impacts of the war. It is worth noting that passive investors in the major benchmark indices, despite ostensibly owning "the market," may not have, in practice, benefited from as much diversification as they might have thought in Q1, as energy entered 2026 not far from historical lows as a percentage of indices such as the S&P 500, which have become increasingly concentrated in mega-cap tech companies in recent years. This relative lack of energy representation in the major indices is somewhat ironic, given the arguably indispensable role that energy of various kinds seems likely to play in supporting a global economy that is increasingly driven by power-intensive artificial intelligence – a topic beyond the scope of this update (though perhaps one for another day).

It is true that each of the Fund's Energy-related holdings are well-positioned to benefit from the conflict in the Middle East. The Fund's oil producers operate far from the Strait of Hormuz (primarily in Canada and Norway) and stand to benefit from the disruption in competing Middle Eastern supply. The Fund's offshore services providers would benefit from any newfound urgency among previously complacent countries to bolster their energy security by investing in energy infrastructure and capacity to reduce their reliance on supply from any one location. However, to be clear, we did not predict this war, nor did we make any of these investments based on any prediction of rising oil prices. Rather, as we detailed in our 2025 Annual Shareholder Letter, these investments are merely a reflection of where we have found what we viewed to be the most compelling investment opportunities in recent years. In general, until recently, Energy (and Natural Resources in general) have been an afterthought among investors attracted to shiny objects elsewhere, and this area, in our view, was starved of capital and chronically underinvested in for years as a result. Such environments often sow the seeds for potentially attractive valuations and long-term returns. For us, these holdings were *not* a bet on *commodity prices*; rather, they *were* what we believed to be well financed, well managed *businesses* that have a history of taking advantage of unusually depressed industry conditions to acquire assets cheaply – growing *long-term shareholder value (across a range of oil prices)* – as they position themselves to benefit from consolidation, strengthened footprints, and an eventually normalizing environment. For example, IPC has dramatically increased its reserves and production *per share* (i.e., without shareholder dilution) by acquiring deeply depressed Canadian assets in 2017-2018, developing their asset base over time, and repurchasing shares at attractive prices. As a result, IPC has been one of the Fund's better performers even prior to 2026, despite oil prices being lower at the end of 2025 than they were at the end of 2021 (when the Fund invested). Similarly, Tidewater used its offshore supply vessel industry-leading balance sheet to make three acquisitions of assets (with a fourth pending) from distressed and/or motivated sellers at deep discounts to replacement costs during a years-long industry depression, upgrading their fleet and footprint while generating synergies in the process. Tidewater has also been a leading performer during its multi-year holding period, despite oil having some years that were good (2022, 2026), some bad (2019-2020), and some in between. Holding company Aker ASA's exemplary track record of value creation via well-executed mergers, purchases, and sales of assets (energy-related and otherwise) is evidenced by the fact that its shares have returned roughly 27.7% per annum on average over the 10 years through March 2026 (in NOK terms), compared to a 14.6% return p.a. provided by the OBX Index in Oslo. While each of these holdings absolutely benefited from higher oil prices in Q1, we'd argue their ongoing value creation has been years in the making.

On the negative side, India was the largest detractor by *country* in Q1, as the Fund's Indian holdings (IDFC First Bank, Bajaj Holdings & Investment, Edelweiss Financial Services) declined, due (in part) to concerns about implications of the war in the Middle East, given India is a net importer of various commodities impacted by the conflict (oil, gas, LPG, etc.). The most significant individual detractors in Q1 were similarly impacted by various concerns related to the war and its effects in various areas, including in financial markets (Jefferies Financial), real estate (Douglas Elliman) given reduced expectations of rate cuts, economy-sensitive metals (Magna Mining), and consumer/travel expenditures (Samsonite Group). In each case, we believe the long-term investment thesis remains attractive, and we have taken advantage of recently lowered prices to add to most of these positions in the Fund.

## Fund Outlook

It is anybody's guess how the current conflict in the Middle East will play out. Absent a lasting resolution that reopens the Strait of Hormuz soon, the potentially adverse impacts to the price and sufficient supply of not just crude oil, but various other commodities including natural gas, LPG used in cooking across Asia, jet fuel, diesel, fertilizer, aluminum, and helium used in critical high-tech applications are significant. While the U.S. is relatively less reliant on an open Strait of Hormuz than are parts of Asia, Europe and elsewhere – and has therefore been somewhat shielded from the worst impacts *thus far* – it seems likely to be merely a matter of time before rising commodity prices are more strongly felt closer to home. Rising prices for diesel and nitrogen fertilizers are already beginning to translate into increased agricultural costs and potentially higher food inflation. Rising prices and potential shortages could negatively impact economic activity and also throw cold water on prior hopes of further Fed interest rate cuts. On the other hand, if a lasting agreement is reached and the Strait of Hormuz reopened soon, these risks might be meaningfully mitigated. As always, our crystal ball is no clearer than anybody else's, and thus forecasting is hardly of any interest to us as a long-term investor, except to the extent that the fallout from volatility in *near-term* market expectations provides attractive investment opportunities from a *longer-term* perspective. The current conflict in Iran and across much of the Middle East is no different, nor is the ever-changing landscape surrounding tariffs, nor the seemingly daily geopolitical ructions elsewhere that preceded the Iran war (re Venezuela, Ukraine, Greenland, Cuba, etc.). Not surprisingly, we are all being bombarded by a lot of noise and constant prognostications of how this conflict will play out and ultimately be resolved, with market sentiment swinging wildly from one headline to the next. Needless to say, we are not confident in anybody's ability to accurately predict the future.

Instead, we intend to maintain our long-term focus and seek to take advantage of the opportunities made available by heightened volatility that seems likely to continue. Although sometimes unpleasant, we believe such volatility is more *friend* than *foe* to the long-term, price-conscious investor, and that our long-term focus is one of the notable advantages that we have during highly volatile periods. For the many other investors who are highly short-term focused, volatility is their enemy, as it could result in forced or motivated selling at discounted prices that may not appropriately reflect longer-term, fundamental values. This often creates opportunities for the patient, long-term, price-conscious investor who is willing and able to tolerate day-to-day volatility in order to obtain compelling bargains over the long run. Over the years, previous periods of extreme market turmoil (e.g., Asian Financial Crisis, Global Financial Crisis, European Sovereign Debt Crisis, the pandemic, etc.) ultimately proved to have provided exceptional long-term buying opportunities for those who were able to be patient and stay focused on valuation, fundamentals, and the mitigation of the risk of permanent capital impairment. We believe that it is during such times that the seeds of attractive long-term capital appreciation are planted, and our goal is to take advantage of the fleeting opportunities that such volatility provides. Furthermore, relative to our past years of experience, we see less competition for the deep value, out-of-favor opportunities that we seek – perhaps as a result of both attrition among the ranks of value investors in recent years, as well as style drift towards Growth among those who have modified their approach amid a long period of outperformance by Growth strategies. We believe these factors bode well for the Fund's investment approach looking forward. Many thanks for your continued support.

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Current and future portfolio holdings are subject to change and risk.

Top ten holdings as of 3/31/26 as a % of the Fund's net assets: Natura Cosméticos SA (5.81%), Greenfire Resources Ltd (4.27%), Dundee Corp. (3.60%), International Petroleum Corp (3.50%), Nutrien Ltd (3.14%), Aker ASA (3.12%), Exor NV (3.06%), Valterra Platinum Ltd (3.03%), Cromwell Property Group (3.02%), and Midland Holdings Ltd (2.88%).

*Risk Disclosures: Investing in Mutual Funds involves risks including the possible loss of principal and there can be no assurance that any investment will achieve its objectives. International and in particular, emerging country and frontier market investing involves increased risk and volatility due to currency fluctuations, economic and political conditions, and differences in financial reporting standards.*

A current Fund Fact sheet can be found on the Moerus Capital Management website.

**You should carefully consider the Moerus Worldwide Fund's investment objectives, risks, charges and expenses carefully before you invest. This and other important information about the Funds are contained in the prospectus, which can be obtained by calling 1-844-MOERUS1 or visiting [www.moeruscap.com](http://www.moeruscap.com). The prospectus should be read carefully before investing.**

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