

Moerus Worldwide Value Fund

MOWIX - MOWNX

Q2 2025 Quarterly Review & Outlook



| Performance (%) (As of June 30, 2025) | QTR | YTD | 1 Yr | 3 Yr* | 5 Yr* | Since Inception June 1, 2016* |
|--|--------|--------|--------|--------|--------|----------------------------------|
| Moerus Worldwide Value Fund (Inst.) | 15.87% | 20.21% | 29.20% | 25.11% | 23.56% | 10.16% |
| MSCI All-World Country Index ex USA (Net) ¹ | 12.03% | 17.90% | 17.72% | 13.99% | 10.13% | 7.86% |
| MSCI All-World Country Index (Net) ² | 11.53% | 10.05% | 16.17% | 17.35% | 13.65% | 11.45% |

*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 Value Fund Institutional Class ("the Fund") is 1.56%. The Adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, until at least March 31, 2026, 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 – Q2 2025

The Moerus Worldwide Value Fund Institutional Class ("the Fund") returned +15.87% in the Second Quarter ("Q2"); by comparison, the MSCI All Country World ex USA ("MSCI ACWI ex USA") Net Index returned +12.03%, while the MSCI All Country World ("MSCI ACWI") Net Index returned +11.53%. In short, in the Second 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 Q2.

Market Review – Q2 2025

The Second Quarter was a strong period overall for global equity markets. This came despite a painful beginning, with a sharp sell-off in reaction to the April 2nd "Liberation Day" announcements of tariffs, which exceeded even the most draconian of expectations. Before long, however, equity markets recovered those losses and then some, as the Trump administration subsequently delayed and/or walked those tariffs back to degrees that varied by country and product. As Q2 went on, equity markets surged ahead as investors increasingly assumed that the Trump administration would not ultimately go through with some of the most severe measures proposed. This strong performance came despite the ultimate outcome of trade talks remaining uncertain and despite heightened geopolitical risk, as Q2 saw significant escalation in both the Russia/Ukraine war and in the Middle East, where first Israel and then the U.S. itself struck Iran. For the quarter, both U.S. equity market benchmark indices (S&P 500: +10.94%; NASDAQ Composite: +17.97%) and International benchmark indices (MSCI ACWI ex USA Index: +12.03%; MSCI Emerging Markets Index: +11.99%) generated strong positive performance. As illustrated by index performance, Growth stocks (MSCI ACWI *Growth* Index: +17.26% in Q2) bounced back from a difficult Q1, meaningfully outperforming Value stocks (MSCI ACWI *Value* Index: +5.84%). Post-Q2, the Trump administration once again renewed its threat of higher tariffs in letters sent to various countries, albeit while extending the deadline to agree to a "deal" to August 1st – leaving the matter unresolved at present.

¹The 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.

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Fund Attribution – Q2 2025

Against this backdrop, the Fund generated strong performance on an *absolute* basis and meaningfully outperformed both the MSCI ACWI ex USA and the MSCI ACWI on a *relative* basis in Q2, despite the quarter generally favoring Growth stocks over Value. The Fund's five most significant positive contributors in Q2 were Midland Holdings, Banco Bradesco, Capstone Copper, Dundee Corp., and Douglas Elliman. The five largest detractors in Q2 were Samsonite Group, Türkiye Sigorta, Copa Holdings, Arcos Dorados, and ESR Group. Amid the noise and distraction of a never-ending stream of headlines emanating from Washington, swinging markets back and forth intra-day, we strove to zoom out and stick to our knitting, focusing on investing in businesses that we believe are exceptionally undervalued from a long-term perspective. In recent years, we have found such unusually attractive opportunities abundant in a world that is growing longer on instant gratification and shorter on attention spans. The Fund's Q2 performance was driven by significant appreciation from holdings that have long been either largely unknown, under the radar of most, misunderstood, or out-of-favor due to an uncertain immediate-term outlook or the noise of the day – resulting in excessively depressed pricing that spells longer-term opportunity.

Two of the Fund's five-largest contributors to performance in Q2 are residential real estate brokers that have long been suffering from an acute industry downturn, which offered the Fund opportunities to invest at beaten-down prices that implied very little value to the underlying businesses, in our view – despite each company holding strong positions in their respective markets. Midland Holdings, the largest contributor to performance in Q2, was recently added to the Fund (in March 2025). Shares of Midland, a leading residential property broker and provider of related services in Hong Kong, sunk to extremely depressed levels over the past several years amid an ailing local residential market. Higher interest rates (relative to recent prior history) and a host of economic and political issues – including the 2019 street protests, the National Security Law in 2020, some of the world's strictest COVID-19 lockdowns, and Mainland Chinese economic challenges – weighed heavily on the Hong Kong residential market and cast a pall on investor interest in the region in general. Midland's business is highly driven by residential transaction volumes, and with the consensus view being that there would be little-to-no recovery in the Hong Kong residential market anytime soon, Midland's shares sold off to the point where its stock price attributed very little value to the business, in our view, considering the company's large net cash balance – despite it being a well-managed business that was temporarily depressed due to circumstances beyond its control. We built a position in the Fund earlier this year at levels at which we estimate Midland's cash (net of debt and lease liabilities) made up roughly 70% of its market cap. In Q2 2025, Midland shares rose 55% off of these depressed levels that priced in next-to-no expectations, amid nascent signs of improvement in the residential market in Hong Kong. Similarly, Douglas Elliman, the fifth largest residential broker in the U.S., was added to the Fund back in 2024 after higher interest rates here in the U.S. resulted in a sharp slowdown in residential transaction volumes that weighed heavily on the business. Douglas Elliman's stock price sold off to the extent that, adjusting for the company's net cash balance at the time of the Fund's purchase in 2024, the implied valuation of the real estate business – which had generated \$1 billion in revenue in 2023 – was less than \$20 million (with an "m"). This was despite Douglas Elliman boasting a market-leading position in a number of attractive high-end residential markets, including New York City, Miami, the Hamptons, Boston, California, and Dallas-Fort Worth. Since then, Douglas Elliman has been a meaningful positive contributor to the Fund's performance, including in Q2, when the stock surged 35% amid published reports (unconfirmed) suggesting that the company had received a takeover offer at a price of over \$4 per share, well above the prior day close of \$2.14.

The largest contributor to performance by *sector* in Q2 was the Fund's collection of Financial Services holdings, driven by meaningful gains in a large majority of Fund holdings in the group, including Hong Kong Exchanges & Clearing, Edelweiss Financial Services, and UniCredit. Most notable of all was Banco Bradesco ("BBD"), which was the second largest overall contributor in Q2. BBD, a recent addition to the Fund earlier in 2025, is one of Brazil's largest banks, possessing a large banking footprint across the country and operations that include leading insurance businesses and capital markets activities in addition to lending. In observing the Brazilian banking industry over the years, we have admired a number of its attractive attributes, including a fairly concentrated industry structure that generally lends itself to relatively higher profit margins. Further, Brazil's long history of macroeconomic volatility has, in our view, effectively "battle-tested" some of the country's major banks, which are generally well capitalized and reasonably managed as a consequence of having been compelled to navigate sometimes quite challenging circumstances. Yet, despite those attractions, valuations that were not cheap enough for us kept us from investing in the space. That began to change in 2024 as investor sentiment towards Brazil soured amid concerns regarding political intervention and increased government spending under President Luiz Inácio Lula da Silva's administration. Brazil's Bovespa Index was one of the worst performers in 2024, declining by nearly 30% in USD terms for the year, while the local currency, the Brazilian Real (BRL), depreciated by over 20% against the USD in 2024. Faced with a significant decline in its currency and resultant and/or coinciding inflationary pressures in the economy, the Central Bank began raising interest rates in late 2024, with its target rate increasing from 10.5% to 15% at present – weighing on BBD's customers (consumers and businesses) – while market expectations of

additional rate hikes to come in 2025 resulted in generally gloomy investor sentiment towards many Brazilian businesses, including BBD. Against this backdrop, by Q1 (when the Fund invested), BBD shares had sold off to the point where they traded at what we believed was an unusually depressed valuation that belied both the formidable position BBD holds as well as the company's significant potential for improved profitability, through both a cyclical recovery and the meaningful cost reductions currently underway at the company. In Q2, BBD shares rose over 41%, driven in part by the release of the company's Q1 2025 results, which generally exceeded the market's expectations. Like Midland and Douglas Elliman, BBD shares were acquired in the Fund at depressed levels that we believe priced in low expectations and excessive pessimism, reflecting near-term, but temporary challenges that, if/when they subside, offer considerable upside potential.

The second most notable area of the portfolio that contributed to performance in Q2 was the Fund's Materials holdings, a group that includes Capstone Copper Corp. and Dundee Corp., the third and fourth-largest overall contributors in Q2, respectively. The contribution of the Fund's Materials holdings was largely driven by significant appreciation in three precious metals-related holdings (with gold, silver, and platinum-related assets): Dundee, Valterra Platinum, and Wheaton Precious Metals. Precious metals is an area that has begun to garner increased attention in 2025 after spending years largely as an afterthought for many investors. Dundee Corp. was a leading contributor for the second consecutive quarter amid rising gold prices in Q2, as investors sought safe havens amid tariff-sparked volatility, economic/geopolitical turmoil, and a weakening USD. A position in Dundee was built in the Fund during a years-long slumber for precious metals-related equities, which have only recently begun to stir. Dundee, a small-cap Canadian Holding Company far off the beaten path, has long traded at a deep discount to our estimate of its Net Asset Value, despite its management team's impressive track record of creating value in the mining space, in our view. While Dundee shares have clearly benefited from rising gold prices in 2025, as important to recent performance has been the company's successful (and ongoing) transformation of its asset base from a diverse collection of interests to a portfolio focused on investments in junior miners (both precious metals and base metals). The recent monetization of some of Dundee's assets (most notably, the sale of Reunion Gold) has, in our view, begun to shine a spotlight on the exceptional undervaluation of Dundee shares, of which we suspect few had been aware, as the company flew under the radar for years. As for Capstone Copper, the Canada-based copper miner was added to the Fund in early April in the middle of the sharp market sell-off triggered by the "Liberation Day" tariff announcements, which resulted in an opportunity to acquire shares at what we believe was an unusually depressed price. As market sentiment improved throughout the rest of Q2, Capstone shares appreciated significantly, recovering from the steep (but short-lived) decline that offered the Fund the opportunity to invest at an attractive price. On the negative side, the most notable detractor from the Fund's performance in Q2 was Samsonite, the largest luggage company in the world, as the Trump tariff turmoil weighed on shares (down 17% in Q2) despite its asset-light, outsourced manufacturing model that already predominantly sources from outside China. We believe Samsonite remains compelling longer-term.

Fund Outlook

We have long believed that forecasting near-term economic variables is not a particularly productive use of our time, given our view that such forecasts rarely prove accurate enough, or consistent enough, to merit basing investment decisions on them. The last few years have done nothing but reinforce our long-standing view, as the forecasts of many economic and financial market pundits have once again been off the mark on various topics such as recession or no recession, the short-term path of inflation and interest rates, etc. 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 on-again, off-again, ever-changing landscape surrounding tariffs is no different. Forecasting the evolution and ultimate outcome of the currently unfolding tariff drama might be fun for some, but in our view, efforts to profitably invest capital based solely upon the accuracy of those forecasts may well prove ill-advised. The April 2nd announcement included sweeping export tariffs on many countries that were far larger than most expected; the percentages seemed to be related more to the magnitude of the U.S. trade deficit with each respective country than to the idea of "reciprocity." This draconian scenario sent global markets into a tailspin. However, shortly thereafter, said tariffs announced on April 2nd were delayed for 90 days for all countries except China. This, in turn, sparked a series of back-and-forth retaliatory measures between the U.S. and China before a temporary truce was reached; how long that truce will last remains to be seen. As Q2 went on, equity markets bounced back from the early April decline, as investors seemingly grew more comfortable with the assumption that the Trump administration would ultimately not follow through on some of the most draconian measures proposed. However, in July 2025, the Trump administration once again renewed its threat of higher tariffs in letters sent to various countries, albeit while extending the deadline to agree to a "deal" to August 1. The situation remains unresolved as we write this.

It remains unclear whether the Trump administration's ultimate goal is to gain concessions within the existing system, or to seek a new system altogether. Needless to say, we are not confident in our ability (or anybody else's) to accurately

predict what the ultimate outcome will be. We certainly would not base any investment decisions on any such predictions. Fortunately, we do not have to. Instead, we intend to maintain our long-term focus and seek to take advantage of the opportunities made available by heightened volatility that may very well continue. In recent years, we had already seen a healthy, increasing number of attractive long-term investment opportunities become available amid the short-term volatility in financial markets' expectations and notoriously fickle macroeconomic forecasts (re: interest rates, inflation, etc.). That was *before* the recent tariff-induced surge in volatility. Although times like these are never pleasant, we believe such volatility is more *friend* than *foe* to the long-term, price-conscious investor. We believe that our long-term focus is one of the notable advantages that we have during highly unpredictable, volatile periods. For the many other investors who are highly short-term focused – either by choice, by mandate, or by financial necessity (e.g., those who invest on margin) – extreme 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 – the Asian Financial Crisis, Global Financial Crisis, European Sovereign Debt Crisis, and the COVID-19 pandemic, among others, come to mind – 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 (the latter is not to be confused with day-to-day volatility). We believe that it is during such times that the seeds of attractive long-term capital appreciation are planted. We believe that this is another one of those periods, for those who are willing and able to zoom out from the wild swings in sentiment on intra-day tariff-related headlines, and focus instead on long-term, fundamental business values. We believe today's tariff-induced volatility is another of those moments in which babies might periodically be thrown out with the bathwater, and our goal is to take advantage of the fleeting opportunities that such volatility provides. Indeed, it is worth noting that three of the largest contributors to the Fund's Q2 performance are recent opportunities added to the Fund just this year (Banco Bradesco, Capstone Copper, and Midland Holdings). 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 this combination of factors bodes well for the Fund and for our investment approach looking forward.

In conclusion, we believe the Fund is well positioned for an unpredictable and changing world, one of heightened geopolitical risk and increased macroeconomic volatility. In a world in which broader benchmark indices continue to trade at what we see as rich valuations and are concentrated in what we view as highly correlated areas (e.g., mega-cap Tech), we continue to believe that the attractive valuations, sound long-term fundamentals, and staying power of many Fund holdings, as well as their potential to unlock value via corporate activity, offer attractive portfolio-level benefits and bode well for the Fund over the long run. Thanks for your continued support, interest, and curiosity.

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

Top ten holdings as of 6/30/25 as a % of the Fund's net assets: Dundee Corp. (4.30%), Hong Kong Exchanges and Clearing Ltd (3.56%), Valterra Platinum Ltd (3.36%), Midland Holdings Ltd (3.23%), The Westaim Corp. (3.10%), Valaris Ltd (3.06%), Banco Bradesco S.A.-ADR (2.98%), Douglas Elliman Inc. (2.78%), Wheaton Precious Metals Corp. (2.75%), and Hammerson PLC (2.74%).

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 Value 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. The prospectus should be read carefully before investing.

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