Moerus Worldwide Value Fund

MOWIX - MOWNX

Q4 2025 Quarterly Review & Outlook

Performance (%) (As of December 31, 2025)	QTR	YTD	1 Yr	3 Yr*	5 Yr*	Since Inception June 1, 2016*
Moerus Worldwide Value Fund (Inst.)	4.82%	40.36%	40.36%	26.65%	20.66%	11.39%
MSCI All-World Country Index ex USA (Net)[1]	5.05%	32.38%	32.38%	17.33%	7.91%	8.73%
MSCI All-World Country Index (Net)[2]	3.29%	22.34%	22.34%	20.66%	11.19%	12.05%

**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 – Q4 2025

The Moerus Worldwide Value Fund Institutional Class ("the Fund") returned +4.82% in the Fourth Quarter ("Q4"); by comparison, the MSCI All Country World ex USA ("MSCI ACWI ex USA") Net Index returned +5.05%, while the MSCI All Country World ("MSCI ACWI") Net Index returned +3.29%. In short, in the Fourth Quarter, the Fund generated strong returns in *absolute* terms and outperformed the MSCI ACWI in *relative* terms, albeit while slightly lagging the MSCI ACWI ex USA amid meaningful outperformance by non-U.S. equities in Q4. 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 Q4.

Market Review – Q4 2025

The Fourth Quarter was another strong period overall for global equity markets, which continued to shrug off various uncertainties (both economic and geopolitical), focusing instead on the ongoing AI-related enthusiasm and the perceived benefits of monetary easing – as the Federal Reserve cut rates by another 0.25% in December and resumed balance sheet expansion via the purchase of Treasury bills. In Q4, International benchmark indices (MSCI ACWI ex USA Index: +5.05%; MSCI Emerging Markets Index: +4.73%) outperformed U.S. equity market benchmark indices (S&P 500: +2.65%; NASDAQ Composite: +2.72%), continuing a theme seen throughout much of 2025 amid continued U.S. policy uncertainty (re trade, geopolitics, etc.) and a weakening U.S. dollar during the year. As illustrated by index performance, *Value* stocks (MSCI ACWI *Value* Index: +3.66%) outperformed Growth stocks (MSCI ACWI *Growth* Index: +2.84%) during the quarter. Precious metals (gold, silver, platinum) continued their recent surge in Q4, driven by a combination of factors including heightened concerns regarding the precarious U.S. fiscal position, gold purchasing by central banks and stablecoins, geopolitical instability, and expectations of additional Fed rate cuts. The U.S. and China reached another limited trade truce following an October 2025 meeting between Presidents Trump and Xi Jinping (with discussions to continue) but in January 2026, geopolitical uncertainty again mounted, amid the U.S. seizure of Maduro in Venezuela, the Iranian regime's heavy-handed crackdown on widespread protests, and the increasingly public spat between the U.S. and Europe regarding Greenland.

[1] *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.*

[2] *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 – Q4 2025

Against this backdrop, the Fund generated strong performance on an absolute basis and outperformed its global benchmark (MSCI ACWI) in Q4, albeit while modestly trailing its international benchmark (MSCI ACWI ex USA), as the Fund's U.S. holdings (in aggregate) lagged during a quarter that favored non-U.S. stocks. The Fund's five most significant positive contributors in Q4 were Valterra Platinum, Midland Holdings, LATAM Airlines Group, Standard Chartered, and Türkiye Sigorta. The five largest detractors in Q4 were Natura Cosméticos, Dundee Corp., Douglas Elliman, Exor NV, and Westaim Corp. In past updates and letters, we have often noted what we see as a strikingly bifurcated equity market – one in which some of its more popular areas (e.g., U.S. mega-cap Tech, Growth) have, in our view, been priced for near-perfection, while other areas have offered unusually attractively valued opportunities. We have discussed the concept of what we call *Price Risk*: the potential downside risk resulting from overly optimistic expectations being priced into a stock. While a more detailed discussion of Price Risk is beyond the scope of this update, suffice it to say that we believe that when a current stock price already reflects expectations of an extremely bright future, something approaching that very outcome is likely required for the stock to earn commensurate risk-adjusted returns looking forward over the long-term. In other words, even a future that proves relatively benign for a business – *if it falls short of the lofty expectations priced in at the time of purchase* – could expose its investors to considerable downside risk. On the other hand, our concept of Price Risk applies to the other side of the coin as well. Namely, when overly draconian, pessimistic expectations of the future are already baked into a stock's current price, we believe two things: first, there is likely to be less downside risk (because the "bear case" is already priced in); and second, there is considerable upside potential over the long-term if the future is merely reasonably benign (and even more so if the future is actually positive for the business). Indeed, each of the Top-5 contributors to the Fund's positive Q4 performance offer examples of this latter concept. Each holding had been out-of-favor for a variety of reasons (industry, country, or company-specific) at the time of purchase, with a stock price that we'd argue reflected a bleak future. Each has seen substantial appreciation since then, as subsequent developments have led the market at large to consider merely that the future might not be quite as bleak for these names as previously assumed.

Take, for example, Valterra Platinum and Midland Holdings, the two largest positive contributors to Fund performance in Q4 and two of the top three contributors for full-year 2025. Both are relatively recent additions to the Fund. South Africa-based Valterra – formerly known as Anglo American Platinum prior to its June 2025 separation from Anglo American – is the world's largest producer of Platinum Group Metals (PGMs), a group that includes platinum, palladium, and rhodium. At the time of the Fund's initial purchase in late-2024, expectations surrounding the stocks of PGM producers were arguably rock-bottom. Platinum prices had slumped for the better part of the previous 15 years, as rising electric vehicle (EV) adoption led to bleak forecasts of future demand for platinum, which is used in emission reduction applications in internal combustion engine and hybrid vehicles. By the end of 2024, platinum prices had fallen roughly 30% from 2021 levels, with some estimates suggesting that nearly 40% of global PGM production had become uneconomic at those prices. Valterra shares had declined by over 65% in USD terms from January 2022 through December 2024. But while the market's expectations arguably couldn't get lower, fundamentals were actually showing signs of improvement. Producers were forced to cut higher-cost production and reduce investment in future PGM *supply*, while *demand* was proving more resilient than the consensus had expected amid disappointing growth in EV adoption. In 2025, with the platinum market in a supply deficit for its third consecutive year, and a number of major auto manufacturers walking back their EV-related ambitions given their numerous challenges, the market began to notice. Platinum prices, fueled even further by increased interest in precious metals, surged from previously depressed levels, driving significant gains for Valterra shares in Q4 and 2025. As for Midland Holdings, the leading Hong Kong-based residential property broker was added to the Fund early in 2025. Midland's shares had sunk to what we believed were extremely depressed levels over the past several years amid an ailing local residential market that was hurt by higher interest rates and a host of economic, political and pandemic-related issues in Hong Kong. Expectations for Midland's business – which is highly driven by residential transaction volumes – were arguably non-existent, with the consensus view seemingly 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 at levels at which we estimated Midland's cash (net of debt and lease liabilities) made up roughly 70% of its market cap at the time. Since then, Midland shares have risen significantly from those deeply depressed levels amid nascent signs of improvement in the Hong Kong residential market that, while modest, nonetheless has greatly exceeded the minimal expectations that had previously been priced into the stock.

The next three contributors to Q4 performance are longer-tenured Fund holdings that were also purchased when expectations were at their nadir. LATAM Airlines Group, the third largest contributor, is a leading commercial airline in South America that was added to the Fund in 2023. Needless to say, the airline industry had been hit extremely hard by the pandemic, although Latin America was arguably among the hardest hit of all, as the region's air travel was severely restricted, while its airlines were generally not provided with government assistance, unlike in the cases of some airlines in Europe, North America, and Asia. The consequences for much of the industry in Latin America were dire, with numerous carriers in the region (including LATAM) either entering bankruptcy or negotiated settlements with creditors outside of bankruptcy. Shares of LATAM were purchased in the Fund in 2023, shortly after its emergence from bankruptcy. The stigma of the bankruptcy and the sting of the pandemic repelled investors, enabling the Fund to purchase shares at what we believed to be a modest valuation that, again, priced in very low expectations. This was despite our view that LATAM had a much-improved financial profile, competitive position, and cost structure post-bankruptcy, as that process enabled LATAM to meaningfully reduce its debt load and significantly reduce operating costs through headcount reductions, supplier contract renegotiations, and other efficiency initiatives. Since then, LATAM shares have benefited from a recovery and growth in passenger volumes as the region continues to recover from the severe 2020-2021 downturn, and in 2025, performance was driven by impressive business results that have resulted in increased profitability, share repurchases, and improved analyst expectations.

Standard Chartered, the fourth-largest contributor in Q4, is the longest-tenured Fund holding out of this group of five; shares of this U.K.-based bank that operates primarily in Asia, Africa, and the Middle East have been held since 2016. Standard Chartered is just one of a number of Financial Services-related opportunities in the Fund that became available, in part, as a result of the long period of abnormally low interest rates that lasted from the post-Global Financial Crisis era to the pandemic. This environment weighed on many banks and insurance companies to varying degrees and, in general, contributed to what we believed to be deeply discounted valuations in some cases. On top of that, Standard Chartered also had company-specific issues and related stigma as well; in the years prior to the Fund's ownership, the company stumbled under the arguably lax lending and compliance policies of its former management team, which invited regulatory scrutiny and resulted in sizable loan write-offs that necessitated a large rights issue in 2015. The stock tumbled to the extent that shares traded at a deep discount to book value, allowing us to invest in what we believed to be an overcapitalized bank post-rights issue – with the potential for capital returns as profitability improved – at a depressed valuation that belied Standard Chartered's formidable position in many of the regions that likely possess some of the best economic growth potential that the world has to offer over the coming decades. Since then, the stock has generated strong performance over the past several years amid much improved business performance and a series of strong quarterly results that have generally exceeded consensus expectations, while the company has indeed returned billions of dollars to shareholders in the form of buybacks and dividends. Finally, rounding out the top five contributors is Türkiye Sigorta, the Turkish non-life insurer that we have written about a number of times since adding its shares to the Fund in 2023. We believe Türkiye Sigorta has long boasted a number of attractive attributes, including a leading position in a market that is underpenetrated, offering meaningful long-term growth potential given an expanding economy. However, in this case, the low expectations surrounding the stock at the time of the Fund's purchase were driven by general investor flight from Turkey, amid unorthodox economic policies and raging inflation that reached a 24-year high of over 85% in October 2022. Such an environment was incredibly painful for insurance companies, which faced dramatically rising costs of claims, but could only adjust premium rates when existing policies expire. Although this resulted in insurance underwriting losses (and weighed on the stock price), we believed it also created an interesting longer-term opportunity to invest in a high-quality business at a heavily discounted price. Since then, Türkiye Sigorta has been a significant contributor to performance, driven by much improved insurance underwriting profitability (as policies reset at higher prices as expected) as well as by increased investment portfolio income, as the Turkish Central Bank was eventually forced to adopt a more orthodox approach to monetary policy and began raising interest rates aggressively out of necessity. Importantly, Turkey is far from out of the woods – inflation is still at roughly 30% – but sentiment was so dire and expectations were so low *at the time of purchase* that even modest improvements and reasons to consider cautious optimism resulted in significant gains.

On the negative side, there were little in the way of common themes other than the Fund's U.S. holdings, which in aggregate detracted from performance in Q4 (driven mostly by declines in Douglas Elliman and Westaim Corp.) – a factor in the Fund slightly lagging its *non-U.S.* benchmark (the MSCI ACWI ex USA) for the quarter. Brazil-based beauty products retailer Natura Cosméticos was the most significant detractor from performance in Q4, as cyclically weak consumer spending in Brazil and costs associated with the company's ongoing business restructuring have weighed on shares. 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.

Fund Outlook

We have long believed that forecasting near-term economic variables or geopolitical events 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. Indeed, the forecasts of many economic and financial market pundits have often been off the mark in recent years on various topics (e.g., recession or no recession, 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 ever-changing landscape surrounding tariffs is no different, nor are the seemingly daily geopolitical ructions (re Venezuela, Iran, Ukraine, Greenland, or elsewhere). 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 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 may very well continue. In recent years, we have seen a healthy number of attractive long-term investment opportunities become available amid the short-term volatility in financial markets' expectations and notoriously fickle macro forecasts (re: interest rates, inflation, etc.). That was *before* the recent tariff-induced surge in volatility. 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 – 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 (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. 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 macroeconomic, geopolitical and tariff-related headlines, and focus instead on long-term, fundamental business values. We believe that periods of heightened uncertainty and volatility are apt to provide 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. 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. Many thanks for your continued support and interest.

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

Top ten holdings as of 12/31/25 as a % of the Fund's net assets: Valterra Platinum Ltd (4.90%), Dundee Corp. (4.74%), Midland Holdings Ltd (3.58%), Cromwell Property Group (3.04%), LATAM Airlines Group SA (2.76%), Valaris Ltd (2.76%), Jefferies Financial Group Inc (2.75%), Travis Perkins PLC (2.69%), Exor NV (2.68%), and JSE Ltd (2.67%).