



# FPA Global Equity ETF

## First Quarter 2024 Commentary

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. The Prospectus details the Fund's objective and policies and other matters of interest to the prospective investor. Please read the Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at [fpag.fpa.com](http://fpag.fpa.com), by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

### Trailing Performance (%)

As of Date: 3/31/2024	Since 12/16/21	1 Year	YTD	QTD
FPA Global Equity ETF - NAV	7.74%	29.30%	8.80%	8.80%
FPA Global Equity ETF - Market Price	7.92%	29.50%	8.89%	8.89%
MSCI ACWI	4.26%	23.22%	8.20%	8.20%

Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. This data represents past performance, and investors should understand that investment returns and principal values fluctuate, so that when you redeem your investment it may be worth more or less than its original cost. Current month-end performance data, which may be lower or higher than the performance data quoted, may be obtained at [fpag.fpa.com](http://fpag.fpa.com) or by calling toll-free, 1-800-982-4372.

Periods greater than one year are annualized. Fund performance is shown net of all fees and expenses. Fund performance is calculated on a total return basis which includes reinvestment of all distributions. Fund returns 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. Fund Net Asset Value (NAV) represents the closing price of underlying securities. Market Price is calculated using the price which investors buy and sell ETF shares in the market. The Market Price returns in the table were calculated using the closing price as of the end of the periods noted.

Comparison to any index is for illustrative purposes only. An investor cannot invest directly in an index. The Fund does not include outperformance of any index or benchmark in its investment objectives.

\* The Fund commenced operations on December 16, 2021. The performance shown for 2021 reflects the period December 16, 2021 through December 31, 2021.

**The FPA Global Equity ETF's Total Annual Fund Operating Expenses is 1.10%.** First Pacific Advisors, LP, (the "Adviser") has contractually agreed to limit Total Annual Fund Operating Expenses (excluding any front-end or contingent deferred loads, brokerage fees and commissions, acquired fund fees and expenses, borrowing costs (such as interest and dividend expense on securities sold short), taxes, and extraordinary expenses, such as litigation expenses (which may include indemnification of Fund officers and Trustees, contractual indemnification of Fund service providers (other than the Adviser))), to 0.49% of the Fund's average daily net assets for through January 31, 2026. The Adviser may recoup any operating expenses in excess of these limits from the Fund within three years if such recoupment can be achieved within the lesser of the foregoing expense limits or the expense limits in place at the time of recoupment. This agreement may be terminated only by the Board of Trustees on 60 days' written notice to the Adviser.

**Please see important disclosures at the end of the commentary. <https://fpag.fpa.com/>**

*The FPA Global Equity ETF is distributed by UMB Distribution Services, LLC, member FINRA/SIPC. First Pacific Advisors, LP, the Fund's advisor, is not affiliated with UMB Distribution Services, LLC.*



# FPA Global Equity ETF First Quarter 2024 Commentary

Dear Shareholder:

## Performance Overview

The FPA Global Equity ETF (“Fund” or “FPAG”) gained 8.80%, net, for the quarter and gained 29.30%, net, for the trailing twelve months.

FPAG’s performance along with the relevant index are captured in the following table:

### Performance versus Illustrative Indices<sup>1</sup>

	Q1 2024	Trailing 12-month
FPA Global Equity ETF (NAV)	8.80%	29.30%
MSCI ACWI	8.20%	23.22%

## Portfolio Discussion<sup>2</sup>

Broad exposure hasn’t really changed year-over-year; however, that’s not to say there hasn’t been activity during that time. During the quarter, we exited two positions in their entirety – AIG and Heidelberg Materials.

FPAG’s top five performers contributed 14.21% to its return in the last twelve months, while its bottom five detracted 1.92%.

<sup>1</sup> Comparison to any index is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. Please see end of Commentary for Important Disclosures and definitions. The referenced indices are shown for general market comparisons and are not meant to represent the Fund. Investors cannot directly invest in an index; unmanaged index returns do not reflect any fees, expenses or sales charges.

<sup>2</sup> References to individual securities are for informational purposes only, are subject to change, and should not be construed as recommendation or a solicitation to buy or sell a particular security. Portfolio composition will change due to ongoing management of the Fund. Portfolio holdings for the Fund can be found at [fpag.fpa.com](http://fpag.fpa.com).

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

### Trailing Twelve-Month Contributors and Detractors as of March 31, 2024<sup>3</sup>

Contributors	Perf. Cont.	Avg. % of Port.	Detractors	Perf. Cont.	Avg. % of Port.
Meta Platforms	4.40%	4.7%	JDE Peet's	-0.67%	2.0%
Alphabet	3.56%	8.7%	Charter Communications	-0.60%	2.6%
Holcim	2.48%	5.3%	NEXON	-0.30%	0.7%
Broadcom	1.92%	2.3%	Groupe Bruxelles Lambert	-0.19%	2.1%
Citigroup	1.85%	3.4%	Entain	-0.16%	0.4%
	<b>14.21%</b>	<b>24.5%</b>		<b>-1.92%</b>	<b>7.9%</b>

We have discussed most of the contributors in the trailing twelve months. We have not recently discussed the following investment meaningful to the Fund's trailing twelve-month return.<sup>4</sup>

**JDE Peet's** is the second largest coffee business in the world. Jacobs Douwe Egberts (JDE) combined with Peet's to explore IPO opportunities and ultimately went public in 2020. The company is currently navigating several issues, including the effects of the war on its Russian business, the lingering impact of the pandemic that curtailed out-of-home demand, and having to fight massive inflation in coffee prices. While management has not navigated these challenges as well as we hoped, the controlling shareholder sees it similarly and has ousted the former CEO.<sup>5</sup> While its turnaround remains a work in progress, its stock does appear inexpensive on both a relative and absolute basis at just 12.5x 2024's estimated earnings.

You can find the Fund's other positions addressed previously in our [archived commentaries](#).

### Portfolio Profile<sup>6</sup>

There were 42 equity positions in the Fund, with the top 5 holdings comprising 31.1% and the top 10 comprising 51.2% of the total portfolio. The Fund's top three sectors, based on GICS sector classification, were Communication Services (25.1%), Information Technology (14.0%), and Industrials (12.4%). The portfolio managers have been able to find opportunity outside of the US and currently (as a percentage of equity) the portfolio has 41.4% non-US exposure and 58.6% exposure in the US. However, 57.2% (as a

<sup>3</sup> Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the trailing twelve months (TTM). Contribution is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. A copy of the methodology used and a list of every holding's contribution to the overall Fund's performance during the quarter 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 holdings are subject to change at any time and should not be considered investment advice.

<sup>4</sup> The company data and statistics referenced in this section are sourced from company press releases and financial disclosures unless otherwise noted.

<sup>5</sup> Source: Financial Times March 8, 2024: JDE Peet's replaces CEO and chair with ex-M&S boss Luc Vandeveldel.

<sup>6</sup> As of December 31, 2023. The information reflects the portfolio statistics for the Fund. Number of Equity Positions is shown at the issuer level. Totals may not add up due to rounding.

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percentage of equity) of the portfolio companies' revenues is non-US.<sup>7</sup>

### Closing

The stock market offers less opportunity today than it did at year-end 2022. The price/earnings ratios of the MSCI ACWI and S&P 500 are more than three and four points higher, respectively, than before 2023's market rally. We have taken advantage of the rising tide and reduced or sold some of the Fund's more expensive and lower-quality positions. We have also made a number of new investments that we will likely discuss in future commentaries, which we believe are both less expensive and of higher quality. We believe the portfolio's higher quality assets will serve us well as we move forward.

Respectfully submitted,

FPA Crescent Portfolio Managers

May 4, 2024

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<sup>7</sup> Source: Factset, based on country of domicile and revenue by geography. 'as a Percentage of Equity' excludes cash and cash equivalents. Revenue refers to the geographic location of portfolio companies' revenue sources, rather than where they are domiciled, and may provide additional insight into the portfolios' geographic diversification.

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## Important Disclosures

This Commentary is for informational and discussion purposes only and does not constitute, and should not be construed as, an offer or solicitation for the purchase or sale of any securities, products or services discussed, and neither does it provide investment advice. Any such offer or solicitation shall only be made pursuant to the Fund's Prospectus, which supersedes the information contained herein in its entirety. These materials are not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use is contrary to local law or regulation.

The statements contained herein reflect the opinions of the portfolio managers as of the date written and are subject to change without notice. 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. The information and data 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.

Certain statements herein may be forward-looking and/or based on current expectations, projections, and information currently available to FPA. While we believe we have a reasonable basis for our comments and we have confidence in our opinions, actual results may differ from those we anticipate. 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.

**Past performance does not guarantee future results.** The Fund's net asset value and investment return will fluctuate based upon changes in the value of its portfolio securities. There is no assurance that the Fund will achieve its investment objective, and an investment in the Fund is not by itself a complete or balanced investment program. For a complete description of the Fund's principal investment risks please refer to the prospectus.

Shares of the Fund are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Because ETFs trade like stocks, the Fund may trade at prices above or below the ETF's NAV. While the shares of ETFs are tradable on secondary markets, they may not readily trade in all market conditions and may trade at significant discounts in periods of market stress. Brokerage commissions and ETF expenses will reduce returns.

An investment in the Fund is speculative and entails substantial risks. Portfolio composition will change due to ongoing management of the Fund. References to individual securities or sectors are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio managers, FPA, or the distributor (as applicable), 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 any security or sector discussed.

It is important to remember that there are risks inherent in any investment and there is no assurance that any investment or asset class will provide positive performance over time. Capital markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The Fund purchases foreign securities, including American Depositary Receipts (ADRs) and other depository receipts, which are subject to interest rate, currency exchange rate, economic and political risks; this may be enhanced when investing in emerging markets. Non-U.S. investing presents additional risks such as the potential for adverse political, currency, economic, social or regulatory developments in a country including lack of liquidity, excessive taxation, and differing legal and accounting standards. These risks are magnified in emerging and frontier markets. In addition, while we believe investing in companies with less liquidity has the potential to add alpha on the upside, such names are also more subject to price volatility on the downside.

Small and mid-cap stocks involve greater risks and they can fluctuate in price more than larger company stocks. 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.

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 style investing during given periods.

The Fund may lack diversification, thereby increasing the risk of loss, and the Fund's performance may be volatile. As a result, an investor could lose all or a substantial amount of its investment.

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 relevant offering memorandum, investment management agreement and/or Form ADV. 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.

The information provided in this report is based upon data existing as of the date(s) of the report in FPA's internal systems 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.

Please refer to the Fund's **Prospectus** for a complete overview of the primary risks associated with the Fund.

In making any investment decision, you must rely on your own examination of the Fund, including the risks involved in an investment. Investments mentioned herein may not be suitable for all recipients and in each case, potential investors are advised not to make any investment decision unless they have taken independent advice from an appropriately authorized advisor. An investment in any security mentioned herein does not guarantee a positive return as securities are subject to market risks, including the potential loss of principal. You should not construe the contents of this document as legal, tax, investment or other advice or recommendations.

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#### **Index definitions**

**Comparison to any index is for illustrative purposes only.** Index returns do not reflect transactions costs, investment management fees or other commissions, fees and expenses that would reduce performance for an investor. An investor cannot invest directly in an index. The Fund does not include outperformance of any index or benchmark in its investment objectives.

**MSCI ACWI Index** is a free float-adjusted market capitalization weighted index that is designed to represent performance of the full opportunity set of large- and mid-cap stocks across developed and emerging markets. Net Return indicates that this series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate applicable to non-resident individuals who do not benefit from double taxation treaties.

**The MSCI EAFE Index** is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

**The MSCI Emerging Markets Index** captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

**The MSCI Europe Index** captures large and mid-cap representation across 15 Developed Markets (DM) countries in Europe.

#### **Other definitions**

**Global Industry Classification Standard (GICS)** is a method for assigning companies to a specific economic sector and industry group that best defines its business operations.

**Market Capitalization** refers to the total dollar market value of a company's outstanding shares of stock.

**Price to Earnings** is the ratio for valuing a company that measures its current share price relative to its EPS. The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple.

**Trailing Price to Earnings** is a relative valuation multiple that is based on the last 12 months of actual earnings.

**Forward Price to Earnings** is a version of the ratio of price-to-earnings (P/E) that uses forecasted earnings for the P/E calculation.

**Volatility** is a statistical measure of the dispersion of returns for a given security or market index. In most cases, the higher the volatility, the riskier the security. Volatility is often measured as either the standard deviation or variance between returns from that same security or market index.

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