



Introduction

While our partner Polar Capital has been operating for almost 20 years, and the inception dates of our Funds and strategies go back over nearly a decade or more, Phaeacian Partners itself is a relatively young company. Similarly, the leaders of the firm and its investment team still have long careers ahead of them. As such, there are no near-term retirement or succession issues for key personnel at Phaeacian. However, since succession planning needs to be considered many years in advance, we structured the business in a way to minimize risk (as we would for any investment) associated with the possible loss of a key manager of the investment team and the firm.

Talent Development Program

Phaeacian Partners has a strong meritocratic and collegial culture. Analysts who join the firm follow a multi-year development program. They are trained and coached to mature into fully accomplished long-term fundamental investors. In due course, we expect that some of them will prove capable of assisting the current leadership of the investment team.

However, becoming a talented manager is a long and challenging process. We expect personnel turnover as a result, and cannot guarantee that such talents will ultimately rise through the ranks.

Dual Leadership

In the meantime, our investment team is currently led by two seasoned portfolio managers, Greg Herr and Pierre Py. The pair has been working together for almost a decade and share a similar investment mindset with a focus on business fundamentals and management quality. Their thinking on valuation is based on years of discussions and debates over how to forecast the economics of a business and what multiple is ultimately appropriate to derive an estimate of intrinsic value based on the team's assessment of the fundamentals of a business. We believe that with the support of the team, one could continue to manage the firm alone at least for a given period of time in extreme circumstances.

Our firm's policy seeks to minimize situations (such as travel circumstances) that could lead to the disappearance of both leaders at once.

Institutional Knowledge

The firm can also rely on decades of combined investment experience. Most of our team members have worked together for many years. We have travelled extensively around the world to find investment opportunities across a wide range of sectors, researching and analyzing hundreds of businesses, and building local intelligence networks in the process. We have dedicated a lot of time visiting companies and meeting with their management teams or key employees to discuss operations, strategy, and capital allocation. We have interviewed competitors, suppliers, customers, and other relevant third parties. Over the years, we have identified hundreds of companies that we would like to own at the right price. This collective knowledge has been documented through research notes, updates, and investment memos that we archived in the team's database. We also manage several lists of potential investment prospects and monitor a coverage universe of companies that we find to be suitable for our strategies. This is institutional knowledge that the team can rely on at all times to populate and manage our investment portfolios, and could continue to rely on in the unlikely event of a loss of leadership.



Polar Partnership

One of the many benefits of our partnership with Polar is that the group could, if needed, provide assistance with succession management. Under the Polar umbrella, the firm currently employs 12 investment teams with an oversight function that monitors portfolio risk and performance attributes. As such, the firm has the capabilities to provide interim investment oversight in extreme circumstances. It is also capable of helping with the recruiting of managers and investment talents. Lastly, it has the ability to draw from its own pool of internal talents to provide Phaeacian Partners with succession solutions.

An example of succession planning Polar often provides is that of its Technology investment team where the lead fund managers are second generation, having assumed responsibility for the Technology funds from the founders over ten years ago. The successor fund managers have continued to manage their Technology funds with excellent performance and a loyal and supportive client base.

Risk considerations:

Investments, including investments in mutual funds, 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. The Fund may purchase foreign securities, including American Depositary Receipts (ADRs) and other depository receipts, which are subject to interest rate, currency exchange rate, economic and political risks. Foreign investments, especially those of companies in emerging markets, can be riskier, less liquid, harder to value, and more volatile than investments in the United States. Adverse political and economic developments or changes in the value of foreign currency can make it more difficult for the Fund to value the securities. Differences in tax and accounting standards, difficulties in obtaining information about foreign companies, restrictions on receiving investment proceeds from a foreign country, confiscatory foreign tax laws, and potential difficulties in enforcing contractual obligations, can all add to the risk and volatility of foreign investments. Small and mid cap stocks involve greater risks and they can fluctuate in price more than larger company stocks. 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 Fund may invest a greater percentage of its assets in a smaller number of securities. Holding fewer securities increases the risk that the value of the Fund could go down because of the poor performance of a single investment. 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. The portfolio holdings as of the most recent quarter-end may be obtained at www.fpa.com. Please refer to the Fund's Prospectus for a complete overview of the primary risks associated with the Fund. Portfolio composition will change due to ongoing management of the Fund. References to individual securities are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio manager, the Adviser, or the distributor. It should not be assumed that future investments will be profitable or will equal the performance of the security examples discussed. The portfolio holdings as of the most recent quarter-end may be obtained at www.phaeacianpartners.com.