



Dear Fellow Shareholders,

In our commentary for the third quarter of 2021, we will update you on the Fund's performance, discuss the key contributors to performance as well as any meaningful portfolio activity, and provide perspective on the investment outlook.

### Performance Update

During the third quarter of 2021, the Fund declined 2.89% (all figures in dollar terms, unless stated otherwise) net of fees and expenses compared to a decrease of 1.05% for the MSCI All Country World Net TR Index ("Index"). Since the start of 2021, the Fund gained 7.18% compared to an increase of 11.12% for the Index.

### 5 Year Historical Annual Performance<sup>1</sup>

	2020	2019	2018	2017	2016
<b>Fund</b>	14.87%	29.32%	-8.63%	27.23%	11.30%
<b>Index</b>	16.25%	26.60%	-9.42%	23.97%	7.86%

### Performance<sup>1</sup>

	Q3 2021	YTD	1yr	3yr	5yr	10yr
<b>Fund</b>	-2.89%	7.18%	22.11%	11.85%	13.52%	12.38%
<b>Index</b>	-1.05%	11.12%	27.44%	12.54%	13.19%	11.89%

1. Source: Northern Trust, as at September 30, 2021.

### Market Developments

In July and August, global equity markets continued to experience the price appreciation of much of the past year. The quarter ended with performance in the opposite direction, with a decline over the final month.

Like the ebb and flow of the equity markets in the quarter, sentiment around COVID-19 swung throughout the period with concerns about the Delta variant causing new restrictions in some countries and improved vaccination rates leading to additional re-opening announcements across the US as well as many European and Asian countries.

Despite highly accommodative monetary and stimulative fiscal policies, global economic growth this quarter slowed, especially compared to the very strong rebound in the first half of 2021 following last year's collapse. Dislocations across global supply and logistics chains clearly contributed to the declining rate of growth.

**Periods over one year are annualized. The fund performance data quoted here represents past performance, which is not indicative of future results. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Current month-end performance data may be obtained by calling toll-free, (800) 258-9668. The total operating expense ratio (including indirect expenses such as the costs of investing in underlying funds), as stated in the fee table in the Fund's prospectus dated July 29, 2021 is 1.22%. Phaeacian Global Value Fund commenced operations on 19 October, 2020, following the receipt of the assets and liabilities of the FPA Paramount Fund ("the Predecessor Fund") through a reorganization into the Phaeacian Global Value Fund (the "Fund"). FPA was the investment adviser from 1 July, 1978 through October 16, 2020, and reflects fees, charges and expenses of that vehicle for the time periods shown. 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.**

All opinions and estimates constitute the best judgment of Phaeacian Partners as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Phaeacian Partners. There can be no guarantee that any strategy (risk management or otherwise) will be successful. All investing involves risk, including potential loss of principal.



## Portfolio Discussion

### Worst Performer

The largest disclosed detractor to performance this quarter was **Holcim**. Based in Switzerland, Holcim is the world's largest producer of cement and aggregates. It was created in 2015 by the merger of France-based Lafarge and the Swiss group Holcim. The combination did not go smoothly and new management was installed a few years ago to right the ship. We think highly of the new team, which has stabilized results by divesting assets in problem countries and segments, reducing operating costs and improving profitability. Over the next several years, we believe they can also use the company's improved cash flow profile to make value-accretive acquisitions.

We believe Holcim's share price weakness during the period was not related to the fundamentals of the business. Instead, it was in reaction to a ruling by France's highest court, which affirmed the company's liability for the acknowledged bribes it paid in 2011 in Syria to keep its local operation running during that country's conflict. The company is fully cooperating with the authorities, and we expect it will ultimately pay a fine to bring the issue to a conclusion. In the meantime, we continue to hold the shares since they trade at a significant discount to our intrinsic value assessment.

### Best Performer

The largest contributor to performance this quarter was **Babcock International**. Based in the UK, Babcock provides complex engineering and support services to public sector institutions including the UK Ministry of Defence. There are clear parallels between the investment opportunity with Babcock and the description of Holcim. Even before the disruptions caused by COVID-19, Babcock weathered several difficult years dealing with problem contracts. New management with a positive industry track record has begun to restructure the portfolio of businesses and strengthen the balance sheet. During the quarter, progress on these initiatives was demonstrated through the sale of several non-core businesses, including oil and gas air services and energy consulting. We believe more disposals are possible in the months ahead. Management also instituted a cost-saving program and expects to improve contract terms to boost cash generation. We continue to be interested in holding Babcock shares as long as the price offers a discount to our estimate of intrinsic value.

## Portfolio Activity

With global equity markets remaining buoyant most of the quarter, we observed only a limited number of companies meeting our quality criteria and selling at attractive discounts. During the quarter, we initiated a new position in **Nexi**. Based in Italy, Nexi is one of Europe's leading payment companies. In its home market, which makes up about half of the business, the company has very strong merchant-acquiring market share. Recent strategic acquisitions have broadened the company's geographic reach and product offerings. They include **Nets**, based in Denmark, which brings attractive merchant acquiring positions in northern and central Europe, and **SIA**, based in Italy, which is the country's leading payments processor.

The market rally lifted many of our other holdings and we sold several, including **Cie Financiere Richemont**, **DSM**, and **RELX** as their share prices converged with our intrinsic value estimates. Based in Switzerland, Richemont is a manufacturer and retailer of luxury goods with leading jewelry and watch brands, including Cartier, Van Cleef & Arpels, Vacheron Constantin, Piaget, and Montblanc. Based in the Netherlands, DSM is a leading global producer of ingredients for animal and human nutrition. Based in the UK, RELX is a leading global provider of scientific, technical, legal, and medical information and analytics services.

## Perspective

Investor sentiment remains buoyant across public markets. Despite September's decline, equity indices around the world are subsequently reaching all-time highs. While many argue the ability of monetary and fiscal policy to underpin markets is never-ending, we see numerous potential challenges in the months and years ahead.

These start with the chaos evident in global supply chains as systems built gradually over decades are in a state of disequilibrium following last year's global demand and supply shocks. Individual company responses, while sensible at the micro level, are compounding the issue as they choose to move manufacturing and distribution closer to customers and build excess inventory positions. In the US and Europe, logistics companies are also struggling to replace workers lost during COVID-19 shutdowns. None of these issues are insurmountable, but our conversations with management teams suggest that the supply chain disruptions are unlikely to ease in the next few months.

All opinions and estimates constitute the best judgment of Phaeacian Partners as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Phaeacian Partners. There can be no guarantee that any strategy (risk management or otherwise) will be successful. All investing involves risk, including potential loss of principal.

## Top 10 Holdings %<sup>2</sup>

SKF	3.2%
LafargeHolcim	3.1%
Alphabet	3.1%
Microsoft	3.1%
Fiat Chrysler Automobiles NV	3.1%
Safran SA	3.0%
Industria de Diseno Textil SA	3.0%
UBISOFT Entertainment	3.0%
Ericsson	2.9%
Fidelity National Information	2.9%

2. Source: Northern Trust. Holdings are subject to change at any time, as of September 30, 2021



During the third quarter, the topic of inflation moved from the financial pages to the front pages of the world's newspapers as the magnitude of increases across all major consumer and corporate cost categories rapidly surpassed the historical trend in developed markets of the past several decades. In our opinion, uncontrolled inflation can be the greatest challenge to economic sustainability and has often been the impetus behind major political and social changes/disruptions throughout history. As a major risk to our existing and future investments, we are diligently trying to assess its potential impact. In our conversations with management teams, they typically claim to be able to pass the current cost increases through to their customers, but we believe the change to a more inflationary environment will prove that not all can. Researching these companies by speaking to competitors, suppliers and customers allows us to determine which value chain participants actually have the ability to raise prices, regardless of their hopes to do so.

In addition to the geopolitical tensions with western democracies, several challenging market developments in China arose during the third quarter. Cloaked in the language of equality, there was a sweeping regulatory crackdown on businesses across a wide swath of the economy. That creates significant uncertainty about how they will be allowed to operate and the rights of equity holders. Separately, more than a decade of over-investment in real estate exacerbated by financial leverage across the sector has reached the point where developers are no longer able to meet financial obligations. The government will likely try to manage the looming real estate contraction, but consolidation efforts will likely create risks to economic growth and consumer confidence, especially since real estate holdings are a prominent part of many people's savings and wealth.

Against this backdrop, our focus remains on compounding wealth and minimizing the risk of capital losses. We work to achieve this objective by maintaining our discipline to select only companies that demonstrate they are run by capable management teams, are financially and fundamentally strong and also sell at significant discounts to our assessment of their intrinsic values.

We thank you, as always, for your confidence, and look forward to continuing to serve your interests as shareholders of the Phaeacian Global Value Fund.

Respectfully submitted,

Gregory Herr & Pierre O. Py

**Co-portfolio Managers, Phaeacian Partners**



**Co-portfolio  
Manager**  
Gregory Herr



**Co-portfolio  
Manager**  
Pierre O. Py

All opinions and estimates constitute the best judgment of Phaeacian Partners as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Phaeacian Partners. There can be no guarantee that any strategy (risk management or otherwise) will be successful. All investing involves risk, including potential loss of principal.



### Important Information

This document contains general information about Phaeacian Global Value Fund. The information contained on this document does not constitute an offer or solicitation of an offer to make an investment into any fund managed by Phaeacian Partners. Market commentary, product information and performance data available is for informational purposes only and is not designed to contain information material to an investor's decision to invest in Phaeacian Global Value Fund.

**Prospectus offer:** *An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing or sending any money. This and other important information about the Funds can be found in the prospectus or summary prospectus which can be obtained at [www.phaeacianpartners.com](http://www.phaeacianpartners.com) or by calling (800) 258-9668 (toll free) or (312) 557-3523. Please read the prospectus or summary prospectus carefully before investing.*

**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.phaeacianpartners.com](http://www.phaeacianpartners.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](http://www.phaeacianpartners.com).

**Benchmark:** The MSCI All-Country World Index ex US is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging market countries excluding the United States. An investor cannot invest directly in an index. Comparison to the MSCI All-Country World Index ex US is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. Index returns do not reflect transactions costs, investment management fees or other commissions, fees and expenses that would reduce performance for an investor.

The Phaeacian Funds are distributed by Foreside Financial Services LLC.

## Find out more

---

### Client Services

E [sales@phaeacianpartners.com](mailto:sales@phaeacianpartners.com)

T 312-557-3523

[phaeacianpartners.com](http://phaeacianpartners.com)