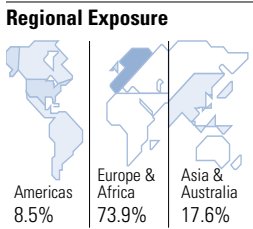
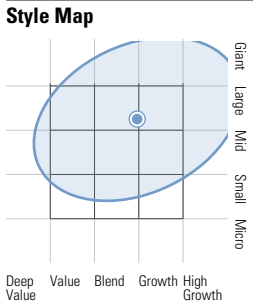


# Phaeacian Accent International Value Ins

## PPIVX

**Morningstar Analyst Rating**  
**Silver**  
 10 Nov 2020  
 18:13, UTC-0600

<b>Morningstar Category</b> US Fund Foreign Small/Mid Blend	<b>Category Index</b> MSCI World Ex USA SMID NR USD	<b>Total Assets</b> 289 Mil USD	<b>Inception Date</b> 12/01/11	<b>Domicile</b> USA	<b>Currency</b> USD	<b>Morningstar Rating</b> ★★★★★
--	--	---------------------------------------	-----------------------------------	------------------------	------------------------	------------------------------------



**People**

Pierre O. Py	12/11
Total Named Managers	1

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	<b>Performance 10/31/20</b>		
											Growth of 10,000 Annualized USD	Value USD	Ret %
											■ Fund	19,541	7.80
											■ Category	17,597	6.54
											■ Index	17,977	6.80
											▼ Full Manager Change ▽ Partial Manager Change ■ Bear Market		
											<b>Morningstar Rating</b> ★★★★★		
											Quartile Rank in Category		
											Percentile Rank in Category		
											# of Funds in Category		
											Total Return USD		
											+/- Category		
											+/- Index		
											<b>Process</b>		
											Equity Style Box		
											Asset Allocation		
											● Stock ● Bond ● Cash ● Other		
											Super Sector		
											→ Defensive		
											↘ Sensitive		
											↻ Cyclical		
											<b>Price</b> TER/OGC		

## Mostly smoother sailing.

### Analyst View

**Dan Culloton**, Director

**Morningstar Analyst Rating** **Silver**

#### Morningstar Pillars

Process Page 2-3		Above Average
Performance Page 4		Above Average
People Page 5		Above Average
Parent Page 6		Above Average
Price Page 7		Above Average

#### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

#### Analyst Rating Spectrum



Nov 11, 2020 | Phaeacian Accent International Value has the same high-conviction manager and process, but a new name and a Morningstar Analyst Rating upgrade to Silver.

This strategy changed its name and parent company in October 2020. Since its late-2011 inception it had been FPA International Value, but manager Pierre Py and his team broke from that Los Angeles-based fund family to start Phaeacian Partners with the backing of U.K.-based money manager Polar Capital.

That was a big move in a tumultuous year. The team and strategy, however, pulled it off without diminishing their Above Average People and Process ratings. Py works with the same team of three analysts he recruited and trained at FPA and can call on fellow FPA alum, Phaeacian Global Value co-manager, and firm partner Greg Herr. The team also still uses the same old-school, iconoclastic, bottom-up stock-picking approach that has produced streaky but strong results since December 2011. Furthermore, the squad set up its own shop while deftly negotiating one of the most

treacherous market environments in history.

The overall rating upgrade has more to do with the distribution of ratings among rivals in the fund's current foreign small/mid-blend Morningstar Category, but Py, his team, Polar, and FPA deserve kudos for navigating a fraught environment smoothly. Py and his colleagues demonstrated the discipline required to deliver on their simple yet demanding process. They entered the year worried about valuations with a large cash stake but pounced when global equity markets crashed in 2020's first quarter. They added more than two dozen new holdings, many of which helped the fund compete with peers and relevant benchmarks when equities rebounded. Successful picks ranged from Dutch specialty chemical company Koninklijke DSM NV to British industrial distributor Electrocomponents.

This strategy won't always look this good. Cash has been a drag in the past and can be again in the future. Its off-the-beaten-path stock picks can also take time to pay off. For the hardy, though, it has been worth the wait.

# Phaeacian Accent International Value Ins

PPIVX

**Morningstar Analyst Rating**  
 Silver  
 10 Nov 2020  
 18:13, UTC-0600

## Process: Approach

**Morningstar Category**  
 US Fund Foreign Small/Mid Blend

**Category Index**  
 MSCI World Ex USA SMID NR  
**Index Proxy**  
 USD

### Staying the course.

#### Process Pillar

Above Average

Nov 11, 2020 | This is an old-fashioned, bottom-up, benchmark-ignoring, cash-hoarding, concentrated, value-oriented contrarian approach. It's not for everyone, but manager Pierre Py's adherence to it helps earn the strategy an Above Average Process rating.

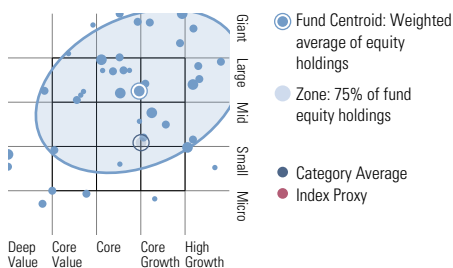
Py relies on fundamental research to find

25-35 companies with solid businesses, valuable assets, and promising management teams but with shares trading at 70% of their estimated intrinsic values. He builds a concentrated portfolio that often strays across market-cap and style boundaries, but it has demonstrated a consistent affinity for small- and mid-cap stocks.

Py primarily depends on extensive travel and company visits with his analysts to build an approved list of companies, the shares of which he'll buy when their prices look right. He bides his time learning about firms, their competitors, sup-

pliers, customers, and managements until valuations fall into his range. He allows cash to build if he cannot find stocks that fit his standards: Cash has averaged more than 30% of assets since inception. The fund will hedge currency exposure once the free cash flow exposure of its underlying holdings to any currency exceeds 10%. Py will concentrate assets in the fund's top holdings and own small, illiquid stocks and securities. He estimates capacity at \$3 billion-\$5 billion.

### Equity Style Box 09/30/2020



### Style Box Factors 09/30/2020

	Fund	3-Yr Avg	Category	Proxy
<b>Market Cap</b>				
Giant/Large	62.9	47.1	2.7	—
Mid	16.6	28.1	50.3	—
Small/Micro	20.6	24.8	47.0	—
Avg Market Cap Bil USD	17.3	9.0	2.4	—
<b>Value Measures</b>				
Price/Prospect. Earnings	25.6	17.7	16.9	—
Price/Book	2.4	2.4	1.5	—
Price/Sales	1.3	1.3	0.8	—
Price/Cash Flow	11.7	10.6	5.9	—
Dividend Yield	2.7	2.6	3.2	—
<b>Growth Measures</b>				
Long-Term Earnings %	9.7	11.6	11.7	—
Historical Earnings %	-5.1	1.4	4.0	—
Sales %	2.3	3.2	1.1	—
Cash Flow %	7.4	4.3	12.4	—
Book-Value %	9.0	5.0	4.3	—

### Income

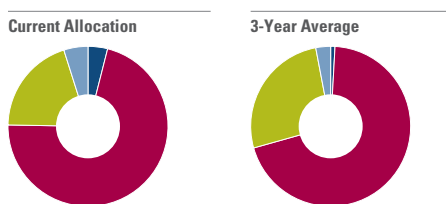
	Fund	3-Yr Avg	Category	Proxy
SEC Yield	—	—	—	—

SEC Yield surveyed —

30-day Unsubsidized Yield

30-day Yield surveyed —

### Asset Allocation 09/30/2020



### Regional Exposure 09/30/2020

Market Type	Equity %	Fund	3-Yr Avg	Category	Proxy
Developed		89.8	85.8	97.1	—
Emerging		10.2	14.2	2.9	—
<b>Top 5 Countries</b>	<b>Equity %</b>	<b>Fund</b>	<b>3-Yr Avg</b>	<b>Category</b>	<b>Proxy</b>
France		20.6	16.8	4.0	—
Netherlands		15.3	9.0	2.6	—
United Kingdom		14.9	24.3	13.4	—
Switzerland		7.4	6.3	4.8	—
Germany		7.0	7.1	5.4	—

### Economic Moat 09/30/2020

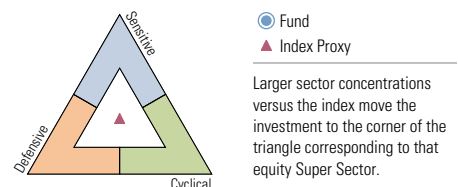
Moat Rating	Fund	3-Yr Avg	Category	Proxy
Wide Moat	43.0	30.4	4.8	—
Narrow Moat	37.2	37.2	39.1	—
No Moat	19.8	32.5	56.1	—
Coverage Ratio	50.5	34.1	11.0	—

### Key Ratios 09/30/2020

	Fund	3-Yr Avg	Category	Proxy
Net Margin %	7.5	9.3	13.0	—
ROA %	4.7	6.0	6.6	—
Debt/Total Capital %	35.2	31.1	28.3	—
ROE %	11.0	16.5	13.1	—

Assets %	Fund	3-Yr Avg	Category	Proxy
U.S. Equities	4.0	0.9	0.9	—
Non-U.S. Equities	71.3	69.8	97.7	—
Bonds	0.0	0.0	0.0	—
Cash	19.8	26.4	1.2	—
Other	4.9	3.0	0.2	—

### Sector Delta 09/30/2020



### Equity Sector Breakdown 09/30/2020


Sectors	Fund	3-Yr Avg	Category	Proxy
<b>Defensive</b>	<b>21.5</b>	<b>22.3</b>	<b>18.5</b>	—
Consumer Defensive	9.6	16.1	6.4	—
Healthcare	11.8	6.2	9.6	—
Utilities	0.0	0.0	2.6	—
<b>Sensitive</b>	<b>65.7</b>	<b>50.5</b>	<b>42.1</b>	—
Communication Serv.	20.9	6.3	5.1	—
Energy	0.0	0.0	1.5	—
Industrials	19.1	26.4	21.5	—
Technology	25.8	17.8	14.0	—
<b>Cyclical</b>	<b>12.8</b>	<b>27.2</b>	<b>39.3</b>	—
Basic Materials	8.8	9.1	8.0	—
Consumer Cyclical	1.9	13.1	12.6	—
Financial Services	2.1	4.7	9.6	—
Real Estate	0.0	0.2	9.1	—

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# Phaeacian Accent International Value Ins

PPIVX

**Morningstar Analyst Rating**  
 Silver  
 10 Nov 2020  
 18:13, UTC-0600


## Process: Portfolio

**Morningstar Category**  
 US Fund Foreign Small/Mid Blend

**Category Index**  
 MSCI World Ex USA SMID NR  
**Index Proxy**  
 USD

### Nimble sailing.

#### Process Pillar

 Above Average

Nov 11, 2020 | Manager Pierre Py started 2020 cautious, got aggressive, and grew wary again.

The fund's cash stake grew to more than 40% of assets in the first quarter as Py sold fully valued stocks. When the coronavirus slammed global markets, he bought hand over fist, adding a diverse passel of companies whose share prices

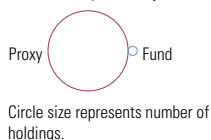
had suffered more than their underlying business values. Cash fell below 10% as Py shopped across sectors and market caps, including global consumer products conglomerate Unilever, and specialty chemical company Koninklijke DSM NV, eyeglass seller GrandVision NV, and medical diagnostic company Royal Phillips NV from the Netherlands. Py shed companies whose business models had been upended by the coronavirus shut-down, such as Irish airline Ryanair Holdings, French commercial caterer Sodexo, and Australian daycare provider G8 Education. He also sold Allied

Irish Bank and U.K. funeral home chain Dignity PLC at losses, because their businesses had withered under intense regulatory scrutiny. Fundamentals and valuations drove trades rather than broader region, sector, or market-cap exposures; as a result, the fund had huge overweightings in developed Europe and the tech and communications sectors.

Many of the first- and second-quarter picks rallied with the markets after their March lows, prompting Py to trim again, pushing cash back toward 20% in September 2020.

### Similarity to Index Proxy —

#### Index Proxy Overlap



Number of Equity Holdings	
Fund	40
Index Proxy	3,052
Fund Overlap With Index Proxy	
Holdings Overlap	—
Asset Overlap	—

#### Largest Common Holdings

Fund % Proxy %

#### Largest Distinct Holdings

Fund %

### Portfolio Holdings 09/30/20

Current Portfolio Date	Previous Portfolio Date	Equity Holdings	Bond Holdings	Assets in Top 10 Holdings	Turnover Ratio (Reported)
09/30/20	06/30/20	40	0	34%	88%

Top 10 Holdings	Country	Assets % 09/30/20	Assets % 06/30/20	Proxy % 09/30/20	First Bought	Days Trading	Morningstar Rating for Stocks	Economic Moat	Sector	1-Yr Total Ret %
✳ OTHER COMMON STOCK (LONG)	—	4.88	—	—	—	—	—	—	—	—
⊖ Tencent Holdings Ltd	CHN	3.67	3.90	—	03/19	<1	★★★	Wide	Communication Serv.	84.60
⊕ ISS A/S	DNK	3.58	3.61	—	12/19	<1	—	—	Industrials	-52.69
⊕ Ubisoft Entertainment	FRA	3.39	3.26	—	09/19	<1	★★★	Narrow	Communication Serv.	43.07
⊕ Alcon Inc	CHE	3.20	1.90	—	12/19	<1	—	Narrow	Healthcare	-10.57
⊕ Essilorluxottica	FRA	3.12	1.83	—	12/18	<1	★★★	Wide	Healthcare	-22.37
✳ Hexpol AB B	SWE	3.07	—	—	09/20	1	—	—	Basic Materials	-8.84
⊖ Capgemini SE	FRA	3.03	3.31	—	03/18	<1	★★★	None	Technology	-0.46
⊖ Adyen NV	NLD	2.97	2.67	—	06/20	<1	★★	Wide	Technology	129.98
⊕ Electrocomponents PLC	GBR	2.97	2.70	—	03/20	1	—	—	Industrials	0.76

Change since last portfolio: ⊕ Increase ⊖ Decrease ✳ New

New Holdings Largest Purchases	% Assets	Sector	Eliminated Holdings Largest Sales	% Assets	Sector	Largest Position Changes	Current %	Prior %
OTHER COMMON STOCK (LONG)	4.88		Northern Data AG	2.94	Technology	✳ Hexpol AB B	3.07	0.00
Hexpol AB B	3.07	Basic Materials	Valmet Corp	2.81	Industrials	⊖ ALS Ltd	0.80	2.81
Alicorp SA	1.53	Industrials	YouGov PLC	2.03	Technology	⊖ Northern Data AG	0.00	2.94
SGS AG	0.86	Industrials	Metso Outotec Corp	1.43	Industrials	⊖ Valmet Corp	0.00	2.81
			DSV Panalpina AS	1.30	Industrials	⊖ YouGov PLC	0.00	2.03

# Phaeacian Accent International Value Ins

PPIVX

**Morningstar Analyst Rating**  
 Silver  
 10 Nov 2020  
 18:13, UTC-0600

## Performance

**Morningstar Category**  
 US Fund Foreign Small/Mid Blend

**Category Index**  
 MSCI World Ex USA SMID NR USD

### Lumpy but rewarding.

#### Performance Pillar

Nov 11, 2020 | This strategy has delivered lumpy but decent risk-adjusted returns.

Relative to its current foreign small/mid-blend Morningstar Category, this fund looks decent. Its 7.8% gain from January 2012 through October 2020 beat the peer group's 6.8% mean and the MSCI World ex USA SMID Index's 7.1% gain.

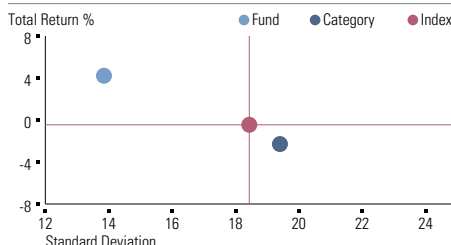
The strategy and its manager don't pay much attention to benchmarks or style-based peer groups. In truth, this fund is different. It often has a big cash stake and a distinct portfolio, consistent with manager Pierre Py's intent: achieving competitive absolute returns over a full market cycle with a concentrated, value-oriented, go-anywhere approach. Measured against that goal, results look solid. From January 2012 through October 2020, the fund has beaten its prospectus benchmark, the MSCI All Country World Index ex USA, which has advanced 5.2%. The fund's average market cap

since inception has been lower than that of the benchmark, and its results have been closer to small-cap non-U.S. bogies. Its risk-adjusted results are much more competitive with relevant benchmarks and peer groups. It also beats the MSCI ACWI ex USA and MSCI ACWI ex USA SMID when they are coupled with a 30% cash stake. It also lost far less than benchmark and peers in 2020's coronavirus-driven sell-off and participated enough in the rebound to rank at the category's top for the year ended October 2020.

#### Morningstar Rating and Risk 10/31/2020

Period	Load-Adj Return %	Morningstar Ret vs Cat	Morningstar Risk vs Cat	Morningstar Rating
3 Years	4.21	High	Low	★★★★★
5 Years	7.89	High	Low	★★★★★
10 Years	—	—	—	—
<b>Overall Rating</b>				★★★★★

#### 3-Year Return and Risk Analysis 10/31/20

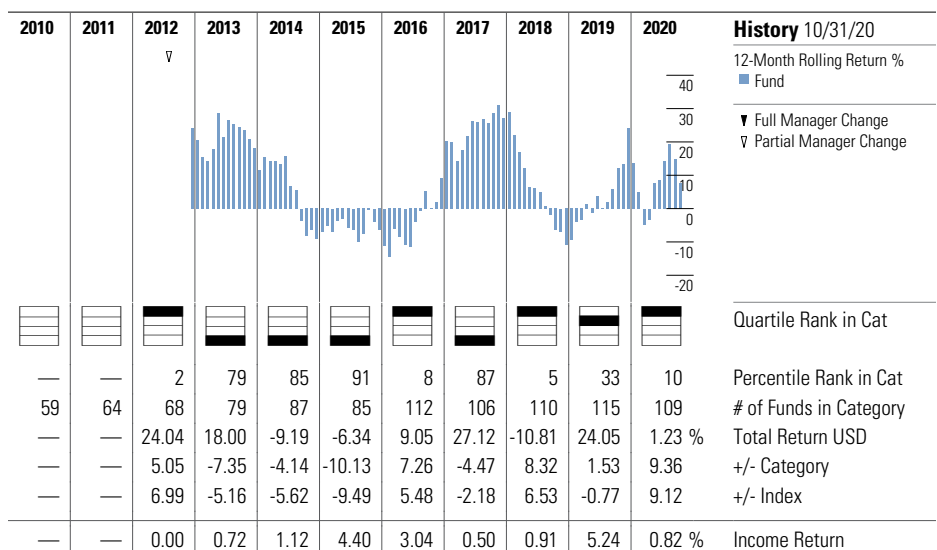


#### Return/Risk Analysis 10/31/2020

	Fund	Category	Index
Standard Deviation	13.85	19.40	18.43
Sharpe Ratio	0.25	-0.10	-0.02
R-Squared	88.40	91.16	—
Beta	0.80	1.14	—
Alpha	3.85	-1.49	—

#### Maximum Drawdown

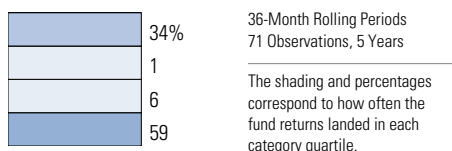
	Fund	Category	Index
Max Drawdown (%)	—	-22.94	-20.96
Peak Date	—	02/18	02/18
Valley Date	—	12/18	12/18
Max Drawdown (Months)	—	11	11



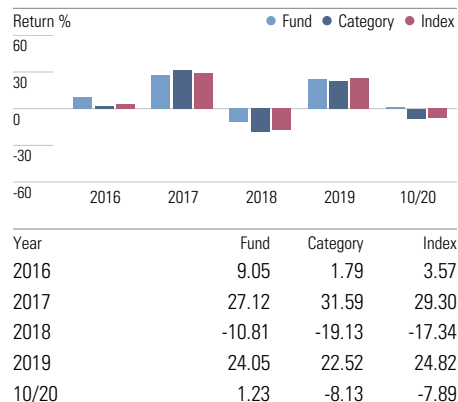
#### Trailing Returns (Annualized) 10/31/2020

	Total Ret %	Investor Ret %	% Rank in Cat	Cat Ret %	Index Ret %
1 Year	7.68	—	12	-1.99	-2.44
3 Years	4.21	—	1	-2.29	-0.46
5 Years	7.89	—	1	3.84	4.67
10 Years	—	—	—	4.88	5.21
Tenure 12/11	7.80	—	—	6.54	6.80
Inception 12/11	7.80	—	—	6.54	6.80

#### Rolling-Returns Summary 10/31/2020




#### Calendar Year Returns



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## People

**Morningstar Category**  
 US Fund Foreign Small/Mid Blend

**Category Index**  
 MSCI World Ex USA  
 SMID NR USD

### Enough for the job.

#### People Pillar

 Above Average

Nov 11, 2020 | Pierre Py, lead manager here since the fund's inception, has set up his own shop but still has the skill and support to merit an Above Average People rating.

Py, who joined FPA in 2011 to launch this strategy, started his own firm, Phaeacian Partners, with the help of U.K.-based Polar Capital and FPA

in the second half of 2020. He manages this strategy with the same team he built.

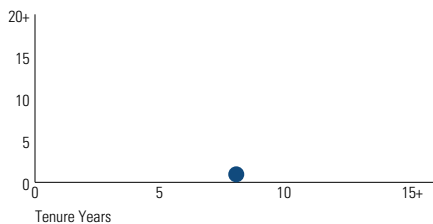
Py and his small squad have demonstrated commitment, experience, and skill with this fund's high-conviction process. He is a former analyst at Harris Associates--the subadvisor to Gold-rated Oakmark International OAKIX--and started this strategy with fellow Harris alum Erik Bokota in 2011. Bokota left less than a year later.

There have been other changes since then, but none since 2017. The three-person analyst bench includes Jason Dempsey, who joined in

2013 from Artisan Partners; John Madden, a former analyst at NWQ Investment Management and Tradewinds Global Investors who joined in October 2016; and John Harris, who arrived from Brandes Investment Partners in 2017. Former analyst Victor Liu came from Causeway Capital Partners in 2013 but went back in 2015. Greg Herr, Py's comanager at world-stock fund Phaeacian Global Value PPGVX, helps Py out and is a Phaeacian co-owner. The team averages more than 13 years of experience. Both Py and Herr invest in this fund.

### Experience and Asset Load

Total AUM Bil USD in Funds Managed



### Management Team

Number of Managers	Longest Tenure	5-Year Manager-Retention Rate (Firm-wide)	Largest Manager Investment in Fund
1	8.92 Years	100%	More than 1 Mil USD

**Advisor**  
 Phaeacian Partners LLC

**Subadvisor**  
 —

### ● Pierre O. Py 12/11 to Present

<b>Years of Experience</b> 8	<b>Investment in Fund</b> More than 1 Mil USD
<b>Fund AUM</b> 442 Mil USD	<b>Current Funds Managed</b> 2

Largest Funds Managed	Tenure Dates	Role	Fund Size Mil USD	Investment Mil USD	Turnover Ratio Avg	Tenure Ret %	Index Ret %
Phaeacian Accent International Value Fd	12/11to Present	Lead	289.48	>1	74	7.80	6.80
Phaeacian Global Value Fund	11/11to Present	1 of 2	152.78	<0.05	55	9.19	9.36

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## Parent

**Morningstar Category**  
 US Fund Foreign Small/Mid Blend

**Category Index**  
 MSCI World Ex USA  
 SMID NR USD

### A strong manager line-up contributes to an Above-Average view

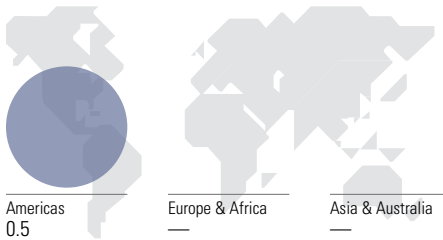
**Parent Pillar** ● Above Average

Jul 30, 2020 | Polar Capital is a specialist asset manager offering a number of different geographical and sector strategies and featuring a strong range of portfolio managers. It was founded in 2001 by former Henderson managers Tim Woolley and Brian Ashford-Russell and has been built out over time via the addition of new teams as well as

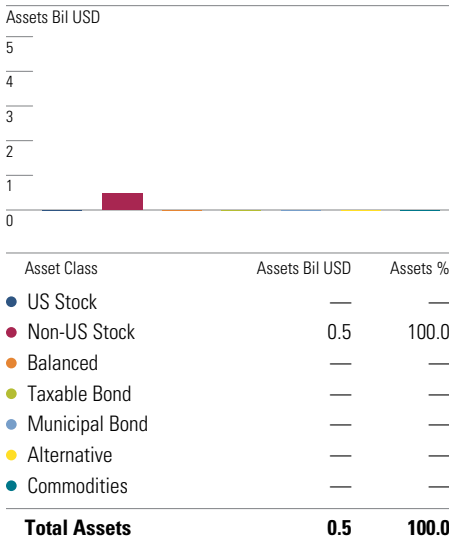
the development of new strategies internally. Teams within Polar operate as individual units and are given autonomy to apply their respective investment processes as appropriate, while benefiting from central monitoring on the risk side as well as receiving centralised compliance, legal, and distribution services. Retention of investment talent has generally been strong, and succession planning has been managed in a sensible and orderly fashion, providing consistency for investors. Polar's Technology strategy accounts for a significant proportion of total firm assets (over 40% as

of March 2020), which brings concentration risk, but the group acknowledges this and has been mindful of the stability of the Technology team. The firm also continues to diversify its asset base by bringing in experienced teams and developing new strategies within its existing circle of competence in-house. The most recent example of the former was the announcement in February 2020 of the agreement to acquire the International Value and World Value equity team from First Pacific Advisors.

### Assets By Region, By Domicile Bil USD



### Asset Class Breakdown United States



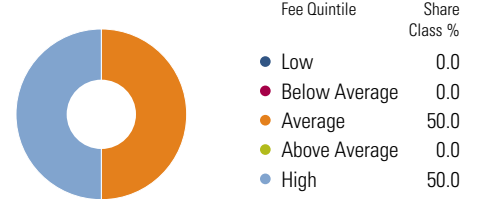
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10/2020	Flows and Growth United States	
Net Flows Mil USD											Growth Rate %	
720											120	
540											90	
360											60	
180											30	
0											0	
-180											-30	
-360											-60	
-24.1	-12.8	15.1	197.9	164.4	-193.8	-64.7	-87.8	-23.1	-13.3	—	Quarterly Net Flows USD	
268.9	246.2	301.9	586.1	663.0	437.4	411.0	433.7	366.5	445.2	—	Growth Rate %	
-10.0	-4.8	6.1	65.6	28.1	-29.2	-14.8	-21.4	-5.3	-3.6	—	Net Flows USD Mil	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	—	Total Net Assets USD Mil	
											—	Growth Rate
											—	Industry Market Share

### Fund Family Details United States

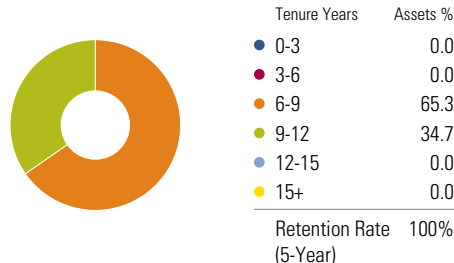
#### Morningstar Rating Breakdown



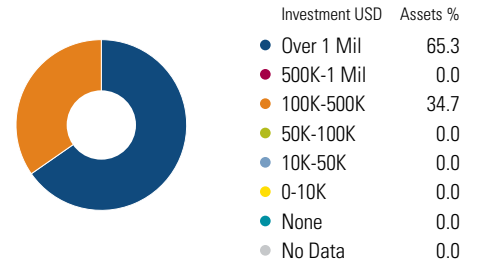
#### Fee Quintile Breakdown



#### Manager Tenure




#### Manager Ownership



# Phaeacian Accent International Value Ins

PPIVX

**Morningstar Analyst Rating**  
 Silver  
 10 Nov 2020  
 18:13, UTC-0600

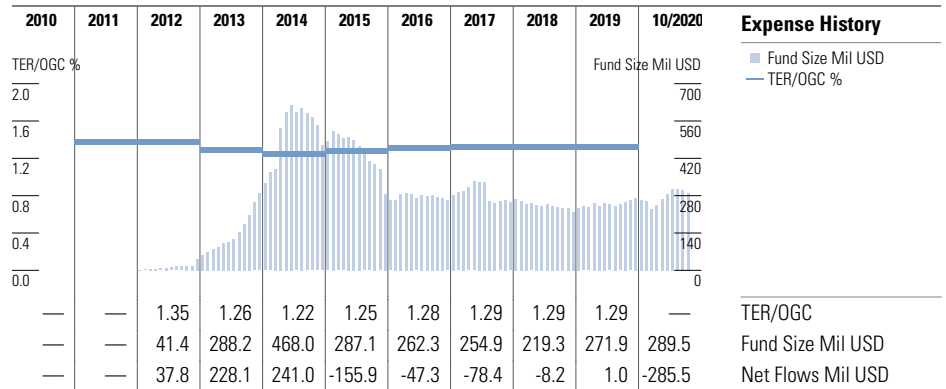
## Price

**Morningstar Category**  
 US Fund Foreign Small/Mid Blend

**Category Index**  
 MSCI World Ex USA SMID NR USD

### Price Pillar

Nov 11, 2020 | It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's second-costliest quintile. That's poor, but based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we still think this share class will be able to overcome its high fees and deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Silver.



### Expense Breakdown

Net Expense Ratio	%
Annual Report 12/31/19	1.29
Prospectus 04/30/20	1.29
Selected Components	
Management Actual	1.00
12b-1 Fee	—
Brokerage Commission (% of Avg Net Assets)	0.28
Category Average	—
Tax Cost Ratio (3-Year)	0.81
Potential Capital Gains Exposure	2

### Fee Level

Fee Level	Peer Group
Avg	Foreign Small/Mid Cap No Load
Fee Level Breakpoints	
High	>1.46
Above Average	1.37-1.46
Average	1.20-1.37
Below Average	1.06-1.20
Low	<1.06
◀ Fund	1.29
◀ Peer Median	1.28

### Share Class Information

Share Class	Identifier	Status	Expense Ratio	Fee Level	Peer Group	12b-1 Fee	Front Load	Deferred Load	Minimum Initial Inv	Assets Bil USD	1-Yr Flow Mil USD
Other	PPIVX	Open	1.29	Avg	Foreign Small/Mid Cap No Load	—	—	—	1,500	0.32	-283.87



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## Morningstar Analyst Rating

	2018	2019	2020
Gold			
Silver			
Bronze			
Neutral			
Negative			
Under Review			
Not Ratable			

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## The Five (5) Pillars

Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

### People

The overall quality of a fund's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a fund's investment team requires that analysts assess several relevant items including how key decisions are made.

### Parent

We believe the parent organization is of utmost importance in evaluating funds. The fund's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

### Process

We look for funds with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

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We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a fund is delivering to our expectations.

#### Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a fund is penalised for high fees or rewarded for low fees can vary with region. In Europe, for example, funds are penalised if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using annual expense ratios, but in the case of funds with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.

#### Morningstar Analyst Ratings

Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken.

#### Gold

Represents funds that our analyst has the highest-conviction in for that given investment mandate. By giving a fund a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). To earn a Gold rating, a fund must distinguish itself across the five pillars that are the basis for our analysis.

#### Silver

Represents funds our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these funds will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

#### Bronze

Represents funds that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these funds to beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

#### Neutral

Represents funds in which our analysts don't have a strong positive or negative conviction. In our judgment, these funds are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

#### Negative

Represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance, such as high fees or an unstable management team. Because of these faults, we believe these funds are inferior to most competitors and will likely underperform their relevant performance benchmark and/or peer group, within the context of the level of risk taken, over a full market cycle.

Morningstar may also use two other designations in place of a rating:

#### Under Review

This designation means that a change that occurred with the fund or at the fund company requires further review to determine the impact on the rating.

#### Not Ratable

This designation is used only where we are providing a report on a new strategy or on a strategy where there are no relevant comparators, but where investors require information as to suitability.

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#### Equity-Related Data Points

The Report lists the fund's top ten holdings as of the dated noted. For each underlying holding, a series of data points is provided including, where applicable, that security's Economic Moat as of the date noted.

#### Economic Moat

The concept of an economic moat plays a vital role in our equity analyst's qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of its fair value estimate. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a *narrow moat* are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. *Wide-moat* companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, *no-moat* companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

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