



FPA Global Equity ETF

Fourth Quarter 2022 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, by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

Average Annual Total Returns (%)

Trailing Performance (%)

As of Date: 12/31/2022	Since Inception	YTD	QTD	MTD	2022	2021*
FPA Global Equity ETF - NAV	-14.94%	-17.52%	12.54%	-3.76%	-17.52%	2.44%
FPA Global Equity ETF - Market Price	-15.06%	-17.89%	11.78%	-4.16%	-17.89%	2.76%
MSCI ACWI NR	-16.19%	-18.36%	9.76%	-3.93%	-18.36%	1.93%

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 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 2.25%. 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 through January 31, 2024, and to 0.59% for the subsequent one-year period ending January 31, 2025. 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 and the expense limits in place at the time of recoupment. This agreement may be terminated by the Board of Trustees only 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 Northern Lights Distributors, LLC, member FINRA/SIPC. First Pacific Advisors, LP, the Fund's advisor, is not affiliated with Northern Lights Distributors, LLC.



Dear Shareholders:

Performance Overview

The FPA Global Equity ETF (“Fund” or “FPAG”) gained 12.54%, net, for the quarter but declined 17.52%, net, for the trailing twelve months.

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

Exhibit A: Performance versus Illustrative Indices¹

	Q4 2022	Trailing 12-month
FPA Global Equity ETF (NAV)	12.54%	-17.52%
MSCI ACWI NR	9.76%	-18.36%

The meaningful and prolonged market decline in 2022 means the S&P 500 market cycle that began in October 2007 has *finally* ended. This was the longest bull market in recent memory, surpassing even 1987-2000.²

Exhibit B: Most Recent S&P 500 Market Cycle Performance³

	10/10/2007-1/3/2022
S&P 500	10.43%
MSCI ACWI	6.33%
50% S&P 500 / 50% MSCI ACWI	8.38%
MSCI ACWI Value	3.89%
MSCI ACWI Growth	8.68%
CPI	2.10%

¹ 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.

² As of December 31, 2022. Source: Yardeni Research. <https://www.yardeni.com/pub/sp500corrbeartables.pdf> Note: We do not include 2020 as a “bear” market because the decline lasted less than 2 months. <https://fpa.com/docs/default-source/default-document-library/2015-04-29-market-cycle-performance-final.pdf?sfvrsn=2>. The market cycle ended on January 3, 2022 for the S&P 500, where we define a market cycle as, peak to peak, a period that contains a decline of at least 20% from the previous market peak over at least a two-month period and a rebound to establish a new peak above the prior market peak.

³ Source: Morningstar, FPA. Market Cycle Performance reflects the most recent S&P 500 Index market cycle (peak to peak) where market cycle is defined in footnote 2 above. Comparison to any index is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives.

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

Portfolio discussion⁴

The top contributors to and detractors from the Fund's returns are listed below.

*Exhibit C: Contributors and Detractors as of December 31, 2022*⁵

Contributors	Perf. Cont.	Avg. % of Port.	Detractors	Perf. Cont.	Avg. % of Port.
QTD					
American International Group	1.41%	4.8%	Amazon	-0.83%	2.6%
Holcim	1.22%	5.3%	Alphabet	-0.73%	7.8%
Broadcom	0.93%	3.5%	Meta Platforms	-0.32%	2.1%
Comcast	0.86%	4.5%	CarMax	-0.14%	1.8%
Glencore	0.85%	3.4%	Uber Technologies	-0.08%	0.9%
	5.27%	21.5%		-2.09%	15.3%
TTM					
Glencore	1.03%	3.4%	Alphabet	-3.50%	8.5%
American International Group	0.60%	4.4%	Meta Platforms	-2.87%	2.9%
Activision Blizzard	0.47%	1.3%	Charter Communications	-1.80%	3.1%
Howmet Aerospace	0.43%	2.1%	Comcast	-1.60%	4.9%
Swire Pacific	0.36%	0.9%	Amazon	-1.32%	2.5%
	2.89%	12.2%		-11.09%	22.0%

American International Group (AIG; 5.2% of net assets as of 12/31/2022) successfully IPO'd a portion of its life business, an important step on the way to becoming a pure property & casualty company. The company's general insurance operations demonstrated another year of improved underwriting and profitability.⁶

Amazon (AMZN; 2.2% of net assets as of 12/31/2022) declined in price during the year as it became apparent that, having doubled the footprint of the company's retail infrastructure coming out of Covid, the company had expanded too aggressively.⁷ The investment community is similarly concerned that the company's cloud business, AWS, is likely to be negatively impacted by general economic malaise, which would result in a growth rate lower than that of the recent past. Taking a long-term view, we envision both AWS and retail growing over the coming years, complemented by a high margin advertising business. Looking forward, we expect the company to benefit from positive operating leverage under the keen eye of CEO Andy Jassy, who has proven himself as a results-oriented leader in his former position as head of AWS. Though the valuation looks rather rich at the moment on near-term results, if we are correct in our thesis, the valuation at present prices will look to have been a bargain in hindsight.

Markets & Economy

In an effort to tame 2022's high inflation (6.5% in the US and 8.9% globally), Central Banks forcefully reacted by increasing interest rates, with the US Fed Funds rate increasing during the year from 0.25% to 4.33%. 1-year US Treasury Bills followed suit, increasing from 0.38% to 4.49%.⁸ An increase of more than 4 percentage points was the largest increase since 1980.⁹ While interest rates were bound to eventually increase, we just as

⁴ 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 fpa.fpa.com.

⁵ Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the quarter to date (QTD) and 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. 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.

⁶ <https://www.reuters.com/markets/us/aig-unit-corebridge-raises-17-blm-years-largest-ipo-2022-09-14/>

⁷ <https://www.businessinsider.com/amazon-warehouse-expansion-slowed-still-towers-over-competitors-2022-12>

⁸ Source: Bureau of Labor Statistics, Euromonitor International. As of December 31, 2022.

⁹ Source: FRED. As of December 31, 2022.

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

well could have argued that might have occurred years earlier. Interest rates are the price of money – effectively the price paid for its use for a prescribed period of time. The higher the rate/price, the lower the asset value – all else being equal. This largely explains 2022's declines in both stocks and bonds. While stocks had their worst year since 2008, bonds failed to offer the protection to which investors have become accustomed to for these past four decades with the Bloomberg US Aggregate Bond Index declining -13.0% last year.¹⁰ This has led to the return of some market rationality. Even negative yielding bonds disappeared for the first time since 2010.¹¹

While interest rates will always be a driver of returns, along with the inextricably linked economic growth and pace of inflation, your portfolio managers have greater clarity of how the companies in which we invest on behalf of the Fund might perform over time than we do of macroeconomic considerations. Very few have exhibited consistent and long-term success in trading the market predicated on such global variables.

US stock valuations are trading about in line with their 25-year average as can be seen in the table below.

Exhibit D: S&P 500 Valuations¹²

	Year-end 2022	25-year Avg.
Forward P/E	16.7x	16.8x
Shiller's P/E (CAPE)	28.0x	27.9x
Dividend Yield	1.8%	2.0%
Price to book	3.8x	3.1x
Price to cash flow	12.4x	11.2x*

Stock valuations outside the US continue to trade less expensively as noted in the table below.

Exhibit E: Global Forward P/E Ratios¹³

	Year-end 2021	Year-end 2022	25-year Avg.
US	21.2x	16.7x	16.8x
Japan	14.7x	12.2x	19.7x
Europe	14.6x	11.9x	14.9x
Emerging Markets	11.8x	11.7x	11.8x
China	11.7x	10.8x	12.5x

While we cannot predict the future, we would not be surprised if additional economic weakness occurs prior to a sustained market rebound.

¹⁰ Source: Bloomberg. As of December 31, 2022.

¹¹ Source: Financial Times, Bloomberg. As of December 31, 2022. There were no negative yielding bonds (> 1 year maturity) per Bloomberg at year-end 2022. <https://www.ft.com/content/35779b15-ca04-441a-bc3f-507b030ed45f>

¹² As of December 31, 2022. Source: Factset, Federal Reserve Bank, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management Guide to the Markets. 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. * Note: Price to cash flow is a 20-year average due to cash flow data availability. Please refer to the Important Disclosures for definitions of key terms and representative indices used for each geographic market shown in the table.

¹³ As of December 31, 2022. Source: Factset, MSCI, Standard & Poor's, J.P. Morgan Asset Management Guide to the Markets. 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. The Fund does not include outperformance of any index or benchmark in its investment objectives. Please refer to the Important Disclosures for definitions of key terms and representative indices used for each geographic market shown in the table.

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

[Portfolio profile](#)¹⁴

There were 43 equity positions in the Fund, with the top 5 holdings comprising 27.8% and the top 10 comprising 45.4% of the total portfolio as of December 31, 2022. The Fund's top three sectors, based on GICS sector classification, were Communication Services (21.2%), Financials (17.8%), and Materials (13.6%). The portfolio has been able to find opportunity outside of the US and currently has 41.7% non-US exposure and 59.4% exposure in the US.¹⁵ However, 57.5% (as a percentage of equity) of the portfolio companies' revenues is non-US.¹⁶

Closing

We think lower valuations help position us to take advantage of any continued market weakness. We hope to "lean in" to price declines with the goal of driving market-beating returns over a full market cycle.

Thank you for your support. We don't take it cavalierly that you have entrusted a portion of your capital to us to steward. It is up to us – from one market cycle to the next – to repeatedly earn that trust. Uncovering, researching, and selecting the securities across geographies that might best serve the Fund forms the foundation of our quotidian existence.

Respectfully submitted,

FPA Contrarian Value Equity Team
February 15, 2023

¹⁴ As of December 31, 2022. 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. Sector classification scheme for equities reflects GICS (Global Industry Classification Standard).

¹⁵ Exposure is based on country of domicile by geography.

¹⁶ 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 insight into the portfolios' geographic diversification.

Past performance is no guarantee, nor is it indicative, of future results. Portfolio holdings are subject to change at any time and should not be considered investment advice.

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 manager 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 Depository 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.

The FPA Global Equity ETF is distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. First Pacific Advisors, LP, the Fund's advisor, is not affiliated with Northern Lights Distributors, LLC.

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 NR 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.

MSCI ACWI Value Index captures large and mid-cap securities exhibiting overall value style characteristics in Developed Markets countries and Emerging Markets countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

MSCI ACWI Growth Index captures large and mid-cap securities exhibiting overall growth style characteristics across Developed Markets (DM) countries and Emerging Markets (EM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

S&P 500 Index includes a representative sample of 500 hundred companies in leading industries of the U.S. economy. The Index focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, but is also considered a proxy for the total market.

Consumer Price Index (CPI) is an unmanaged index representing the rate of the inflation of U.S. consumer prices as determined by the U.S. Department of Labor Statistics. The CPI is presented to illustrate the Fund's purchasing power against changes in the prices of goods as opposed to a benchmark, which is used to compare the Fund's performance. There can be no guarantee that the CPI will reflect the exact level of inflation at any given time.

Other definitions

Dividend yield, expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price.

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.

Price to Book is used to compare a firm's market capitalization to its book value. It's calculated by dividing the company's stock price per share by its book value per share (BVPS). An asset's book value is equal to its carrying value on the balance sheet, and companies calculate it netting the asset against its accumulated depreciation.

Price-to-cash flow (P/CF) ratio is a stock valuation indicator or multiple that measures the value of a stock's price relative to its operating cash flow per share.

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