Fuller & Thaler Behavioral Small-Cap Equity Fund Commentary

"The crazy thing is thinking humans always act logically."

- Dr. Richard Thaler
Principal, Fuller & Thaler Asset Management
2017 Nobel Prize® Winner

The Big Short (2015)[1]

Firm Facts

Since 1993	**$11.9 B**
100% employee-controlled	**In Assets**[2]

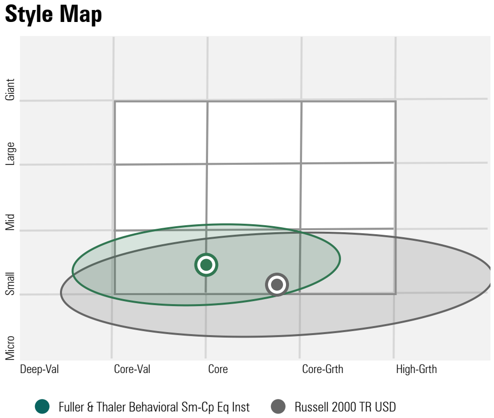
Fund Facts

Ticker	FTHSX
Morningstar Category	US Fund Small Blend
Primary Prospectus Benchmark	Russell 2000 TR USD
Inception Date	9/8/2011
Morningstar Rating Overall	★★★★★
Morningstar Rating 3 Yr	★★★★
Morningstar Rating 5 Yr	★★★★★
Annual Report Gross Expense Ratio	0.79%
Annual Report Net Expense Ratio	0.79%
Investment Minimum	$ 100,000

True Active Management	**93% Active Share**

Portfolio Date	11/30/2020
# of Holdings	116
% Asset in Top 10 Holdings	27.53
Average Market Cap (mil)	3,171.79
P/E Ratio (TTM)	17.18
P/B Ratio (TTM)	2.00
ROE % (TTM)	14.38

Style Map



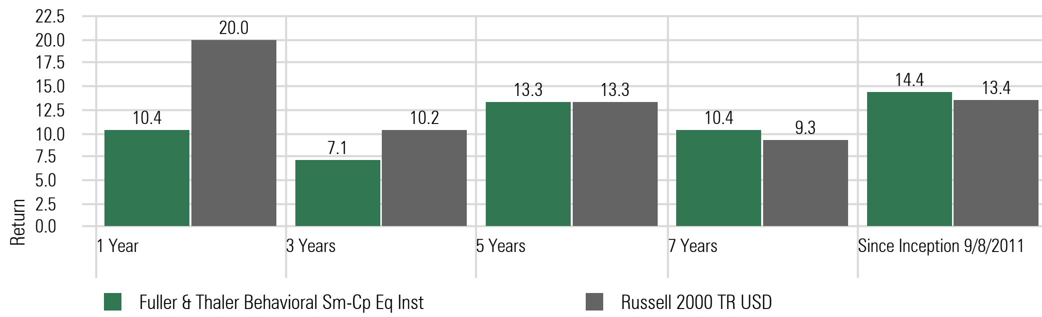
FUND HIGHLIGHTS

Fuller and Thaler's U.S. small-cap blend mutual fund seeks long-term capital appreciation with similar risk levels and characteristics to its benchmark, the Russell 2000.

- Aims to capitalize on behavioral biases that may cause the market to over-react to old, negative information or under-react to new, positive information.

- Looks for companies with:
  - significant insider buying or stock repurchases (over-reaction)
  - large earnings surprises (under-reaction)

Trailing Returns[5]



Annualized Trailing Returns

	1 Year	3 Years	5 Years	7 Years	Since Inception 9/8/2011
Fuller & Thaler Behavioral Sm-Cp Eq Inst	10.38	7.07	13.33	10.43	14.41
Peer group percentile	56	45	10	3	3
+/- Benchmark	-9.58	-3.18	0.07	1.09	0.98
Russell 2000 TR USD	19.96	10.24	13.25	9.34	13.44

The FTHSX was ranked inthe Morningstar US Equity Small Cap Blend category as of 12/31/20 for the following time periods: one year: 381 out of 680 funds, three-year: 294 out of 662 funds, five-year: 58 out of 625 funds, seven-years 15 our of 574 funds, and since inception: 20 out of 513 funds. Rankings are for the Institutional Share Class (FTHSX) only. Different share classes may have different rankings.

Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For performance current to the most recent month end, call 1-888-912-4562.

Sector Allocation*

Portfolio Date: 11/30/2020	
Basic Materials %	3.6
Consumer Cyclical %	8.0
Financial Services %	17.2
Real Estate %	4.3
Consumer Defensive %	4.6
Healthcare %	13.6
Utilities %	3.3
Communication Services %	0.6
Energy %	0.7
Industrials %	21.5
Technology %	22.6

Top 10 Holdings*

Portfolio Date: 11/30/2020

	Port Wt %
Jabil Inc	3.34
EMCOR Group Inc	3.31
J2 Global Inc	3.28
Kemper Corp	3.07
BMC Stock Holdings Inc	3.05
Synnex Corp	2.58
Bruker Corp	2.53
Amkor Technology Inc	2.16
MasTec Inc	2.13
Medpace Holdings Inc	2.08

**Holdings subject to change without notice. Current and future portfolio holdings are subject to risk.*

The Behavioral Edge®

Source: Morningstar Direct

INVESTMENT PROCESS OVERVIEW

As of 12/31/2020

Our investment process is based on decades of research into behavioral finance.

Behavioral finance is the study of how investors *actually* behave, as opposed to how they *should* behave, when making investment decisions. Professional investors are human, and like all humans, they make mistakes. Investors make mistakes because they have emotions, use imperfect rules-of-thumb, and have priorities beyond risk and return. We look for those mistakes. We predict when other investors – the "market" – have likely made a behavioral mistake, and in turn, have created a buying opportunity.

There are two kinds of mistakes that produce buying opportunities: *over-reaction* and *under-reaction*. Other investors may *over-react* to bad news and losses (e.g., panic). Or they may *under-react* to good news (e.g., not pay attention). At the individual stock level, we search for events that suggest these types of investor misbehavior. If these behaviors are present, we then check fundamentals. In summary, if an investor mistake is likely and the company has solid fundamentals—we buy the stock.

While investors make mistakes in asset classes of all types and sizes, we believe they make even more mistakes in small-cap stocks. Why? Small-cap stocks receive less attention, making mistakes even more likely. Furthermore, there are four times more small-cap stocks than large-cap stocks—providing four times the opportunity set. Our fund invests in a portfolio of U.S. small-cap stocks and delivers similar risk characteristics to the Russell 2000. It is our unique behavioral driven investment process that provides an opportunity to outperform.

QUARTER IN REVIEW

The Fuller & Thaler Behavioral Small-Cap Equity fund was up 22.8% (net) for the quarter ended December 31, 2020. The small-cap US equity benchmark, the Russell 2000® Index was up 31.4%.

M&A Activity: In Q4, one of our holdings received an acquisition offer:

- Monmouth Real Estate is an industrial REIT that owns buildings with investment-grade, ecommerce tenants. We bought Monmouth in March of this year because we thought investors were *over-reacting* to the pandemic's impact on Monmouth's business, as evidenced by insider buying. The stock rose this year, and in December, Monmouth received an acquisition offer at a 17% premium.

Contributors: Our top three contributors to performance for the quarter:

- **Mastec** is an infrastructure construction company, specializing in both communications and energy. We originally bought Mastec in 2019 because we thought investors were both *under-reacting* to their earnings surprises driven by the construction of 5G wireless towers, and *over-reacting* to energy headwinds, as evidenced by management decision to buy back shares of the company. In Q1, Mastec stock was one of our worst performers, despite solid sales and earnings, and we added to our position. In Q2 and now Q4, Mastec was one of our best performers, as oil prices rebounded. We continue to have conviction in the stock.
- **J2 Global** is a serial acquirer of internet and cloud-based businesses, anchored by eFax. We believed investors were *under-reacting* to their track record of successfully acquiring and then producing profits out of branded businesses. In Q4, J2 Global had their best quarter ever, despite the pandemic, crushing both analyst forecasts and internal forecasts. We continue to have conviction in the stock.
- **Emcor Group** provides construction and building services for electrical, mechanical, fire-protection and HVAC within buildings. We originally bought Emcor in 2019 because we thought investors were both *over-reacting* to headwinds in the construction industry, as evidenced by their decision to buy back shares, and *under-reacting* to Emcor's specific opportunities after surprising analysts by delivering record quarterly revenue and EPS. In Q4, Emcor continued to raise their guidance and investors responded favorably. We continue to have conviction in the stock.

Detractors: Our top three detractors to performance for the quarter:

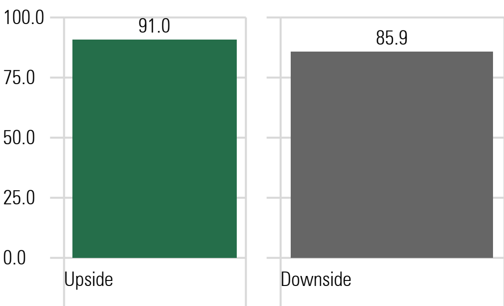
- **Meritage Homes** is a home-building company, focused on entry-level and first move-up homes, operating in the Southwest, Texas and Southeast. We bought Meritage in Q3 of this year because we thought investors were *under-reacting* to their opportunities, after they announced double-digit revenue and earnings surprises while also setting a new record for orders. In Q4, Meritage again delivered revenue and earnings surprises and a new record for orders, but the stock price drifted down. We added to our position and continue to have high conviction in the stock.
- **Emergent Biosolutions** is a profitable biotech company that makes vaccines and therapeutics for public health threats. We bought Emergent Biosolutions in Q3 of this year, following a 193% earnings surprise fueled by the company's newly signed deals to manufacture COVID vaccines researched by AstraZeneca and other major pharmaceutical groups, because we believed investors were *under-reacting* to their long-term opportunities. In Q4 of this year, they underperformed after Pfizer and Moderna announced their rival vaccine successes, but our conviction in the stock continues and we added to our position in Q4.
- **Stride (formerly K12)** provides online schools for kindergarten through 12th graders. We bought Stride shortly after the pandemic began, both because we thought investors were *over-reacting* to past mediocre performance, as suggested by insiders unusually stopping all selling, and under-reacting to the firm's opportunities in a world of at-home activity. The stock had a huge run-up in July, and we trimmed our position during this run-up when insiders began selling again and trimmed more when the company issued convertible bonds. The gains we locked-in from this profit-taking made this our fourth best performer for the year, but one of the worst for Q4 despite the company's positive earnings and enrollment surprises. We believe our current weight is appropriate and continue to hold the stock.

We aim to have sector weights that are similar to our benchmark, because we expect our behavioral process to outperform our benchmark over the long-term based on stock selection. Our sector over-weights and under-weights come from our bottom-up selection of individual stocks. Similarly, the level of cash is primarily determined by our bottom-up selection of individual stocks—we do not believe in automatically buying something else whenever we trim or sell (nor in automatically selling something when we buy), and our cash and number and size of positions will vary as a result. At a sector level, we had high single-digit cash levels during the quarter, which lowered returns by about half a percent. We had good stock selection in Industrials, but weak stock selection in Consumer Discretionary, and Financials.

Source: Morningstar Direct

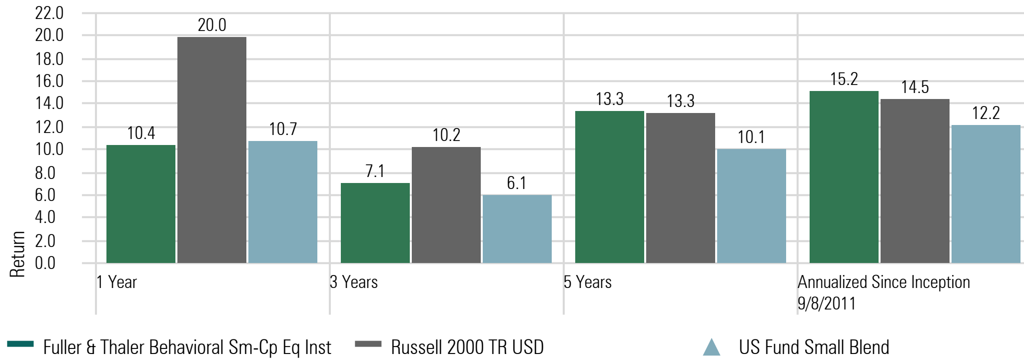
Upside/Downside Capture Ratio (5-yr)

Calculation Benchmark: Russell 2000 TR USD



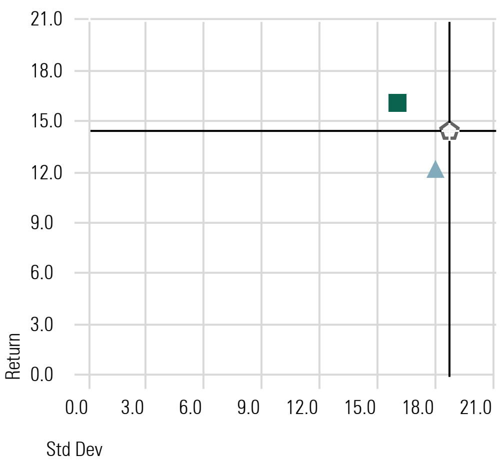
Trailing Returns[5]

Calculation Benchmark: Russell 2000 TR USD



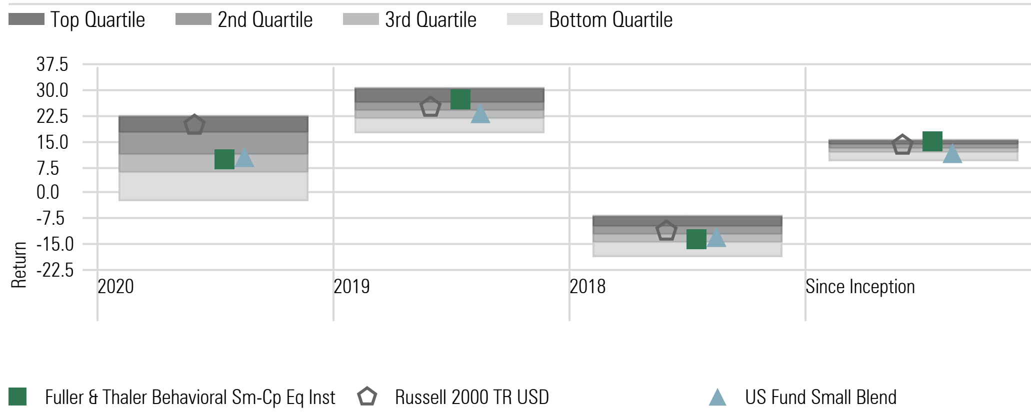
Risk/Return Profile

Time Period: 10/1/2011 to 12/31/2020



Performance Relative to Peer Group

Peer Group (5-95%): Funds - U.S. - Small Blend   Calculation Benchmark: Russell 2000 TR USD



Contribution/Attribution Detail

Time Period: 10/1/2020 to 12/31/2020

Calculation Benchmark: Russell 2000 TR USD

	Portfolio Weights	Portfolio Return	Portfolio Contribution	Benchmark Weights	Benchmark Return	Benchmark Contribution	Allocation Effect	Selection Effect	Active Return
Basic Materials	3.5	15.4	0.6	3.7	36.9	1.4	0.0	-0.8	-0.8
Communication Services	0.6	19.1	0.1	2.5	38.4	1.0	-0.2	-0.1	-0.3
Consumer Cyclical	7.9	14.1	1.2	12.2	28.2	3.5	0.1	-1.3	-1.1
Consumer Defensive	4.8	9.6	0.5	3.9	19.0	0.8	-0.2	-0.6	-0.7
Energy	0.6	28.8	0.2	1.9	49.4	0.9	-0.2	-0.1	-0.3
Financial Services	14.5	34.4	5.1	14.0	35.8	4.8	0.1	-0.2	-0.2
Healthcare	13.2	24.2	3.5	20.8	31.4	6.4	0.0	-1.1	-1.0
Industrials	19.8	29.5	6.4	15.8	33.0	5.2	0.1	-0.8	-0.7
Real Estate	3.4	25.0	1.0	7.7	23.8	1.9	0.3	0.1	0.4
Technology	20.3	26.2	5.9	14.1	34.7	5.0	0.3	-1.9	-1.6
Utilities	3.1	10.7	0.4	3.2	20.5	0.7	-0.1	-0.4	-0.4
Attribution Total	91.8	24.8	24.8	99.8	31.6	31.6	0.3	-7.2	-6.8
Cash	8.2	—	—	0.0	—	—	—	—	—
Total	100.0	—	24.8	100.0	—	31.6	—	—	—
Reported Total	—	22.8	—	—	31.4	—	—	—	—

Returns from Behavioral Small-Cap Equity institutional share class (FTHSX). Net of fees.

Source: Morningstar Direct

YEAR IN REVIEW: *As of 12/31/2020*

The Fuller & Thaler Behavioral Small-Cap Equity fund was up 10.4% (net) for the calendar year 2020. The small-cap US equity benchmark, the Russell 2000® Index, was up 20.0%.

M&A Activity: In 2020, three of our holdings received acquisition offers, all at premiums.

- **BMC Stock Holdings** makes pre-fabricated components for home builders. We bought BMC after an earning surprise in 2019, because we believed investors were *under-reacting* to the long-term potential of pre-fabricated components in housing construction. BMC agreed to be acquired by their competitor, Builder's FirstSource, in an all-stock deal at a 16% premium. Usually, we are skeptical of holding onto all-stock acquisitions because we view stock-based-acquisitions as a form of share issuance. But in this case, BMC will make up nearly half the combined company, the BMC CEO will become CEO of the combined company, and we respect both the rationale to combine companies and the decision to avoid leverage from a cash-deal given these uncertain times. As such, we continue to have high conviction in the stock, and the combined BMC/Builder's FirstSource is now one of our largest holdings.
- **CoreLogic** sells residential mortgage data and analytics. We originally bought CoreLogic in 2018, because we believe investors were both *over-reacting* to hiccups in the economy, as evidenced by CoreLogic's decision to buy back shares, and *under-reacting* to opportunities at the company after ignoring a meaningful guidance increase. In 2020, CoreLogic received an unsolicited acquisition offer—and then another—each at double-digit premiums.
- **Monmouth Real Estate** is an industrial REIT that owns buildings with investment-grade, ecommerce tenants. We bought Monmouth in March of this year because we thought investors were *over-reacting* to the pandemic's impact on Monmouth's business, as evidenced by insider buying. The stock rose this year, and in December, Monmouth received an acquisition offer at a 17% premium.

Contributors: Our top three contributors to absolute performance for the year:

- **BMC Stock Holdings** makes pre-fabricated components for home builders. We bought BMC after an earning surprise in 2019, because we believed investors were *under-reacting* to the long-term potential of pre-fabricated components in housing construction. In Q3, BMC agreed to a merger with Builder's FirstSource, at a premium, and this became one of our largest holdings. Both BMC and Builder's FirstSource delivered big earnings surprises in Q4, and the stock continued to climb. We continue to have high conviction in the combined BMC/Builder's FirstSource.
- **Medpace Holdings** is a contract research organization that helps biopharma companies run clinical trials. We originally bought Medpace in 2018 because we thought investors were *under-reacting* to their fast growth, after a 45% earnings surprise. In Q4, Medpace continued to grow earnings and the stock continued higher.
- **Deckers Outdoor** makes footwear, under iconic brands Ugg, Teva, Hoka and others. We originally bought Deckers because we believed investors were both *over-reacting* to struggles in retail, as suggested by Deckers' share buybacks, and *under-reacting* to Deckers' brand strength, as evidenced by a big earnings surprise. This year, the company's demand held-up despite COVID and the firm surprised dramatically on earnings. We continue to have conviction in the stock.

Detractors: Our top three detractors to absolute performance for the year:

- We originally bought **Hancock Whitney**, a Gulf-Coast-based regional bank, because we believed investors were *under-reacting* to good news at the company, and then increased our holdings in 2018 because we thought investors were *over-reacting* to global macro trends, as evidenced by insider buying at Hancock Whitney (and other banks). We trimmed our holdings in Hancock Whitney this January and February. After the crash in oil prices in Q2, Hancock Whitney suffered a -960% earnings miss due to disproportionate lending to the energy industry and we exited the stock in July.
- **Fulton Financial** is a Mid-Atlantic regional bank headquartered in Pennsylvania. We originally bought Fulton Financial in 2018 because we believed investors were *under-reacting* to their opportunity to grow market-share after the firm delivered a double-digit earning surprise, and have periodically added to our holdings when insiders bought and we thought other investors were over-reacting to macro-economic concerns. The stock underperformed in the middle of the year after a larger-than-expected earnings miss for Q1, but the bank has had positive earnings surprises the last two quarters and we continue to have conviction in the stock going forwards.
- We originally bought **Blucora**, a company with a long-ago messy history that now focuses on tax-based advice through software and financial planners, because we believed other investors were both *over-reacting* to its long-ago history of poor performance (the firm was founded during the internet bubble as Infospace) and *under-reacting* to recent earnings surprises. This year, earnings and multiples fell, and the stock underperformed. We have seen recent insider buying and continue to hold the stock.

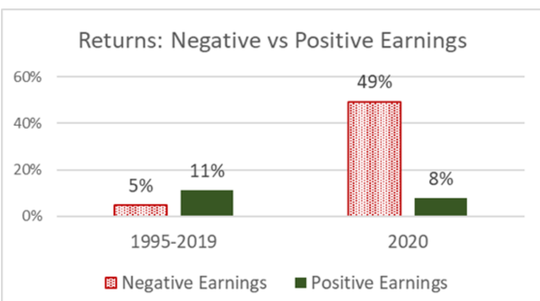
We aim to have sector weights that are similar to our benchmark, because we expect our behavioral process to outperform our benchmark over the long-term based on stock selection. Our sector over-weights and under-weights come from our bottom-up selection of individual stocks. Similarly, the level of cash is primarily determined by our bottom-up selection of individual stocks—we do not believe in automatically buying something else whenever we trim or sell (nor in automatically selling something when we buy), and our cash and number and size of positions will vary as a result. In an unusual year, our cash position fluctuated significantly: we began the year with high cash which went even higher in the first weeks of the pandemic, then went very low after we saw dramatic insider buying in March, then crept back up to high single digits in the middle of the year, then ended the year low. While our cash position hurt us in the 4th quarter, overall, our varying cash levels helped us during the year. For the year, our underweight of healthcare hurt, while our underweight of energy stocks helped performance. Across multiple industries, we were invested in more stable companies that performed well, but not as well as more levered, volatile companies. Overall, our stock picking in Information Technology, Health Care, Real Estate and Financials was weak, but our stock-picking in Industrials was strong.

Source: Morningstar Direct

ADDITIONAL COMMENTARY FOR THIS VOLATILE YEAR:

As of 12/31/2020

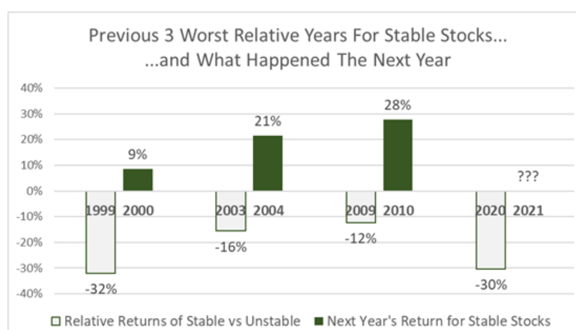
- While the pandemic was the driver of the market in the first half of the year, the second half of the year saw retail investors double their trading—and we believe these retail investors have added tremendous noise in the market. Anecdotes abound, like the bankrupt Zoom (ticker ZOOM) being confused with the videoconference company Zoom (ticker ZM). We know that professional investors are subject to biases and make mistakes—retail investors even more so.
  - While the market is getting noisy—as happened in the second half of 2020—the noise might help or might hurt us. By chance, the noise mostly hurt us in 2020.
  - After the market is noisy, we are more likely to outperform. The noise creates opportunities. We believe now is a better-than-average time for our approach which focuses on the mistakes of other investors.
- Using traditional measures, our current portfolio has been both growing earnings & cash-flow faster than the index, and yet is priced more cheaply than the index.
- Our focus on downside risk means we tend to outperform during a crisis like Q1 and underperform during a noisy junk/risk rally like Q2, Q3 and Q4. Overall in 2020 unstable stocks (i.e., stocks with negative earnings, high levels of debt, and high levels of disagreement) significantly outperformed the rest of the market. Because we tend to avoid these unstable stocks, we underperformed.
  - On average, stocks with negative earnings tend to underperform, particularly in downturns, and we tend to avoid stocks with negative earnings. Behaviorally, companies without earnings (like speculative biotech) are tempting for many investors dreaming about a big win "some day" but we tend to avoid speculative stocks without earnings that trade purely on news about recent developments.
  - In normal times, there is little difference between the stock returns of companies whose leverage and bankruptcy risk are high, medium, low, or close to zero. However, we believe that companies with extremely high leverage and bankruptcy risk tend to earn lower returns, particularly in periods of stress. When times are good, many investors mistakenly overlook extreme levels of debt and bankruptcy risk. By contrast, we deliberately avoid investing in companies with extreme levels of debt and bankruptcy risk.
  - On average, stocks with extreme levels of disagreement about their future earnings are both more volatile and tend to have lower returns. Optimistic investors may buy stocks with extreme disagreement, seeing only the bright side. We tend to avoid stocks with extreme disagreement.
  - Overall, in 2020, Stable stocks (positive earnings, low leverage, low disagreement) on average went up 9% while Unstable stocks went up 39%—a 30% underperformance for Stable stocks matched only by the internet bubble in 1999. In this environment, our fund went up more than 10%, but underperformed the benchmark.
    - For example, on the left are returns among Russell 2000 stocks based on earnings:



Source: CRSP, Compustat, Fuller & Thaler analysis based on trailing 4-quarter earnings.

- We believe now is a better-than-average time to own Stable stocks and see better-than-average opportunity for next year.
- In our research, we found that from 1995 to 2019, Stable stocks outperformed Unstable stocks by about 4% per year.
- We are happy to accept underperformance during risk/junk rallies in return for higher returns on average and better performance in downturns.
- Furthermore, over the past twenty-five years, extreme junk rallies—when Unstable stocks outperform Stable stocks by more than 10%—have been followed by good returns for Stable stocks.
- Even in 2000—right after the internet bubble of 1999 burst—Stable stocks went up 9% (and outperformed Unstable stocks by 22%!)

- The current combination of retail noise in the market, plus recent underperformance of Stable stocks, means we see tremendous opportunity for our strategy which capitalizes on the mistakes of other investors while avoiding unstable companies.
  - The lead portfolio manager has strong long-term conviction in the stocks we hold and doubled his investment in the fund in December.



Source: CRSP, Compustat, IBES, Fuller & Thaler analysis

OUTLOOK

The fund has outperformed the major US stock indexes since inception. Looking forward, we see many opportunities. We believe our unique, behaviorally driven investment process will continue to identify investor mistakes and provide the opportunity for our fund to outperform both our peers and our benchmark.

As of year-end, the portfolio held 115 positions with the top 10 accounting for 27% of the total.

Morningstar Sustainability Rating

Sustainability Rating

% rank in global category 7

High

Relative to Category

US Equity Small Cap

Sustainable Fund by Prospectus

No

Sustainability Score and Rating as of 11/30/2020. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Sustainability Score. Sustainability Mandate information is derived from the fund prospectus.

	Portfolio Sustainability Score	Sustainability Global Category Average	Percent of AUM Covered - ESG
Small Blend			
Fuller & Thaler Behavioral Sm-Cp Eq Inst	25	28	100%

Sustainability statistics are as of 11/30/20. Please see below for additional information about the ESG score and sustainability rating.

This information is provided solely for general informational purposes and does not constitute an offer to sell or a solicitation of an offer to buy or sell any product or service to any person or in any jurisdiction where such offer or solicitation would be unlawful. Returns to the Fuller & Thaler Behavioral Small-Cap Equity Fund and the Predecessor Fund (prior to October 23, 2015) are displayed for discussion purposes only, not for investors. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

Investors should carefully consider the investment objectives, risks, and charges and expenses of the Fund before investing. The prospectus contains this and other information about the Fund, and it should be read carefully before investing. Investors may obtain a copy of the prospectus by calling 888-912-4562.

Fuller & Thaler Asset Management is the adviser to the Fund. The Fund is distributed by Ultimus Fund Distributors, LLC. Investing involves risk, including loss of principal. There is no guarantee that this, or any, investment strategy will be successful. Small-cap investing involves greater risk not associated with investing in more established companies, such as greater price volatility, business risk, less liquidity and increased competitive threat. Please read the prospectus for a more complete discussion of risk.

The Russell 2000 is an index of small-cap US stocks, approximately the 1001st to 3000th largest US stocks as calculated by Russell. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. It is not possible to invest directly in the index. Fund returns include any dividend and interest income. *The major stock indexes the fund has outperformed since inception include the following: S&P 500 and Russell 2000.*

Upside Capture Ratio measures a manager's performance in up markets relative to the Fund's benchmark, while Downside Capture Ratio measures a manager's performance in down markets relative to the Fund's benchmark. *Standard Deviation* is a statistical measure used to determine volatility. The *Price/Earnings (P/E)* Ratio is calculated by dividing a company's share price by its trailing 12-month earnings per share (EPS). The Price/Book (P/B) Ratio is calculated by dividing a company's share price by its book value per share. *Return on Equity (ROE)* is expressed as a percentage and is calculated as net income divided by shareholder's equity. *Active Share* is a measure of the percentage of holdings in a manager's portfolio that differs from the benchmark. Active share data is presented as of November 30, 2020.

The Morningstar Rating for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Morningstar Rating as of 12/31/20: Overall: 5 stars; Three-year rating: 4 stars, 629 funds; Five-year rating: 5 stars, 517 funds based on risk-adjusted returns. The rating is for the Institutional Share Class (FTHSX) only. *The Morningstar Sustainability Rating is a measure of how well the holdings in a managed investment are managing their environmental, social, and governance, or ESG, risk relative to its peer group. To arrive at the Morningstar Sustainability Rating for a fund, Morningstar first calculates an asset-weighted roll-up of the ESG Risk Rating from Sustainalytics of the holdings in each portfolio from the most recent 12 months. To receive a score, at least two thirds of a portfolio's asset must have a company ESG Risk Rating. Next, portfolio scores are aggregated using an exponentially weighted average that weights recent portfolios more heavily than older ones. The resulting overall fund score ranges between 0 to 100 and is rendered on the same scale as company ESG Risk Ratings: Lower scores are better, indicating lower portfolio ESG risk. Based on these scores, portfolios are compared with their Morningstar Global Category peers. The Morningstar Sustainability Rating is then assigned to all scored funds within Morningstar Categories in which at least thirty (30) funds receive a Portfolio Sustainability Score and is determined by each fund's rank within the following distribution: High (highest 10%), Above Average (next 22.5%), Average (next 35%), Below average (next 22.5%), Low (lowest 10%). The Morningstar Sustainability Rating is depicted by globe icons where High equals 5 globes and Low equals 1 globe. Since a Sustainability Rating is assigned to all funds that meet the above criteria, the rating is not limited to funds with explicit sustainable or responsible investment mandates. Morningstar updates its Sustainability Ratings monthly. Please click on http://corporate1.morningstar.com/sustainableinvesting/ for more detailed information about the Morningstar Sustainability Rating methodology and calculation frequency. As of 11/30/20, FTHSX received an High rating (5 globes) in the Morningstar US Equity Small Cap Category.

[1]The Big Short, Director Adam McKay. Paramount Pictures, 2015 Film. [2]Total assets managed and advised as of December 31, 2020. [3]Generally restricted to investors whose intermediaries do not require repayments. [4] The minimum investment for the Institutional and R6 Share Classes is waived for group retirement plans and some fee-based platforms. [5] Trailing returns longer than a year are annualized.

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Source: Morningstar Direct