



## KOPERNIK GLOBAL ALL-CAP FUND

First Quarter 2023

Dear Kopernik Investor,

Below, please find the mutual fund performance of the Kopernik Global All-Cap Fund (“GAC” or “Fund”) as of March 31, 2023.

Class	Q1 2023	YTD	1 Year	3 Year <sup>1</sup>	5 Year <sup>1</sup>	Since Inception <sup>1</sup>
Class I	3.76%	3.76%	-5.33%	22.90%	8.35%	5.89%
Class A (NAV)	3.74%	3.74%	-5.55%	22.66%	8.10%	5.65%
Class A (max sales charge)	-2.27%	-2.27%	-10.97%	20.26%	6.83%	4.98%
MSCI ACWI (Net)	7.31%	7.31%	-7.44%	15.36%	6.93%	7.35%

<sup>1</sup>Annualized

Class A and Class I inception date: 11/1/13.

MSCI ACWI Since Inception period in the table above begins on inception date 11/1/13.

*Past performance does not guarantee future results. The performance data quoted represents past performance. Current returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost, and current performance may be lower or higher than the performance quoted. For the most recent month-end performance please call Kopernik Funds at 1-855-887-4KGI (4544) or visit [www.kopernikglobal.com](http://www.kopernikglobal.com).*

Maximum sales charge for the Class A shares is 5.75%.

Expense Ratios: 1.26% (Class A), 1.01% (Class I).

### WHY KOPERNIK?

Philosophically, we view ourselves as owners of businesses. Our job is to appraise these businesses and take advantage at times when an inefficient, emotional marketplace offers securities at a price that is significantly different from our appraisal. Like our namesake, Kopernik (better known by his Latin name – Copernicus), we trust the results of our own analysis even when (especially when) it generates vastly different conclusions from those of the crowd and/or those taught by many academics. Similarly, we commonly question the data issued by governments, central bankers, and companies themselves. We understand that bargains appear often because people focus on fear or panic, and other forms of risk that are not relevant to the investment portfolio. High tracking error, bad headlines or unpopular stocks/countries/ regions/industries can present a degree of risk to a manager's career, while often lowering the potential of permanent loss of capital (due to lower initiation prices and higher potential upside) to the portfolio. Similarly, Kopernik believes volatility and other measures of past price movements are not relevant to long-term investors' assessment of risk. It can be indicative of potential risk to short-term speculators or to highly levered players but can often present opportunity for true long-term investors.

### QUARTER REVIEW



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In the first quarter of 2023, the NAV of Class I Shares of the Kopernik Global All-Cap Fund (the “Fund”) increased 3.76%, compared to a 7.31% increase for the MSCI All Country World Index (the “Index”).

Building on its gains from last quarter, the materials sector was the Fund’s best performing sector, contributing 4.4% to total Fund returns. Within materials, many of the Fund’s holdings were up significantly. The Fund’s largest contributor, and one of the Fund’s largest positions, was Newcrest Mining Ltd (“Newcrest”), which was up 31.4%, a 1.2% contribution to total Fund returns. In February, Newcrest rejected a takeover offer by Newmont Gold, Inc (“Newmont”), and the companies agreed in March to continue talking. The initial offer by Newmont was far below our risk-adjusted intrinsic value, and Newcrest’s rejection of that offer was appropriate, in our opinion. At the time of this writing (April 13, 2023), Newmont has revised its offer; at an increase of only 10%, that offer is still far below what we estimate the company to be worth. We encourage Newcrest to reject this second offer as well. We trimmed Newcrest on price spikes throughout the quarter.

The Fund’s second-largest contributor was Equinox Gold Corp, a Canadian gold miner with long-lived reserves, which was up 56.9%, a 0.9% contribution to total Fund returns. This is the second good quarter following several tough years. Another Canadian miner, Sabina Gold & Silver Corp (“Sabina”), was up 54.4% on the news that it was being acquired by B2gold. The price that B2gold has offered is far below our risk-adjusted intrinsic value. Sabina made a 0.3% contribution to total Fund returns. For the second quarter in a row, South African gold miners also performed well. Harmony Gold Mining Co Ltd (“Harmony”), a senior gold producer with mines in South Africa and Papua New Guinea, was up 20.6%, while Gold Fields Ltd (“Gold Fields”), a large producer with open pit and mechanized underground mines, was up 32.0%. Harmony and Gold Fields each made a 0.3% contribution to total Fund returns. Precious metals streaming companies also performed well. Wheaton Precious Metals Corp was up 23.6%, a 0.5% contribution, while Royal Gold Inc (“Royal Gold”) was up 15.4%, a 0.2% contribution. We trimmed Royal Gold, Gold Fields, and Sabina, and took advantage of price volatility in Harmony to add to the position in early March.

Industrials was the Fund’s second-largest contributor on a sector basis during the first quarter, contributing 1.14% to total Fund returns. Within industrials, SkyWest Inc (“SkyWest”) and China Communications Services Corp (“China Comm”) were the two largest contributors. SkyWest, the leading U.S. regional airline, was up 34.3%, while China Comm, which provides telecommunications infrastructure in that country, was up 34.6%. SkyWest and China Comm each made a 0.3% contribution to total Fund returns. We added to SkyWest on lower prices in February.

Other positive contributors were spread across multiple sectors. In consumer discretionary, Hyundai Motor Co (“Hyundai Motor”), a Korean automobile manufacturer with 6% market share in the global automobile market was up 25.1%, a 0.5% contribution. In agriculture, Golden Agri-Resources Ltd (“Golden Agri”), one of the world’s leading palm oil producers with plantations in Indonesia, was up 15.0%, a 0.3% contribution. And in energy, Cameco Corp (“Cameco”), the world’s second-largest uranium miner and a position the Fund has held since inception, was up 15.4%, a 0.3% contribution. We trimmed Cameco and Hyundai Motor and added to Golden Agri in late January when prices dipped.

The Fund’s largest detractor was Credit Suisse Group AG (“Credit Suisse”), a major Swiss bank, which was down 69.9%, a 1.1% deduction. The overall Fund exposure to the financials sector is relatively limited, as we prefer to invest in financial companies in growing parts of the world that are managed conservatively. With Credit Suisse, we were attracted to their strong franchise, including market share and brand name. As with all companies we invest in, price is paramount, and our initial investment thesis for Credit Suisse was its substantial discount to our estimated risk-adjusted



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intrinsic value. We also valued their strong asset management and wealth management businesses. The risk/reward was compelling, and we believed it made sense to have a small position in one of the top banks (“too big to fail”) in the world, as part of a well-diversified portfolio. As recently announced, UBS will be acquiring Credit Suisse at a price that is far below what we thought they were worth. UBS is more expensive on multiple metrics and has 60% more leverage than Credit Suisse. We do not view UBS as significantly undervalued at current prices and have sold out of the position.

The Fund’s second-largest detractor was the put option on the S&P 500 Index\*. In January, implied volatility once again reached an attractive level, and market optimism and valuations in the United States were and are high. We reinitiated the put in January, and we increased its position size during February. In March, we once again increased the position, adding options that will expire in June and August. The put options detracted 0.8% from total Fund returns during the first quarter.

Other negative contributions were spread across multiple sectors and geographies. South Korean companies overall were down during the first quarter. KT Corp, South Korea’s dominant fixed-line and second-largest mobile phone company, was down 15.7%. As one of the Fund’s largest positions, KT Corp detracted 0.7% from total Fund returns. Korea Electric Power Corp (“Kepeco”), the country’s dominant electric utility, was down 20.0%, a 0.2% deduction. Also in utilities, Centrais Eletricas Brasileiras SA (“Eletrobras”), Brazil’s dominant electricity generating utility and a significant producer of hydroelectric power, was down 17.6%, a 0.3% deduction. Southwestern Energy Co (“Southwestern”), a U.S.-based natural gas company with long-lived reserves, was down 14.5%, a 0.3% deduction. Finally, while most precious metals companies contributed positively, there were detractors. Impala Platinum Holdings Ltd (“Impala”), a leading global producer of platinum, was down 24.5%, while Gabriel Resources Ltd (“Gabriel”), which owns the Rosia Montana deposit in Romania, was down 14.7%. Impala and Gabriel were each a 0.2% deduction from total Fund returns. We trimmed KT Corp before adding back on lower prices, and we added to Eletrobras, Southwestern, Impala, and Kepeco.

During the quarter, most of the Fund’s Russian holdings performed positively due to both the price appreciation of the stocks and an increase in the ruble. Their impact was muted due to the 70% haircut we have applied to Russian securities. As we have commented elsewhere, many in the industry have priced the Russian securities at zero. We believe this approach would not be fair to the existing Fund shareholders and are therefore recommending fair-value pricing of Russian securities to the Fund’s administrator at a significant discount to the last trade.

As a reminder, we remain unable to trade these securities due to decisions by both the U.S. and Russian governments. The Moscow Stock Exchange re-opened at the end of March 2022, but trading remains limited to people and/or countries “friendly” to Russia. The government of Russia also passed a law that would require the de-listing of depository receipts (“DRs”) on foreign exchanges and the conversion of those DRs into local shares, although various Russian companies have been allowed to keep their DR programs abroad. U.S. persons are prohibited from any acquisition of both new and existing debt and equity securities issued by Russian entities, although U.S. persons are not required to sell or divest and can continue to hold previously acquired Russian debt or equity securities. We continue to actively monitor events and any new developments or changing requirements.

As discussed above, the Fund initiated a position in the put option on the S&P 500 during the quarter. The Fund also initiated positions in Sandstorm Gold Ltd, a Canadian-based precious metals streaming company; Petroleo Brasileiro



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SA, a Brazilian integrated oil and gas company; and LX Holdings Corp, a Korean conglomerate with multiple business segments. Each of these companies is undervalued on multiple metrics and trades at a significant discount to its risk-adjusted intrinsic value.

In addition to eliminating its position in Credit Suisse (reasons discussed above), the Fund eliminated positions in BASF SE, Hyster-Yale Materials Handling Inc, Sinopharm Group Co Ltd, and Stolt-Nielsen Ltd as prices bounced back strongly from last fall's distressed prices.

In closing, we continue to be focused on appraising businesses and mitigating risk through diversification across sectors and countries. Our investment process is centered on buying and holding companies trading at significant discounts to their risk-adjusted intrinsic value, and we view volatility as an opportunity to add and trim. You can count on us to employ our disciplined, fundamentals-based, long-term approach that has produced a proven track record throughout full market cycles. As always, thank you for your support.

Kind Regards,

Kopernik Global Investors, LLC

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*\*Standard & Poor's 500 Index ("S&P 500") is an unmanaged index that tracks the performance of 500 large-cap stocks generally considered representative of the U.S. stock market. It is not possible to invest directly in an index.*

*The value of local Russian security holdings and Russian GDR/ADR holdings as of 3/31/2023 reflect fair value pricing.*

## Important Information

Mutual fund investing involves risk, including possible loss of principal. There can be no assurance that the Fund will achieve its stated objectives. Equity funds are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the Fund's prospectus. Investments in foreign securities may underperform and may be more volatile than comparable U.S. securities because of the risks involving foreign economies and markets, foreign political systems, foreign regulatory standards, foreign currencies and taxes. Investments in foreign and emerging markets present additional risks, such as increased volatility and lower trading volume. For more information on the Kopernik Global All-Cap Fund, call our toll-free number at 1-855-887-4KGI or email [funds@kopernikglobal.com](mailto:funds@kopernikglobal.com).

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This report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we may describe or imply. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions we express in these forward-looking statements. We do not intend to update these forward-looking statements except as may be required by applicable laws.

Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. As a result, actual results could differ materially from those expressed, implied or forecasted in the forward-looking statements.





The top ten holdings of the Kopernik Global All-Cap Fund as of March 31, 2023, are as follows: 1. Newcrest Mining (4.6%), 2. KT Corp (4.1%), 3. NAC Kazatomprom JSC (2.6%), 4. Golden Agri-Resources (2.5%), 5. Southwestern Energy Co (2.3%), 6. Wheaton Precious Metals Corp (2.3%), 7. LG Uplus Corp (2.2%), 8. Sprott Physical Uranium Trust (2.1%), 9. Hyundai Motor Co (2.0%), 10. CGN Power Co Ltd (2.0%).

Please consider all risks carefully before investing. An investment in a Kopernik Fund, or any other vehicle using the same strategy, is subject to many risks including sudden changes in general market valuations and market liquidity. Investments in small and mid-capitalization companies also tend to involve greater risk and portfolio price volatility than investments in larger capitalization stocks. Further, investing in non-U.S. markets, including emerging and frontier markets, involves certain additional risks, including potential currency fluctuations and capital controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity, less disclosure, and the potential for higher market volatility, share expropriation, confiscatory taxation, and social, economic and political instability. Further, investments in energy and other natural resources companies tend to be greatly impacted by developments in global commodities markets, which can be more volatile than equity markets.

The Fund may purchase or sell options, which involve the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk. For instance, a long put position would ordinarily realize a gain if, during the option period, the value of the underlying securities decreased below the exercise price sufficiently to cover the premium and transaction costs. However, if the price of the underlying instrument does not fall enough to offset the cost of purchasing the option, a put buyer would lose the premium and related transaction costs.

**Past performance herein should not be construed as an accurate indication of future returns.**

The MSCI All Country World Index (MSCI ACWI) is an index of over two thousand primarily large and mid-cap companies across 23 developed and 24 emerging market countries as of March 31, 2023. The MSCI indices returns do not reflect any management fees, transaction costs or expenses.

Individuals cannot invest directly in an Index. Additionally, MSCI ACWI's implied investments have differed from GAC's strategy in a number of material respects, including: 1) GAC's investments in specific businesses, industries and countries have tended to be more concentrated than shares comprising the MSCI ACWI; 2) GAC has tended to have more exposure to emerging markets and companies with smaller market capitalizations than the MSCI ACWI, and; 3) consistent with its mandate, GAC has made minority allocations to other asset classes and derivative instruments not included in the MSCI ACWI. MSCI ACWI performance includes theoretical dividends distributed.

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**Investors should carefully consider the fund's investment objectives, risks, charges, and expenses before investing. For this and other information, please call 1-855-887-4KGI (4544) or download a free prospectus at [www.kopernikglobal.com](http://www.kopernikglobal.com). Read it carefully before investing.**

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