



## SEMI-ANNUAL REPORT

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October 31, 2017

### Seafarer Overseas Growth and Income Fund

Investor Class SFGIX  
Institutional Class SIGIX

### Seafarer Overseas Value Fund

Investor Class SFVLX  
Institutional Class SIVLX



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## LETTER TO SHAREHOLDERS

November 13, 2017

Dear Fellow Shareholders,

I am pleased to address you again on behalf of the Seafarer Funds. This report covers the first half of the 2017-18 fiscal year (May 1, 2017 to October 31, 2017).

It is not an accident that you hear so much about China in the news these days. Within the developing world, it is situated at the very center: it has the largest population; it possesses the largest economy, and the largest accompanying financial markets; it enjoys the greatest absolute store of wealth and power. Its influence dominates the rest – politically, economically and, increasingly, culturally. In many ways, for better or for worse, China serves as a model for development for many other emerging nations.

A great deal of change is taking place in China now, so I will use this letter to offer my perspective on the evolution of the place known as the "Middle Kingdom."

### My China Dream

Throughout my adult life, I have been an interested observer of China. I studied economic development in school, and was in awe of how a nominally communist country had harnessed market forces to lift hundreds of millions of people out of desperate poverty. When I graduated from college in 1996, I sought work in Asia. I wanted a job where I could study China's evolution and emergence firsthand. I worked in Southeast Asia for two years, and the closest I came to the mainland was through several extended trips to Hong Kong for business.

In 1998, I returned to the U.S., and I sought a career in investment management. I was determined to work for an investment management firm focused on Asia. I was convinced that China was both the most important and the most under-appreciated and misunderstood market in the world. I thought China's rise as an economic power would dramatically re-shape the world during my lifetime. I hoped then – as I hope now – for peace, progress and prosperity in the Middle Kingdom.

Over a decade later, in 2010, my work took me to Shanghai when the city was hosting the World Expo. The Expo featured pavilions representing nations from around the world. I toured the host's pavilion and viewed a special exhibition dedicated to "The Chinese Dream." One portion of the exhibit offered an animated glimpse of the future. It depicted gleaming, orderly, highly developed cities. They were free of pollution, and resplendent in greenery and blue skies. The society seemed too controlled and orderly for my taste; nevertheless, it was a powerful and inspiring vision, even if it seemed far-fetched at the time, given that China was choked with pollution, and its development was far from complete.

Still, the Expo had demonstrated that the Chinese people had made a great deal of progress over the preceding three decades. Through hard work, competition and economic liberalization, millions had earned better lives and livelihoods. The communist party had undertaken small-scale experiments with modes of governance that allowed for greater openness. I felt as though a realistic hope hung in the air, penetrating the smog.

At the time, I had only a passing knowledge of Xi Jinping, the man who would become China's next President in 2012. I later learned that Xi had adopted "The Chinese Dream" as his slogan to guide the nation's development. I suspect he had a substantial hand in the exhibit I saw in Shanghai in 2010: it was his Dream, and it was on display at the Expo.

When Xi assumed the Presidency in the autumn of 2012, I wrote a letter to the shareholders of the Growth and Income Fund, in which I discussed China's "bright prospects" and its "dark clouds."<sup>1</sup> I saw several looming problems for the country. However, my hope rested on a simple idea: Deng Xiaoping started China on a path toward greater social and economic freedom. As long as China remained on that path, growth would continue, and prosperity would ensue.

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## The Right Plan

My optimism stemmed from the fact that China had publicly expressed an intent to pursue a more “balanced” economic model – a model that placed greater emphasis on the domestic consumption of goods and services, rather than an economy dependent on manufactured exports and the construction of large-scale infrastructure (e.g., roads, bridges, ports, cities).

I was convinced that if the country pursued re-balancing, it would unlock additional potential to grow, and help the country avoid the “middle income trap.” The “trap” refers to a typical feature of many emerging markets. Such countries initially manage to improve the average income per capita, but due to declining returns to scale, development is often arrested at a middling level, before incomes reach thresholds associated with richer, developed nations.

At that time, my analysis suggested that China had the right development plan – a plan to undertake economic reform, unlock new growth potential, and avoid the “trap.” The more I understood of China’s plan, the more impressed I grew. The plan was comprehensive; it was clearly the product of careful deliberation, designed to address many of the concerns raised by external critics; and it seemed to represent the consensus view among China’s leadership about how to move forward. I knew the underlying reforms would be difficult to implement, but I thought they were exactly what was required to sustain the country’s long-term growth and development.

In the spring of 2014, I wrote a letter to shareholders in which I spelled out those reforms underway in China.<sup>2</sup> This is a reproduction of the list of the reforms from that letter:

- A substantial (but unfortunately not exhaustive) anti-corruption drive.
- Liberalization of the local currency and of interest rates within the banking system. Both are “backdoor” reforms of the domestic banking sector.
- Recapitalization of the domestic banking system to address financial weaknesses.
- Major stock market reforms, including: enhanced access for foreign investors via the “through train” policy, new mechanisms for companies to issue capital, and a liberalized market for initial public offerings (IPOs).
- Major reforms to reduce excess capacities within state-owned enterprises.
- Modernization of provincial governments’ finances, possibly culminating in the authority to levy local taxes (i.e. property and sales taxes), and the authority to issue municipal-style bonds.
- Liberalization of most key input prices, especially energy and natural resources.
- Environmental regulation, targeting sharp reduction in carbon emissions, with severe penalties for polluters.
- Reformed property and land use rights.
- Reform of the hukou (“household registration”) system. Hukou is a set of identification documents, somewhat like a domestic passport. The hukou system defines a household’s civil, economic and legal rights within a given municipality, broadly analogous to a locally-based entitlement scheme.
- A major overhaul of the national healthcare delivery system.
- Relaxation of the “one child” policy.

At the time – and unlike today, apparently – there was a great deal of skepticism regarding China’s economic and financial stability. However, I was reasonably confident that China would implement most of the reforms above, and confident in China’s future, I encouraged investors to peer over “China’s Great Wall of Worry.”

## A Different Path

During his first five-year term, Xi led China on a path quite different from the one that I described in the 2014 letter to shareholders. His agenda had only a passing resemblance to the plan that I thought reflected the consensus of China’s leadership, and which I believed to be essential to the country’s future. Despite rhetoric to the contrary, economic and political reform largely stalled during Xi’s term. Some modest reforms were activated, but with little vigor; the plan I thought so critical for China went mostly un-implemented.

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Instead, Xi placed a clear emphasis on three main objectives: purging corruption from the communist party; launching "Belt and Road," a vast international program to spur investment and trade links between China, central Asia and Europe; and a major effort to reinvigorate of China's military. The first project tackled the endemic corruption at every level of the communist party; however, it also appeared to permit Xi to remove his political enemies. The second program gave China a means to build economic, strategic and military ties with nations on its southern and western borders, while stimulating infrastructure construction, lending and investment. The third project sought to cut corruption in the military, while new investments in armaments and fleets allowed China to project newfound strength and power in the South China seas. This in turn has fomented conflict with other nations, including Japan and the U.S.

At the same time, Xi took steps to consolidate his personal power and control over the party in a manner not seen since Mao Zedong. This was visible when the National People's Congress convened in 2017 to nominate Xi for a second term as president, as expected. Rather unexpectedly, Xi had his name and his personal doctrine codified in the communist party's constitution. His doctrine is known as "Socialism with Chinese Characteristics for a New Era."

## A New Era

Apparently, such codification has occurred only twice before in modern China: for Mao (during his life) and Deng (posthumously). The act was more than symbolic: it conveyed a degree of elevated personal power and authority to Xi that no ruler has enjoyed since Mao. It appears that Xi no longer serves the communist party within China; rather, it seems he has the power to define it, and his leadership over the party is absolute.

Xi's New Era doctrine is only a vague vision at this time, but it is sweeping in its scope, and its main thrust is to install China as a global superpower alongside the United States. Xi has announced goals to reform the economy and the country's governance, but the New Era's main ambition is to cultivate influence and project power around the world. Gone are the days of Deng's policy, which was to remain independent, peaceful, inward-looking, and to keep a low profile. Xi is prepared to lead the nation in a "tireless struggle" to stand "tall and firm in the east."<sup>3</sup>

To underscore the extent of his newly accumulated power, Xi again broke with precedent, and did not name a successor during the recent congressional convention. His apparent aim was to enjoy greater freedom to advance his "New Era" agenda, as any successor would inevitably detract from Xi as his second term drew to a close. Xi went unchallenged in public.

Xi may yet name a successor, at a time and place of his choosing. However, many suspect he will not do so, preferring to seek a third term. If so, Xi will break a third precedent meant to check the abuse of power. In post-revolutionary China, only Mao formally ruled beyond one decade.

## Requiem for My Dream

To be candid, this was not what I had dreamt for China. I had hoped the country would rigorously implement the original package of reforms, thereby sustaining its growth. I had hoped the country would move slowly toward an open system of government – perhaps one that offered greater personal liberties, basic self-expression, and possibly even a limited form of representation.

Instead, Xi has pursued reforms half-heartedly, preferring to focus on the accumulation of political power, while shielding domestic industries from competition. His administration has made limited progress toward a number of elements within the original plan, but that progress has fallen well short of my expectation. He has invoked China's security apparatus to silence anyone that dares critique his administration openly. Meanwhile, the economy has remained dangerously reliant on excessive credit expansion to stimulate growth. In summary, the past five years fell far short of what I had hoped for China, and I am concerned as to whether the country will ever reach its potential.

Not all the news is bad, though. Happily, Xi has brought a needed dose of stability to international affairs, wisely seeking to expand China's influence by remaining open to foreign alliances and trading partners. As the U.S. has receded from the international arena, China has advanced. Even as I write

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now, China has announced a sweeping set of reforms tied to foreign participation within the domestic banking system, lifting previous restrictions on ownership. The reforms may bring much needed change and foreign competition to the financial system. While I have not yet had time to review the details, the announcement cements Xi as a bold and thoughtful leader, if not a zealous reformer. While Xi's first term left much to be desired with respect to the pace and quality of reform, perhaps there is room for hope.

Still, I worry about Xi's pursuit of absolute power, and the instability it might invoke. I never suffered from any illusion that China might adopt a Western-style democracy. At the same time, I never thought the country would vest such immense power in one person. Though Xi's political ascent has gone unchallenged in public, I suspect a great deal of strife simmers below the surface. Furthermore, such centralized decision-making might detract from long-term economic efficiency. As a consequence, I worry the "New Era" is more susceptible to large-scale economic or political crisis.

China's rise is nearly inevitable in my view. I remain convinced its ascent will shape the course of world events for the next two decades, for better or worse. Xi's will to determine China's future is absolute and unshakeable. Thus far, he has exhibited a stable and carefully calculated mode of leadership. Yet by accumulating such personal power, he has definitively broken with China's past, and initiated a third era in China's modern history.

China is not the country I dreamt it might become. China's economic rise was the product of policies that began under Deng in the late 1970s; but a new era has arisen, and any assumptions we might hold about the Middle Kingdom must be revisited, if not cast aside. We must all watch carefully what happens next, and take nothing for granted, as the country's past is not necessarily a reliable guide to its future.

We thank you for the trust you have afforded us, and we appreciate the opportunity to serve as your investment adviser in the emerging markets.

Andrew Foster  
Chief Investment Officer  
Seafarer Capital Partners, LLC

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*The views and information discussed in this commentary are as of the date of publication, are subject to change, and may not reflect Seafarer's current views. The views expressed represent an assessment of market conditions at a specific point in time, are opinions only and should not be relied upon as investment advice regarding a particular investment or markets in general. Such information does not constitute a recommendation to buy or sell specific securities or investment vehicles. It should not be assumed that any investment will be profitable or will equal the performance of the portfolios or any securities or any sectors mentioned herein. The subject matter contained herein has been derived from several sources believed to be reliable and accurate at the time of compilation. Seafarer does not accept any liability for losses either direct or consequential caused by the use of this information.*

<sup>1</sup> The Letter to Shareholders for the period ended October 31, 2012 is available at: [www.seafarerfunds.com/letters-to-shareholders/2012/10/semi-annual](http://www.seafarerfunds.com/letters-to-shareholders/2012/10/semi-annual)

<sup>2</sup> The Letter to Shareholders for the period ended April 30, 2014 is available at: [www.seafarerfunds.com/letters-to-shareholders/2014/04/annual#great-wall](http://www.seafarerfunds.com/letters-to-shareholders/2014/04/annual#great-wall)

<sup>3</sup> Tom Phillips, "Xi Jinping Heralds 'New Era' of Chinese Power at Communist Party Congress," *The Guardian*, 18 October 2017. The article is available at: [www.theguardian.com/world/2017/oct/18/xi-jinping-speech-new-era-chinese-power-party-congress](http://www.theguardian.com/world/2017/oct/18/xi-jinping-speech-new-era-chinese-power-party-congress)

**SEAFARER OVERSEAS GROWTH AND INCOME FUND  
PERFORMANCE REVIEW**

November 14, 2017

This report addresses the first half of the Seafarer Overseas Growth and Income Fund's 2017-18 fiscal year (May 1, 2017 to October 31, 2017).

During the semi-annual period, the Fund returned 6.80%, while the Fund's benchmark, the MSCI Emerging Markets Total Return Index, rose 16.40%.<sup>1</sup> By way of broader comparison, the S&P 500 Index gained 9.10%.

The Fund began the fiscal year with a net asset value of \$12.54 per share. In June, the Fund paid a semi-annual distribution of \$0.107 per share. That payment brought the cumulative distribution per share, as measured from the Fund's inception, to \$1.478.<sup>2</sup> The Fund finished the semi-annual period with a value of \$13.28 per share.<sup>3</sup>

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As is evident from the performance of the Fund's benchmark, equities in the emerging markets rose sharply during the first half of the fiscal year.

All sectors contributed positively to the benchmark's performance during the past six months. However, consistent with trends in global markets, technology shares were dominant, accounting for nearly half of the index's gains. Semiconductor stocks and computer hardware makers boosted returns within the tech sector, but Chinese internet stocks led the way, singlehandedly contributing nearly 30% of the index's return (or nearly 60% of the return attributable to the tech sector). Please see the Fund's second quarter 2017 portfolio review for an in-depth discussion of the Chinese internet industry.<sup>4</sup>

Importantly, China's contribution to the index's gains went beyond internet stocks, encompassing a wide number of sectors, such that the Middle Kingdom accounted for nearly half of the index's performance. Chinese bank, insurance, real estate and auto stocks made notable contributions to the benchmark's performance. Nearly every other constituent country within the index also generated gains, but China's performance held sway.

Against this strong backdrop, the Fund performed well in absolute terms, but lagged considerably in relative terms. Nearly three-quarters of the Fund's relative gap in performance stemmed from its lack of exposure to higher risk sectors within China (i.e., internet, financial services and residential real estate). I question whether these three industries offer sustainable growth prospects (see the portfolio reviews for the second and third quarters of 2017 for further discussion), and as such I do not believe most of the stocks in these sectors are applicable to the Fund's strategy.<sup>4,5</sup> I am therefore comfortable with their omission for the foreseeable future, even as their absence represented a forgone opportunity in the last six months.

Though most of the gap in performance was due to the Fund's omission of certain sectors, one Fund holding exacerbated the gap: the common stock of Hang Lung Properties (HLP). HLP is a Hong Kong-based developer; it enjoys a balance sheet in excellent health, and a superior portfolio of commercial properties scattered throughout China. Strangely, and for no obvious reason, the stock declined moderately during the six-month period, even as the shares of a number of highly speculative China-based residential property developers surged higher. Perhaps the decline was due to the fact that HLP is engaged in the development of commercial properties (shopping centers, malls) rather than residential units. Whatever the case, HLP's shares currently trade well below book value, and it has executed on its development portfolio quite well, despite difficult conditions within China. I remain convinced of HLP's merits, even as speculative stocks ruled the quarter.

When the market surges, as it did in the semi-annual period, I do not expect the Fund to keep up. I wish it were otherwise. However, the "growth and income" strategy necessarily places the Fund on a conservative path. The strategy pursues growth and income as a means to balance risk and reward, and when all goes well, it can realize a portion of the gains produced by the developing world. If

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successful, it does so with volatility lower than that of the benchmark index. Yet these same characteristics mean the Fund is not poised to capture maximum growth, and therefore it is not primed for gains amid a sharp upswing. I believe the Fund's strategy works well for shareholders over long horizons, but its shortcomings are apparent in the short term.

We appreciate your patience and willingness to invest for the long term, and we thank you for the opportunity to serve as your investment adviser in the emerging markets.

Andrew Foster  
Lead Portfolio Manager  
Seafarer Overseas Growth and Income Fund

*The MSCI Emerging Markets Total Return Index, Standard (Large+Mid Cap) Core, Gross (dividends reinvested), USD is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets. Index code: GDUEEGF.*

*The S&P 500 Total Return Index is a stock market index based on the market capitalizations of 500 large companies with common stock listed on the NYSE or NASDAQ.*

*It is not possible to invest directly in an index.*

*The Fund is subject to investment risks, including possible loss of the principal amount invested and therefore is not suitable for all investors. The Fund may not achieve its objectives. Diversification does not ensure a profit or guarantee against loss.*

*Information on the Seafarer website is provided for textual reference only, and is not incorporated by reference into this report.*

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<sup>1</sup> References to the "Fund" pertain to the Fund's Institutional share class (ticker: SIGIX). The Investor share class (ticker: SFGIX) gained 6.80% during the semi-annual period. Includes adjustments in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and as such, the total return for shareholder transactions reported to the market may differ from the total return for financial reporting purposes. As a result, the total return decreased from 6.88% to 6.80%.

<sup>2</sup> The Fund's inception date is February 15, 2012.

<sup>3</sup> The Fund's Investor share class began the fiscal year with a net asset value of \$12.51 per share (adjustments in accordance with U.S. GAAP were applied during the financial statement preparation and increased the net asset value from \$12.50 to \$12.51); it paid a semi-annual distribution of \$0.105 per share in June; and it finished the semi-annual period with a value of \$13.25 per share.

<sup>4</sup> The Fund's second quarter 2017 portfolio review is available at:  
[www.seafarerfunds.com/funds/ogi/portfolio-review/2017/06/Q2](http://www.seafarerfunds.com/funds/ogi/portfolio-review/2017/06/Q2)

<sup>5</sup> The Fund's third quarter 2017 portfolio review is available at:  
[www.seafarerfunds.com/funds/ogi/portfolio-review/2017/09/Q3](http://www.seafarerfunds.com/funds/ogi/portfolio-review/2017/09/Q3)



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## Total Returns

As of October 31, 2017	6 Months	1 Year	3 Years	5 Years	Since Inception Annualized <sup>(1)</sup>	Gross Expense Ratio <sup>(2)</sup>
Investor Class (SFGIX)	6.80% <sup>(3)</sup>	13.23%	6.19%	6.62%	7.39%	1.02%
Institutional Class (SIGIX)	6.80%	13.28%	6.29%	6.75%	7.52%	0.92%
MSCI Emerging Markets Total Return Index <sup>(4)</sup>	16.40%	26.91%	6.08%	5.21%	3.89%	

All performance is in U.S. dollars with gross (pre-tax) dividends and/or distributions reinvested. The performance data quoted represents past performance and does not guarantee future results. Future returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Prior to August 31, 2016, shares of the Fund redeemed or exchanged within 90 days of purchase were subject to a 2% redemption fee. Performance does not reflect this fee, which if deducted would reduce an individual's return. To obtain the Fund's most recent month-end performance, visit [seafarerfunds.com](http://seafarerfunds.com) or call (855) 732-9220.

<sup>1</sup> Inception Date: February 15, 2012.

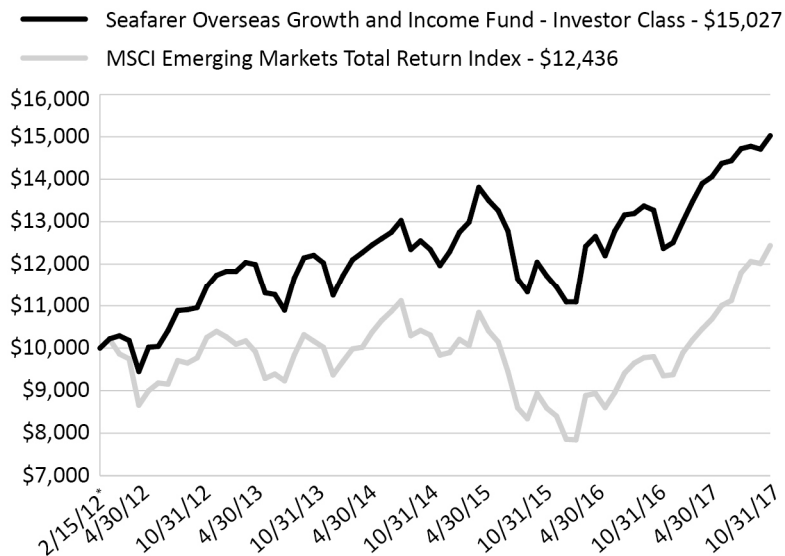
<sup>2</sup> Ratios as of Prospectus dated August 31, 2017. Seafarer Capital Partners, LLC has agreed contractually to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waiver/Expense Reimbursements (excluding brokerage expenses, interest expenses, taxes and extraordinary expenses) to 1.15% and 1.05% of the Fund's average daily net assets for the Investor and Institutional share classes, respectively. This agreement is in effect through August 31, 2018.

<sup>3</sup> Includes adjustments in accordance with U.S. GAAP and as such, the total return for shareholder transactions reported to the market may differ from the total return for financial reporting purposes. As a result, the total return decreased from 6.88% to 6.80%.

<sup>4</sup> The MSCI Emerging Markets Total Return Index, Standard (Large+Mid Cap) Core, Gross (dividends reinvested), USD is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets. Index code: GDUEEGF. The index is not actively managed and does not reflect any deductions for fees, expense or taxes. An investor may not invest directly in an index.

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## Performance of a \$10,000 Investment Since Inception



\* Inception Date: February 15, 2012.

The chart shown above represents historical performance of a hypothetical investment of \$10,000 in the Fund's Investor Class shares for the period from inception to October 31, 2017. All returns reflect reinvested dividends and/or distributions, but do not reflect the deduction of taxes that an investor would pay on distributions or redemptions.

The Fund also offers Institutional Class shares, performance for which is not reflected in the chart above. The performance of Institutional Class shares may be higher or lower than the performance of the Investor Class shares shown above based upon differences in fees paid by shareholders investing in the Investor Class shares and Institutional Class shares.

## Investment Objective

The Fund seeks to provide long-term capital appreciation along with some current income. The Fund seeks to mitigate adverse volatility in returns as a secondary objective.

## Strategy

The Fund invests primarily in the securities of companies located in developing countries. The Fund invests in several asset classes including dividend-paying common stocks, preferred stocks, convertible bonds, and fixed-income securities.

The Fund seeks to offer investors a relatively stable means of participating in a portion of developing countries' growth prospects, while providing some downside protection compared to a portfolio that invests only in the common stocks of those countries.

**SEAFARER OVERSEAS VALUE FUND  
PERFORMANCE REVIEW**

November 10, 2017

This report addresses the first half of the Seafarer Overseas Value Fund's 2017-18 fiscal year (May 1, 2017 to October 31, 2017).

During the semi-annual period, the Fund gained 8.51%, while the Fund's benchmark, the MSCI Emerging Markets Total Return Index, rose 16.40%.<sup>1</sup> By way of broader comparison, the S&P 500 Index gained 9.10%.

The Fund began the fiscal year with a net asset value of \$11.28 per share.<sup>2</sup> The Fund paid no distributions during the first half of the fiscal year, and it finished the period with a value of \$12.24 per share.<sup>3</sup>

This performance review examines the Fund within the context of what is by now a confirmed rally in emerging market equities, which have appreciated consistently since the beginning of 2016. In the Annual Report for the period ended April 30, 2017, I concluded my review of the Fund's first year of performance by stating that "it has truly been a year in which earnings momentum and nothing else seemed to drive stock price performance."<sup>4</sup> The first half of the current fiscal year represents a continuation of this condition.

An examination of the top five contributors to the Fund's 8.51% total return during the semi-annual period reveals earnings growth as a common driver across the names in the portfolio. However, this observation requires qualification. The first qualification is that at the time of initial purchase, the motivation for including these securities in the portfolio was not earnings momentum, but other considerations. In fact, at the time of first purchase, these stocks suffered from declining earnings. Thus, the reason for initiating a position in the top contributor to performance, China Foods, was the expectation of the company selling non-core assets (*Structural Shift* category of value, as defined in the white paper *On Value in the Emerging Markets*), and the low utilization of what I expected to eventually constitute the company's core asset (*Asset Productivity* category of value).<sup>5</sup> The company also happens to have started reporting earnings growth since I introduced it in the Fund.

Similarly, the original reason for investing in the second-best performer during this period, Melco International Development, a Hong Kong-based casino developer, owner and operator, was the undervaluation of the company's balance sheet (*Breakup Value* category of value). However, over a year ago Macau's gross gaming revenue began to grow once again after several years of contraction, and the company's earnings have begun to reflect that fact. The same argument applies to the other top contributors to portfolio performance: Qualicorp, a Brazilian insurance broker that falls under the *Structural Shift* category of value; Samsung SDI, a Korean battery manufacturer (*Breakup Value*); and Shangri-La, a pan-Asian hospitality company (*Breakup Value*).

The second qualification required by the above observation that earnings growth constitutes the common thread among the Value Fund's top contributors to total return is that this factor is not the sole explanatory variable. Particularly in the case of China Foods, the company's announcement of the sale of two non-core subsidiaries holds greater explanatory power over its stock price appreciation than earnings momentum, in my opinion. Similarly, management and operational changes at Shangri-La better explain the rise in the company's share price than earnings growth to date.

The reason I make these nuanced distinctions is because they aid in the understanding of the Value Fund's performance relative to the benchmark, and they address the broader question of the role of the Fund within the context of what appears to be a growth-driven market. In essence, one should not conclude based on the foregoing that only value names that begin to grow earnings again will drive portfolio returns. Even within the context of a rising market that seems driven by growth-oriented names, value-driven stocks have performed well for the right reasons. Based on the evidence thus far, I conclude that there is still room for a value-oriented strategy within the present growth-driven market.

I am satisfied with the Fund's absolute performance of 8.51% over the past six months; however, this figure significantly underperforms the benchmark's total return of 16.40% over the same period. The above discussion of the portfolio's top contributors should illustrate the heterogeneous nature of the portfolio's drivers. In contrast, the primary contributors to the benchmark's total return over the past six

months are a narrow group of technology and internet firms: Taiwan Semiconductor Manufacturing Company (TSMC), Samsung Electronics, Alibaba, Naspers (owner of one third of Tencent), and Tencent.

More broadly, the Value Fund consists of a collection of investment ideas, each one having its own relatively idiosyncratic driver for value realization. While I classify these drivers into broad categories – the seven sources of value defined in the white paper *On Value in the Emerging Markets* – each investment holding has its own individual set of characteristics.<sup>5</sup> More importantly, from the perspective of portfolio performance relative to the benchmark, the timing of value realization for each individual investment is unpredictable. To illustrate the point, consider this period's top contributor to the portfolio's total return: China Foods. The company had no compulsion to sell two of its subsidiaries this past quarter, apart from state-owned enterprise reform within the company and its parent COFCO (China National Cereals, Oils and Foodstuffs Corporation, a relatively opaque company). This restructuring process could have taken another year to complete.

Thus, given that the timing of value realization is unpredictable, together with the idiosyncratic nature of the portfolio's holdings, the Value Fund's performance relative to the benchmark will probably be a circumstantial question most of the time. Indeed, the Value Fund's active share throughout the period under review was slightly above 93%.<sup>6</sup>

Within the context of strongly rising emerging market equities seemingly driven by an inflection point in earnings growth (please refer to Seafarer's Emerging Markets Briefing<sup>7</sup>), the Value Fund is likely to trail the benchmark. In my opinion, this performance lag is not due to the Fund having lower return potential than the market, but due to the timing difference between strongly growing and appreciating equities in the benchmark and still gestating value in the Value Fund.

Furthermore, not only does the portfolio include investment ideas that are still maturing, but it also owns companies that continue to report declining earnings. Given the market environment, it should not come as a surprise that this period's top detractors to portfolio performance share negative earnings momentum as a common characteristic. Qatar Gas (*Deleveraging* category of value), Asia Satellite (*Deleveraging*), Amvig Holdings (*Balance Sheet Liquidity*), Xtep International Holdings (*Balance Sheet Liquidity*), and Petrovietnam Technical Services (*Management Change* and *Balance Sheet Liquidity*) have all continued to report declining earnings and their respective share prices have continued to decline.

As was the case with the top contributors to performance, the above comment on negative earnings growth needs qualification. Qatar Gas also suffered from an embargo imposed by other members of the Gulf Cooperation Council (GCC) in June of this year. The continued pressure on the share prices of Asia Satellite and Amvig Holdings may not be surprising from the perspective of earnings momentum, but is surprising from the perspective that the former re-started dividend payments, and the latter increased the dividend in its most recent payment, despite an accounting earnings decline.

Switching to the performance of the portfolio as a whole, it has proven steady over the first half of the fiscal year. Indeed, while the benchmark has appreciated more than the portfolio, the Value Fund has proven remarkably consistent in its appreciation. During two episodes of performance retracement for the benchmark in early August and late September, the Value Fund's net asset value (NAV) proved quite stable in relative terms. The steady appreciation of the portfolio since May of this year continued uninterrupted until mid-September when the Fund's NAV stabilized and declined a modest amount, while the benchmark continued to appreciate.

Focusing on this period from September 20 to October 31 reveals a confluence of diverse factors that explain the portfolio's performance. First, the Brazilian real and the Mexican peso both depreciated meaningfully, making Qualicorp, a Brazilian insurance broker (*Structural Shift*), and Credito Real, a Mexican financial company (*Asset Productivity*), rank among the top detractors to performance during the period. Global Ports, a Russian port company (*Asset Productivity*), suffered from indications that Russian authorities would force the company to price its services in Russian rubles instead of U.S. dollars. Pegas Nonwovens, a Czech manufacturer of nonwoven, absorbent textiles (*Segregated Market*), experienced a decline in its share price after the conclusion of a tender offer for the shares by a Czech industrialist. Lastly, Samsung SDI, a Korean battery manufacturer (*Breakup Value*), suffered a meaningful stock price decline related to iPhone X production delays. Of course, there were other portfolio holdings that appreciated during this short time frame, but the severity of these price declines dominated the portfolio's performance.

It's important to note that the Value Fund's NAV also proved quite stable during its first year of performance, specifically during the emerging market sell-off after the election of President Trump. At that time, I attributed the Fund's relative NAV stability to the low valuation of its holdings. One year hence, it remains difficult to explain the portfolio's relative stability during two subsequent episodes of benchmark retracement in August and September 2017, as many of the Fund's holdings have appreciated significantly. Furthermore, the period discussed above from late September to the end of October 2017 – when the Fund's NAV declined modestly while the benchmark appreciated – also defies an easy, all-encompassing explanation. My conclusion is that the Seafarer Overseas Value Fund has been dancing to its own tune.

Paul Espinosa  
Lead Portfolio Manager  
Seafarer Overseas Value Fund

*The MSCI Emerging Markets Total Return Index, Standard (Large+Mid Cap) Core, Gross (dividends reinvested), USD is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets. Index code: GDUUEGF.*

*The S&P 500 Total Return Index is a stock market index based on the market capitalizations of 500 large companies with common stock listed on the NYSE or NASDAQ.*

*It is not possible to invest directly in an index.*

*The Fund is subject to investment risks, including possible loss of the principal amount invested and therefore is not suitable for all investors. The Fund may not achieve its objectives. Diversification does not ensure a profit or guarantee against loss.*

*Information on the Seafarer website is provided for textual reference only, and is not incorporated by reference into this report.*

*The views and information discussed in this commentary are as of the date of publication, are subject to change, and may not reflect Seafarer's current views. The views expressed represent an assessment of market conditions at a specific point in time, are opinions only and should not be relied upon as investment advice regarding a particular investment or markets in general. Such information does not constitute a recommendation to buy or sell specific securities or investment vehicles. It should not be assumed that any investment will be profitable or will equal the performance of the portfolios or any securities or any sectors mentioned herein. The subject matter contained herein has been derived from several sources believed to be reliable and accurate at the time of compilation. Seafarer does not accept any liability for losses either direct or consequential caused by the use of this information.*

*As of October 31, 2017 the Fund had no economic interest in Taiwan Semiconductor Manufacturing Company (TSMC), Samsung Electronics, Alibaba, Naspers (owner of one third of Tencent), Tencent, and COFCO.*

<sup>1</sup> References to the "Fund" pertain to the Fund's Institutional share class (ticker: SIVLX). Includes adjustments in accordance with U.S. GAAP and as such, the total return for shareholder transactions reported to the market may differ from the total return for financial reporting purposes. As a result, the total return for the Institutional share class increased from 8.41% to 8.51%. The Investor share class (ticker: SFVLX) gained 8.41% during the semi-annual period.

<sup>2</sup> Adjustments in accordance with the U.S. GAAP were applied during the financial statement preparation and decreased the net asset value from \$11.29 to \$11.28.

<sup>3</sup> The Fund's Investor share class began the fiscal year with a net asset value of \$11.30 per share. It finished the period with a value of \$12.25 per share.

<sup>4</sup> The Seafarer Funds' Annual Report for the period ended April 30, 2017 is available at: [www.seafarerfunds.com/reports/2017/annual](http://www.seafarerfunds.com/reports/2017/annual)

<sup>5</sup> The white paper *On Value in the Emerging Markets* is available at: [www.seafarerfunds.com/value-white-paper](http://www.seafarerfunds.com/value-white-paper)

<sup>6</sup> Active Share is a measure of a portfolio's deviation from a benchmark index, where a value of 0% indicates that a portfolio is a perfect replica of the index, and a value of 100% indicates that a portfolio is entirely different than the index.

<sup>7</sup> The Emerging Markets Briefing as of September 30, 2017 is available at: [www.seafarerfunds.com/em-briefing/2017/09](http://www.seafarerfunds.com/em-briefing/2017/09)

October 31, 2017

## Total Returns

As of October 31, 2017	6 Months	1 Year	Since Inception Annualized <sup>(1)</sup>	Net Expense Ratio <sup>(2)</sup>
Investor Class (SFVLX)	8.41%	20.61%	16.20%	1.15%
Institutional Class (SIVLX)	8.51% <sup>(3)</sup>	20.64%	16.30%	1.05%
MSCI Emerging Markets Total Return Index <sup>(4)</sup>	16.40%	26.91%	29.65%	

Gross expense ratio: 3.71% for Investor Class; 3.63% for Institutional Class. Ratios as of Prospectus dated August 31, 2017<sup>2</sup>

All performance is in U.S. dollars with gross (pre-tax) dividends and/or distributions reinvested. The performance data quoted represents past performance and does not guarantee future results. Future returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Prior to August 31, 2016, shares of the Fund redeemed or exchanged within 90 days of purchase were subject to a 2% redemption fee. Performance does not reflect this fee, which if deducted would reduce an individual's return. To obtain the Fund's most recent month-end performance, visit [seafarerfunds.com](http://seafarerfunds.com) or call (855) 732-9220.

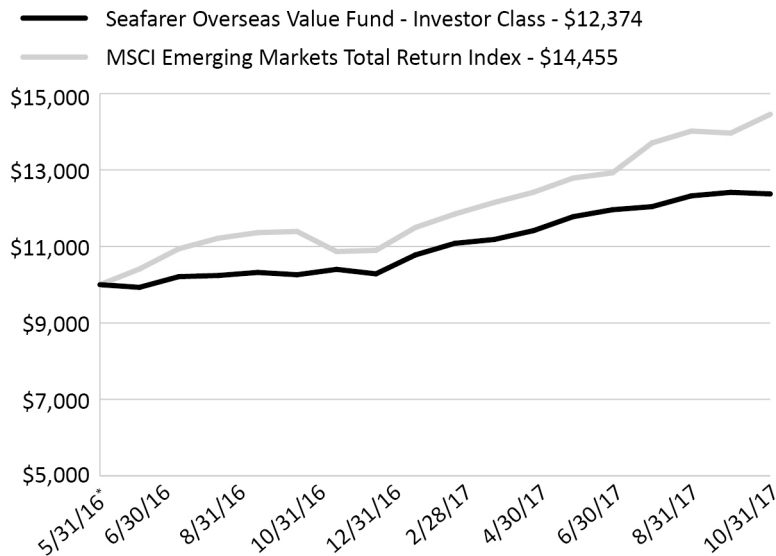
<sup>1</sup> Inception Date: May 31, 2016.

<sup>2</sup> Ratios as of Prospectus dated August 31, 2017. Seafarer Capital Partners, LLC has agreed contractually to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waiver/Expense Reimbursements (excluding brokerage expenses, interest expenses, taxes and extraordinary expenses) to 1.15% and 1.05% of the Fund's average daily net assets for the Investor and Institutional share classes, respectively. This agreement is in effect through August 31, 2018.

<sup>3</sup> Includes adjustments in accordance with U.S. GAAP and as such, the total return for shareholder transactions reported to the market may differ from the total return for financial reporting purposes. As a result, the total return increased from 8.41% to 8.51%.

<sup>4</sup> The MSCI Emerging Markets Total Return Index, Standard (Large+Mid Cap) Core, Gross (dividends reinvested), USD is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets. Index code: GDUEEGF. The index is not actively managed and does not reflect any deductions for fees, expense or taxes. An investor may not invest directly in an index.

## Performance of a \$10,000 Investment Since Inception



\* Inception Date: May 31, 2016.

The chart shown above represents historical performance of a hypothetical investment of \$10,000 in the Fund's Investor Class shares for the period from inception to October 31, 2017. All returns reflect reinvested dividends and/or distributions, but do not reflect the deduction of taxes that an investor would pay on distributions or redemptions.

The Fund also offers Institutional Class shares, performance for which is not reflected in the chart above. The performance of Institutional Class shares may be higher or lower than the performance of the Investor Class shares shown above based upon differences in fees paid by shareholders investing in the Investor Class shares and Institutional Class shares.

## Investment Objective

The Fund seeks to provide long-term capital appreciation.

## Strategy

The Fund invests primarily in the securities of companies located in developing countries. The Fund invests in several asset classes including common stocks, preferred stocks, and fixed-income securities.

The Fund's portfolio is comprised of securities identified through a bottom-up security selection process based on fundamental research. The Fund seeks to produce a minimum long-term rate of return by investing in securities priced at a discount to their intrinsic value.

## DISCLOSURE OF FUND EXPENSES

As a shareholder of a Fund you will incur two types of costs: (1) transaction costs, including applicable redemption fees; and (2) ongoing costs, including management fees and other Fund expenses. The following examples are intended to help you understand your ongoing costs (in dollars) of investing in a Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The examples are based on an investment of \$1,000 invested on May 1, 2017 and held until October 31, 2017.

**Actual Expenses.** For each Fund and share class, the first line of the following table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

**Hypothetical Example for Comparison Purposes.** For each Fund and share class, the second line of the following table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other mutual funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other mutual funds.

Please note the expenses shown in the following table are meant to highlight your ongoing costs only and do not reflect transactional costs, such as redemption fees or exchange fees. Therefore, for each Fund and share class, the second line of the following table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.



October 31, 2017 (Unaudited)

	Beginning Account Value 05/01/17	Ending Account Value 10/31/17	Expense Ratio <sup>(a)</sup>	Expenses Paid During Period 05/01/17 - 10/31/17 <sup>(b)</sup>
<b>SEAFARER OVERSEAS GROWTH AND INCOME FUND</b>				
<b>Investor Class</b>				
Actual	\$ 1,000.00	\$ 1,068.00	0.97%	\$ 5.06
Hypothetical (5% return before expenses)	\$ 1,000.00	\$ 1,020.32	0.97%	\$ 4.94
<b>Institutional Class</b>				
Actual	\$ 1,000.00	\$ 1,068.00	0.87%	\$ 4.53
Hypothetical (5% return before expenses)	\$ 1,000.00	\$ 1,020.82	0.87%	\$ 4.43
<b>SEAFARER OVERSEAS VALUE FUND</b>				
<b>Investor Class</b>				
Actual	\$ 1,000.00	\$ 1,084.10	1.15%	\$ 6.04
Hypothetical (5% return before expenses)	\$ 1,000.00	\$ 1,019.41	1.15%	\$ 5.85
<b>Institutional Class</b>				
Actual	\$ 1,000.00	\$ 1,085.10	1.05%	\$ 5.52
Hypothetical (5% return before expenses)	\$ 1,000.00	\$ 1,019.91	1.05%	\$ 5.35

<sup>(a)</sup> Annualized, based on the Fund's most recent fiscal half year expenses.

<sup>(b)</sup> Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (184)/365 (to reflect the half-year period).

October 31, 2017 (Unaudited)

	Currency	Shares	Value
<b>COMMON STOCKS (81.9%)</b>			
<b>Brazil (5.2%)</b>			
TOTVS SA	BRL	7,657,600	\$ 76,077,400
Odontoprev SA	BRL	15,500,000	<u>74,389,387</u>
<b>Total Brazil</b>			<u>150,466,787</u>
<b>China / Hong Kong (18.6%)</b>			
Hang Lung Properties, Ltd.	HKD	43,500,000	99,920,527
China Yangtze Power Co., Ltd.	CNY	34,099,321	81,860,186
Hengan International Group Co., Ltd.	HKD	7,650,500	75,412,548
China Telecom Corp., Ltd.	HKD	129,001,200	64,654,382
Fuyao Glass Industry Group Co., Ltd., Class H	HKD	16,490,000	62,777,578
Shandong Weigao Group Medical Polymer Co., Ltd., Class H	HKD	70,606,000	50,682,390
Texwinca Holdings, Ltd.	HKD	56,500,000	34,111,185
Xinhua Winshare Publishing and Media Co., Ltd., Class H	HKD	31,500,000	27,335,478
Greatview Aseptic Packaging Co., Ltd.	HKD	35,004,000	21,896,009
Pico Far East Holdings, Ltd.	HKD	47,888,000	<u>20,256,672</u>
<b>Total China / Hong Kong</b>			<u>538,906,955</u>
<b>Hungary (3.3%)</b>			
Richter Gedeon Nyrt	HUF	3,800,000	<u>94,534,754</u>
<b>Total Hungary</b>			<u>94,534,754</u>
<b>India (9.6%)</b>			
Infosys, Ltd., Sponsored ADR	USD	9,675,000	143,673,750
Sun Pharma Advanced Research Co., Ltd. <sup>(a)</sup>	INR	8,100,000	52,504,545
Balkrishna Industries, Ltd.	INR	1,421,239	37,410,756
Cyient, Ltd.	INR	3,250,000	27,122,952
Infosys, Ltd.	INR	1,092,821	<u>15,553,460</u>
<b>Total India</b>			<u>276,265,463</u>
<b>Indonesia (3.7%)</b>			
Astra International Tbk PT	IDR	181,000,000	<u>106,764,977</u>
<b>Total Indonesia</b>			<u>106,764,977</u>

October 31, 2017 (Unaudited)

	Currency	Shares	Value
<b>Japan (1.3%)</b>			
Hisamitsu Pharmaceutical Co., Inc.	JPY	675,000	\$ 36,983,862
<b>Total Japan</b>			<u>36,983,862</u>
<b>Malaysia (0.7%)</b>			
Hartalega Holdings Bhd	MYR	12,000,000	<u>21,599,149</u>
<b>Total Malaysia</b>			<u>21,599,149</u>
<b>Mexico (1.3%)</b>			
Bolsa Mexicana de Valores SAB de CV	MXN	22,000,000	<u>36,709,220</u>
<b>Total Mexico</b>			<u>36,709,220</u>
<b>Poland (2.9%)</b>			
Bank Pekao SA	PLN	1,500,000	48,997,926
Asseco Poland SA	PLN	2,636,648	<u>34,552,153</u>
<b>Total Poland</b>			<u>83,550,079</u>
<b>Singapore (7.2%)</b>			
Singapore Telecommunications, Ltd.	SGD	45,000,000	123,798,694
Venture Corp., Ltd.	SGD	3,650,000	52,188,761
SIA Engineering Co., Ltd.	SGD	13,000,000	<u>31,090,896</u>
<b>Total Singapore</b>			<u>207,078,351</u>
<b>South Africa (4.2%)</b>			
Sanlam, Ltd.	ZAR	24,125,000	<u>120,635,664</u>
<b>Total South Africa</b>			<u>120,635,664</u>
<b>South Korea (12.3%)</b>			
Hyundai Mobis Co., Ltd.	KRW	740,147	176,060,317
Coway Co., Ltd.	KRW	1,247,500	108,342,705
Dongsuh Cos., Inc.	KRW	2,075,000	50,932,744
Sindoh Co., Ltd.	KRW	355,185	<u>19,972,915</u>
<b>Total South Korea</b>			<u>355,308,681</u>
<b>Taiwan (11.1%)</b>			
Delta Electronics, Inc.	TWD	19,800,000	95,193,886
Pou Chen Corp.	TWD	66,289,000	83,522,008
Taiwan Semiconductor Manufacturing Co., Ltd.	TWD	9,000,000	72,514,465
Vanguard International Semiconductor Corp.	TWD	26,350,000	49,974,966

October 31, 2017 (Unaudited)

	Currency	Shares	Value		
<b>Taiwan (continued)</b>					
Taiwan Semiconductor Manufacturing Co., Ltd., Sponsored ADR	USD	476,739	\$ 20,180,362		
<b>Total Taiwan</b>			<u>321,385,687</u>		
<b>Vietnam (0.5%)</b>					
Bao Viet Holdings	VND	4,450,000	9,796,368		
Nam Long Investment Corp.	VND	4,200,000	4,946,615		
<b>Total Vietnam</b>			<u>14,742,983</u>		
<b>TOTAL COMMON STOCKS</b> <b>(Cost \$2,156,206,901)</b>			<u>2,364,932,612</u>		
<b>PREFERRED STOCKS (7.0%)</b>					
<b>Brazil (2.7%)</b>					
Banco Bradesco SA, ADR	USD	7,325,000	77,425,250		
<b>Total Brazil</b>			<u>77,425,250</u>		
<b>South Korea (4.3%)</b>					
Samsung Electronics Co., Ltd.	KRW	62,500	124,960,950		
<b>Total South Korea</b>			<u>124,960,950</u>		
<b>TOTAL PREFERRED STOCKS</b> <b>(Cost \$105,890,889)</b>			<u>202,386,200</u>		
	Currency	Rate	Maturity Date	Principal Amount	Value
<b>CORPORATE BOND - FOREIGN CURRENCY (1.2%)</b>					
<b>Mexico (1.2%)</b>					
America Movil SAB de CV	MXN	7.13%	12/09/24	140,290,000	7,005,152
America Movil SAB de CV	MXN	7.13%	12/09/24	209,710,000	10,471,526
America Movil SAB de CV	MXN	6.45%	12/05/22	350,000,000	17,258,336
<b>Total Mexico</b>					<u>34,735,014</u>
<b>TOTAL CORPORATE BOND - FOREIGN CURRENCY</b> <b>(Cost \$36,639,549)</b>					<u>34,735,014</u>

October 31, 2017 (Unaudited)

	Currency	Rate	Maturity Date	Principal Amount	Value
<b>CORPORATE BOND - USD (0.7%)</b>					
<b>Brazil (0.7%)</b>					
Cielo SA / Cielo USA, Inc.	USD	3.75%	11/16/22	20,000,000	\$ 20,008,000
<b>Total Brazil</b>					<u>20,008,000</u>
<b>TOTAL CORPORATE BOND - USD (Cost \$18,232,632)</b>					<u>20,008,000</u>
<b>GOVERNMENT BOND, MEDIUM/LONG-TERM - FOREIGN CURRENCY (2.0%)</b>					
<b>Brazil (1.5%)</b>					
Brazilian Government International Bond	BRL	10.25%	01/10/28	60,000,000	20,049,644
Brazil Notas do Tesouro Nacional Serie F, Series NTNF	BRL	10.00%	01/01/25	70,000,000	<u>22,375,756</u>
<b>Total Brazil</b>					<u>42,425,400</u>
<b>Indonesia (0.5%)</b>					
Indonesia Treasury Bond, Series FR70	IDR	8.38%	03/15/24	200,000,000,000	<u>16,002,020</u>
<b>Total Indonesia</b>					<u>16,002,020</u>
<b>TOTAL GOVERNMENT BOND, MEDIUM/LONG-TERM - FOREIGN CURRENCY (Cost \$50,463,722)</b>					<u>58,427,420</u>
<b>GOVERNMENT BOND, SHORT-TERM - USD AND FOREIGN CURRENCY (2.8%)</b>					
<b>Hungary (0.2%)</b>					
Hungary Government International Bond	USD	4.13%	02/19/18	6,000,000	<u>6,045,642</u>
<b>Total Hungary</b>					<u>6,045,642</u>
<b>Israel (0.3%)</b>					
Israel Government International Bond	USD	5.13%	03/26/19	9,000,000	<u>9,418,014</u>
<b>Total Israel</b>					<u>9,418,014</u>

October 31, 2017 (Unaudited)

	Currency	Rate	Maturity Date	Principal Amount	Value
<b>Poland (0.3%)</b>					
Republic of Poland Government International Bond	USD	6.38%	07/15/19	9,000,000	\$ 9,691,038
<b>Total Poland</b>					<u>9,691,038</u>
<b>Singapore (0.6%)</b>					
Singapore Government Bond	SGD	4.00%	09/01/18	11,000,000	8,248,991
Singapore Government Bond	SGD	0.50%	04/01/18	12,000,000	<u>8,777,052</u>
<b>Total Singapore</b>					<u>17,026,043</u>
<b>South Africa (0.2%)</b>					
Republic of South Africa Government International Bond	USD	6.88%	05/27/19	5,000,000	<u>5,324,100</u>
<b>Total South Africa</b>					<u>5,324,100</u>
<b>South Korea (1.2%)</b>					
The Korea Development Bank	USD	1.38%	09/12/19	5,000,000	4,905,842
The Korea Development Bank	USD	2.88%	08/22/18	5,000,000	5,028,200
Korea Treasury Bond, Series 1812	KRW	1.75%	12/10/18	6,000,000,000	5,348,903
Korea Treasury Bond, Series 1806	KRW	1.63%	06/10/18	6,000,000,000	5,356,487
Korea International Bond	USD	7.13%	04/16/19	5,000,000	5,357,300
Korea Treasury Bond, Series 1712	KRW	2.00%	12/10/17	9,000,000,000	<u>8,037,984</u>
<b>Total South Korea</b>					<u>34,034,716</u>
<b>TOTAL GOVERNMENT BOND, SHORT-TERM - USD AND FOREIGN CURRENCY (Cost \$81,211,552)</b>					<u>81,539,553</u>
<b>TOTAL INVESTMENTS (Cost \$2,448,645,245) (95.6%)</b>					\$ 2,762,028,799
<b>Cash and Other Assets, Less Liabilities (4.4%)</b>					126,286,741
<b>NET ASSETS (100.0%)</b>					<u>\$ 2,888,315,540</u>

Principal Amount is stated in local currency unless otherwise noted.

<sup>(a)</sup> Non-income producing security.

**Currency Abbreviations**

BRL	-	Brazil Real
CNY	-	China Yuan
HKD	-	Hong Kong Dollar
HUF	-	Hungary Forint
IDR	-	Indonesia Rupiah
INR	-	India Rupee
JPY	-	Japan Yen
KRW	-	South Korea Won
MXN	-	Mexico Peso
MYR	-	Malaysia Ringgit
PLN	-	Poland Zloty
SGD	-	Singapore Dollar
TWD	-	Taiwan New Dollar
USD	-	United States Dollar
VND	-	Vietnam Dong
ZAR	-	South Africa Rand

For Fund compliance purposes, the Fund's geographical classifications refer to any one or more of the sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine sub-classifications for reporting ease. Geographical regions are shown as a percentage of net assets.

See accompanying Notes to Financial Statements.

October 31, 2017 (Unaudited)

	Currency	Shares	Value
<b>COMMON STOCKS (88.3%)</b>			
<b>Brazil (1.8%)</b>			
Qualicorp SA	BRL	31,000	\$ 331,483
<b>Total Brazil</b>			<u>331,483</u>
<b>China / Hong Kong (44.6%)</b>			
China Foods, Ltd.	HKD	1,318,000	832,894
First Pacific Co., Ltd.	HKD	924,000	703,535
China Resources Beer Holdings Co., Ltd.	HKD	224,000	646,038
Melco International Development, Ltd.	HKD	234,000	640,384
Xtep International Holdings, Ltd.	HKD	1,924,000	636,286
AMVIG Holdings, Ltd.	HKD	2,148,000	608,491
WH Group, Ltd.	HKD	580,000	587,330
Shangri-La Asia, Ltd.	HKD	280,000	557,028
Asia Satellite Telecommunications Holdings, Ltd.	HKD	583,000	538,057
Texwinca Holdings, Ltd.	HKD	874,000	527,667
China Yangtze Power Co., Ltd.	CNY	196,990	472,902
Giordano International, Ltd.	HKD	748,000	422,832
Greatview Aseptic Packaging Co., Ltd.	HKD	520,000	325,275
Hang Lung Properties, Ltd.	HKD	132,000	303,207
Pacific Basin Shipping, Ltd. <sup>(a)</sup>	HKD	1,130,000	257,826
Pico Far East Holdings, Ltd.	HKD	538,000	<u>227,575</u>
<b>Total China / Hong Kong</b>			<u>8,287,327</u>
<b>Czech Republic (4.0%)</b>			
Pegas Nonwovens SA	CZK	11,000	431,630
Philip Morris CR AS	CZK	430	<u>318,171</u>
<b>Total Czech Republic</b>			<u>749,801</u>
<b>Mexico (2.8%)</b>			
Credito Real SAB de CV SOFOM ER	MXN	321,000	<u>515,696</u>
<b>Total Mexico</b>			<u>515,696</u>
<b>Philippines (2.9%)</b>			
Del Monte Pacific, Ltd.	SGD	2,350,000	<u>534,444</u>
<b>Total Philippines</b>			<u>534,444</u>



October 31, 2017 (Unaudited)

	Currency	Shares	Value
<b>Qatar (3.6%)</b>			
Qatar Gas Transport Co., Ltd.	QAR	163,000	\$ 678,187
<b>Total Qatar</b>			<u>678,187</u>
<b>Russia (4.8%)</b>			
Global Ports Investments PLC, GDR <sup>(a)</sup>	USD	127,000	482,600
Cherkizovo Group PJSC, GDR	USD	29,000	413,250
<b>Total Russia</b>			<u>895,850</u>
<b>Singapore (10.4%)</b>			
Wilmar International, Ltd.	SGD	296,000	736,145
SIA Engineering Co., Ltd.	SGD	273,000	652,909
Genting Singapore Plc	SGD	616,000	551,332
<b>Total Singapore</b>			<u>1,940,386</u>
<b>South Korea (2.8%)</b>			
Samsung SDI Co., Ltd.	KRW	2,700	521,275
<b>Total South Korea</b>			<u>521,275</u>
<b>Taiwan (2.5%)</b>			
Pou Chen Corp.	TWD	362,000	456,108
<b>Total Taiwan</b>			<u>456,108</u>
<b>United Arab Emirates (2.9%)</b>			
National Central Cooling Co. PJSC	AED	954,000	545,492
<b>Total United Arab Emirates</b>			<u>545,492</u>
<b>Vietnam (5.2%)</b>			
PetroVietnam Technical Services Corp.	VND	724,000	484,527
Petrovietnam Fertilizer & Chemicals JSC	VND	507,000	475,469
<b>Total Vietnam</b>			<u>959,996</u>
<b>TOTAL COMMON STOCKS</b>			
<b>(Cost \$14,887,475)</b>			<u>16,416,045</u>

October 31, 2017 (Unaudited)

	Currency	Shares	Value
<b>TOTAL INVESTMENTS</b>			
<b>(Cost \$14,887,475) (88.3%)</b>			\$ 16,416,045
<b>Cash and Other Assets, Less Liabilities (11.7%)</b>			2,184,484
<b>NET ASSETS (100.0%)</b>			\$ 18,600,529

<sup>(a)</sup> Non-income producing security.

#### Currency Abbreviations

AED	- United Arab Emirates Dirham
BRL	- Brazil Real
CNY	- China Yuan
CZK	- Czech Koruna
HKD	- Hong Kong Dollar
KRW	- South Korea Won
MXN	- Mexico Peso
QAR	- Qatar Rial
SGD	- Singapore Dollar
TWD	- Taiwan New Dollar
USD	- United States Dollar
VND	- Vietnam Dong

For Fund compliance purposes, the Fund's geographical classifications refer to any one or more of the sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine sub-classifications for reporting ease. Geographical regions are shown as a percentage of net assets.

See accompanying Notes to Financial Statements.

October 31, 2017 (Unaudited)

	Seafarer Overseas Growth and Income Fund	Seafarer Overseas Value Fund
<b>ASSETS:</b>		
Investments, at value	\$ 2,762,028,799	\$ 16,416,045
Cash	119,804,056	2,270,600
Foreign currency, at value (Cost \$1,267,947 and \$22,135)	1,264,539	22,141
Receivable for investments sold	1,538,287	94,730
Receivable for shares sold	2,073,121	61,435
Interest and dividends receivable	7,525,067	28,111
Prepaid expenses and other assets	35,068	17,300
<b>Total Assets</b>	<b>2,894,268,937</b>	<b>18,910,362</b>
<b>LIABILITIES:</b>		
Payable for investments purchased	1,353,415	274,411
Foreign capital gains tax	590,983	–
Administrative fees payable	54,888	2,383
Shareholder service plan fees payable	224,764	1,506
Payable for shares redeemed	1,513,256	–
Investment advisory fees payable	1,767,530	955
Payable for chief compliance officer fee	1,877	1,873
Trustee fees and expenses payable	28,119	116
Payable for principal financial officer fees	438	437
Audit and tax fees payable	10,266	16,029
Accrued expenses and other liabilities	407,861	12,123
<b>Total Liabilities</b>	<b>5,953,397</b>	<b>309,833</b>
<b>NET ASSETS</b>	<b>\$ 2,888,315,540</b>	<b>\$ 18,600,529</b>
<b>NET ASSETS CONSIST OF:</b>		
Paid-in capital (Note 5)	\$ 2,540,888,550	\$ 16,853,917
Accumulated net investment income	29,684,570	216,589
Accumulated net realized gain	5,062,986	1,265
Net unrealized appreciation	312,679,434	1,528,758
<b>NET ASSETS</b>	<b>\$ 2,888,315,540</b>	<b>\$ 18,600,529</b>
<b>INVESTMENTS, AT COST</b>	<b>\$ 2,448,645,245</b>	<b>\$ 14,887,475</b>
<b>PRICING OF SHARES</b>		
<b>Investor Class:</b>		
Net Asset Value, offering and redemption price per share	\$ 13.25	\$ 12.25
Net Assets	\$ 936,345,998	\$ 308,496
Shares of beneficial interest outstanding	70,685,116	25,177
<b>Institutional Class:</b>		
Net Asset Value, offering and redemption price per share	\$ 13.28	\$ 12.24
Net Assets	\$ 1,951,969,542	\$ 18,292,033
Shares of beneficial interest outstanding	146,935,026	1,493,846

See accompanying Notes to Financial Statements.

Six Months Ended October 31, 2017 (Unaudited)

	Seafarer Overseas Growth and Income Fund	Seafarer Overseas Value Fund
<b>INVESTMENT INCOME:</b>		
Dividends	\$ 56,248,805	\$ 265,548
Foreign taxes withheld	(4,831,934)	(7,319)
Interest and other income	5,337,618	5,574
Total investment income	56,754,489	263,803
<b>EXPENSES:</b>		
Investment advisory fees (Note 6)	9,731,533	48,697
Administrative and transfer agency fees	401,184	18,510
Trustee fees and expenses	28,011	122
Registration/filing fees	48,953	16,288
Shareholder service plan fees		
Investor Class	695,146	22
Institutional Class	409,770	2,242
Legal fees	12,536	50
Audit fees	15,872	8,527
Reports to shareholders and printing fees	53,518	262
Custody fees	718,760	18,589
Offering costs (Note 2)	-	5,362
Chief compliance officer fees	10,806	10,806
Principal financial officer fees	2,521	2,521
Miscellaneous	14,346	2,069
Total expenses	12,142,956	134,067
Less fees waived/reimbursed by investment adviser (Note 6)		
Investor Class	-	(1,323)
Institutional Class	-	(62,111)
Total net expenses	12,142,956	70,633
<b>NET INVESTMENT INCOME:</b>	44,611,533	193,170
Net realized gain on investments	25,034,352	0
Net realized gain/(loss) on foreign currency transactions	(261,936)	1,269
Net realized gain	24,772,416	1,269
Net change in unrealized appreciation on investments (net of foreign capital gains tax of (\$59,047) and \$-)	103,958,146	753,729
Net change in unrealized depreciation on translation of assets and liabilities in foreign currency transactions	(169,854)	(58)
Net unrealized appreciation	103,788,292	753,671
<b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCY TRANSLATIONS</b>	128,560,708	754,940
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	\$ 173,172,241	\$ 948,110

See accompanying Notes to Financial Statements.

# Seafarer Overseas Growth and Income Fund Statements of Changes in Net Assets

	Six Months Ended October 31, 2017 (Unaudited)	Year Ended April 30, 2017
<b>OPERATIONS:</b>		
Net investment income	\$ 44,611,533	\$ 32,247,036
Net realized gain/(loss)	24,772,416	(10,282,431)
Net change in unrealized appreciation	103,788,292	174,008,053
Net increase in net assets resulting from operations	173,172,241	195,972,658
<b>DISTRIBUTIONS TO SHAREHOLDERS (NOTE 3):</b>		
From net investment income		
Investor Class	\$ (7,523,047)	\$ (11,816,708)
Institutional Class	(13,702,836)	(15,268,463)
Net decrease in net assets from distributions	(21,225,883)	(27,085,171)
<b>BENEFICIAL INTEREST TRANSACTIONS (NOTE 5):</b>		
Shares sold		
Investor Class	\$ 97,691,487	\$ 323,883,071
Institutional Class	445,429,655	987,397,573
Dividends reinvested		
Investor Class	7,441,371	11,687,348
Institutional Class	9,597,875	10,058,555
Shares Redeemed, net of redemption fees		
Investor Class	(98,822,985)	(141,954,140)
Institutional Class	(102,662,041)	(201,239,879)
Net increase in net assets derived from beneficial interest transactions	358,675,362	989,832,528
Net increase in net assets	\$ 510,621,720	\$1,158,720,015
<b>NET ASSETS:</b>		
Beginning of period	\$2,377,693,820	\$1,218,973,805
End of period (including accumulated net investment income of \$29,684,570 and \$6,298,920, respectively)	\$2,888,315,540	\$2,377,693,820

	Six Months Ended October 31, 2017 (Unaudited)	Year Ended April 30, 2017
<b>Other Information:</b>		
<b>SHARE TRANSACTIONS:</b>		
<b>Investor Class</b>		
Sold	7,590,625	27,609,055
Distributions reinvested	588,716	1,045,402
Redeemed	(7,645,776)	(12,161,311)
Net increase in shares outstanding	533,565	16,493,146
<b>Institutional Class</b>		
Sold	34,427,140	83,448,584
Distributions reinvested	757,528	900,914
Redeemed	(7,910,536)	(17,485,012)
Net increase in shares outstanding	27,274,132	66,864,486

See accompanying Notes to Financial Statements.

	Six Months Ended October 31, 2017 (Unaudited)	May 31, 2016 (Inception) to April 30, 2017
<b>OPERATIONS:</b>		
Net investment income	\$ 193,170	\$ 68,088
Net realized gain/(loss)	1,269	(2,768)
Net change in unrealized appreciation	753,671	775,087
Net increase in net assets resulting from operations	948,110	840,407
<b>DISTRIBUTIONS TO SHAREHOLDERS (NOTE 3):</b>		
From net investment income		
Investor Class	\$ –	\$ (2,017)
Institutional Class	–	(60,374)
Net decrease in net assets from distributions	–	(62,391)
<b>BENEFICIAL INTEREST TRANSACTIONS (NOTE 5):</b>		
Shares sold		
Investor Class	\$ 69,477	\$ 253,053
Institutional Class	8,178,078	11,072,675
Dividends reinvested		
Investor Class	–	2,017
Institutional Class	–	60,374
Shares Redeemed		
Investor Class	(65,522)	–
Institutional Class	(655,164)	(2,040,585)
Net increase in net assets derived from beneficial interest transactions	7,526,869	9,347,534
Net increase in net assets	\$ 8,474,979	\$ 10,125,550
<b>NET ASSETS:</b>		
Beginning of period	\$ 10,125,550	\$ –
End of period (including accumulated net investment income of \$216,589 and \$23,419)	\$ 18,600,529	\$ 10,125,550
<b>Other Information:</b>		
<b>SHARE TRANSACTIONS:</b>		
<b>Investor Class</b>		
Sold	5,748	24,578
Distributions reinvested	–	198
Redeemed	(5,347)	–
Net increase in shares outstanding	401	24,776
<b>Institutional Class</b>		
Sold	676,426	1,062,151
Distributions reinvested	–	5,925
Redeemed	(55,040)	(195,616)
Net increase in shares outstanding	621,386	872,460

See accompanying Notes to Financial Statements

# Financial Highlights

For a share outstanding through the periods presented

## Investor Class

### NET ASSET VALUE, BEGINNING OF PERIOD

#### INCOME FROM OPERATIONS:

Net investment income<sup>(a)</sup>

Net realized and unrealized gain/(loss) on investments

Total from investment operations

#### LESS DISTRIBUTIONS:

From net investment income

From net realized gains on investments

Total distributions

### REDEMPTION FEES ADDED TO PAID IN CAPITAL

### NET INCREASE/(DECREASE) IN NET ASSET VALUE

### NET ASSET VALUE, END OF PERIOD

### TOTAL RETURN<sup>(e)</sup>

#### SUPPLEMENTAL DATA:

Net assets, end of period (in 000s)

#### RATIOS TO AVERAGE NET ASSETS:

Operating expenses excluding reimbursement/waiver

Operating expenses including reimbursement/waiver

Net investment income including reimbursement/waiver

#### PORTFOLIO TURNOVER RATE<sup>(i)</sup>

<sup>(a)</sup> Calculated using the average shares method.

<sup>(b)</sup> Less than \$(0.005) per share.

<sup>(c)</sup> Less than \$0.005 per share.

<sup>(d)</sup> In preparing the financial statements in accordance with U.S. GAAP, management made certain adjustments as required by U.S. GAAP which caused the net asset value for purposes of these financial statements to differ from the net asset value used to process shareholder transactions as of the date of these financial statements. As a result, the NAV increased by \$0.01 from \$12.50 to \$12.51.

<sup>(e)</sup> Total returns are for the periods indicated and have not been annualized. In some periods, total returns would have been lower had certain expenses not been waived during the period. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(f)</sup> Includes adjustments in accordance with U.S. GAAP and as such, the total return for shareholder transactions reported to the market may differ from the total return for financial reporting purposes. As a result, the total return decreased from 6.88% to 6.80%.

<sup>(g)</sup> Includes adjustments in accordance with U.S. GAAP and as such, the total return for shareholder transactions reported to the market may differ from the total return for financial reporting purposes. As a result, the total return increased from 11.13% to 11.22%.

<sup>(h)</sup> Annualized.

<sup>(i)</sup> Effective September 1, 2015, the Adviser agreed to limit expenses to 1.15%. The Adviser agreed to limit expenses to 1.25% for the period September 1, 2014 through August 31, 2015. Prior to September 1, 2014, the Adviser agreed to limit expenses to 1.40%. (See Note 6).

<sup>(j)</sup> Portfolio turnover rate for periods less than one full year have not been annualized.



Six Months Ended October 31, 2017 (Unaudited)	Year Ended April 30, 2017	Year Ended April 30, 2016	Year Ended April 30, 2015	Year Ended April 30, 2014	Year Ended April 30, 2013
\$ 12.51	\$ 11.44	\$ 12.64	\$ 11.58	\$ 11.91	\$ 10.18
0.22	0.22	0.16	0.14	0.19	0.10
0.63	1.04	(1.23)	1.26	0.02	1.74
0.85	1.26	(1.07)	1.40	0.21	1.84
(0.11)	(0.19)	(0.11)	(0.19)	(0.26)	(0.11)
–	–	(0.02)	(0.15)	(0.28)	(0.00) <sup>(b)</sup>
(0.11)	(0.19)	(0.13)	(0.34)	(0.54)	(0.11)
–	0.00 <sup>(c)</sup>	0.00 <sup>(c)</sup>	0.00 <sup>(c)</sup>	0.00 <sup>(c)</sup>	0.00 <sup>(c)</sup>
0.74	1.07	(1.20)	1.06	(0.33)	1.73
\$ 13.25	\$ 12.51 <sup>(d)</sup>	\$ 11.44	\$ 12.64	\$ 11.58	\$ 11.91
6.80% <sup>(f)</sup>	11.22% <sup>(g)</sup>	(8.39%)	12.55%	1.93%	18.24%
\$ 936,346	\$ 877,384	\$ 613,795	\$ 53,543	\$ 27,181	\$ 26,348
0.97% <sup>(h)</sup>	1.02%	1.14%	1.30%	1.78%	2.82%
0.97% <sup>(h)</sup>	1.02%	1.14% <sup>(i)</sup>	1.30% <sup>(i)</sup>	1.40%	1.49%
3.33% <sup>(h)</sup>	1.88%	1.50%	1.19%	1.66%	0.90%
9%	14%	7%	28%	51%	39%

See accompanying Notes to Financial Statements.

## Financial Highlights

For a share outstanding through the periods presented

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### Institutional Class

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#### NET ASSET VALUE, BEGINNING OF PERIOD

#### INCOME FROM OPERATIONS:

Net investment income<sup>(a)</sup>

Net realized and unrealized gain/(loss) on investments

---

Total from investment operations

---

#### LESS DISTRIBUTIONS:

From net investment income

From net realized gains on investments

---

Total distributions

---

#### REDEMPTION FEES ADDED TO PAID IN CAPITAL

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#### NET INCREASE/(DECREASE) IN NET ASSET VALUE

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#### NET ASSET VALUE, END OF PERIOD

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#### TOTAL RETURN<sup>(d)</sup>

#### SUPPLEMENTAL DATA:

Net assets, end of period (in 000s)

#### RATIOS TO AVERAGE NET ASSETS:

Operating expenses excluding reimbursement/waiver

Operating expenses including reimbursement/waiver

Net investment income including reimbursement/waiver

#### PORTFOLIO TURNOVER RATE<sup>(g)</sup>

<sup>(a)</sup> Calculated using the average shares method.

<sup>(b)</sup> Less than \$(0.005) per share.

<sup>(c)</sup> Less than \$0.005 per share.

<sup>(d)</sup> Total returns are for the periods indicated and have not been annualized. In some periods, total returns would have been lower had certain expenses not been waived during the period. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(e)</sup> Annualized.

<sup>(f)</sup> Effective September 1, 2014, the Adviser agreed to limit expenses to 1.05%. Prior to September 1, 2014, the Adviser agreed to limit expenses to 1.25%. (See Note 6).

<sup>(g)</sup> Portfolio turnover rate for periods less than one full year have not been annualized.

Six Months Ended October 31, 2017 (Unaudited)	Year Ended April 30, 2017	Year Ended April 30, 2016	Year Ended April 30, 2015	Year Ended April 30, 2014	Year Ended April 30, 2013
\$ 12.54	\$ 11.46	\$ 12.66	\$ 11.59	\$ 11.91	\$ 10.18
0.22	0.21	0.19	0.15	0.21	0.14
0.63	1.07	(1.26)	1.28	0.02	1.71
0.85	1.28	(1.07)	1.43	0.23	1.85
(0.11)	(0.20)	(0.12)	(0.21)	(0.27)	(0.12)
–	–	(0.02)	(0.15)	(0.28)	(0.00) <sup>(b)</sup>
(0.11)	(0.20)	(0.14)	(0.36)	(0.55)	(0.12)
–	0.00 <sup>(c)</sup>	0.01	0.00 <sup>(c)</sup>	0.00 <sup>(c)</sup>	0.00 <sup>(c)</sup>
0.74	1.08	(1.20)	1.07	(0.32)	1.73
\$ 13.28	\$ 12.54	\$ 11.46	\$ 12.66	\$ 11.59	\$ 11.91
6.80%	11.37%	(8.32%)	12.76%	2.12%	18.33%
\$ 1,951,970	\$ 1,500,310	\$ 605,178	\$ 129,714	\$ 46,624	\$ 11,486
0.87% <sup>(e)</sup>	0.92%	1.03%	1.18%	1.61%	2.88%
0.87% <sup>(e)</sup>	0.92%	1.03%	1.10% <sup>(f)</sup>	1.25%	1.35%
3.34% <sup>(e)</sup>	1.82%	1.72%	1.30%	1.89%	1.28%
9%	14%	7%	28%	51%	39%

See accompanying Notes to Financial Statements.

For a share outstanding through the period presented

Investor Class	Six Months Ended October 31, 2017 (Unaudited)	May 31, 2016 (Inception) to April 30, 2017
<b>NET ASSET VALUE, BEGINNING OF PERIOD</b>	\$ 11.30	\$ 10.00
<b>INCOME FROM OPERATIONS:</b>		
Net investment income <sup>(a)</sup>	0.18	0.12
Net realized and unrealized gain on investments	0.77	1.28
Total from investment operations	0.95	1.40
<b>LESS DISTRIBUTIONS:</b>		
From net investment income	-	(0.10)
Total distributions	-	(0.10)
<b>NET INCREASE IN NET ASSET VALUE</b>	0.95	1.30
<b>NET ASSET VALUE, END OF PERIOD</b>	\$ 12.25	\$ 11.30
<b>TOTAL RETURN<sup>(b)</sup></b>	8.41%	14.15%
<b>SUPPLEMENTAL DATA:</b>		
Net assets, end of period (in 000s)	\$ 308	\$ 280
<b>RATIOS TO AVERAGE NET ASSETS:</b>		
Operating expenses excluding reimbursement/waiver	2.00% <sup>(c)</sup>	3.71% <sup>(c)</sup>
Operating expenses including reimbursement/waiver	1.15% <sup>(c)</sup>	1.15% <sup>(c)</sup>
Net investment income including reimbursement/waiver	2.90% <sup>(c)</sup>	1.24% <sup>(c)</sup>
<b>PORTFOLIO TURNOVER RATE<sup>(d)</sup></b>	0%	0%

<sup>(a)</sup> Calculated using the average shares method.

<sup>(b)</sup> Total returns are for the periods indicated and have not been annualized. Total returns would have been lower had certain expenses not been waived during the periods. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(c)</sup> Annualized.

<sup>(d)</sup> Portfolio turnover rate for periods less than one full year have not been annualized.

See accompanying Notes to Financial Statements.

For a share outstanding through the period presented

Institutional Class	Six Months Ended October 31, 2017 (Unaudited)	May 31, 2016 (Inception) to April 30, 2017
<b>NET ASSET VALUE, BEGINNING OF PERIOD</b>	\$ 11.28	\$ 10.00
<b>INCOME FROM OPERATIONS:</b>		
Net investment income <sup>(a)</sup>	0.17	0.13
Net realized and unrealized gain on investments	0.79	1.28
Total from investment operations	0.96	1.41
<b>LESS DISTRIBUTIONS:</b>		
From net investment income	-	(0.13)
Total distributions	-	(0.13)
<b>NET INCREASE IN NET ASSET VALUE</b>	0.96	1.28
<b>NET ASSET VALUE, END OF PERIOD</b>	\$ 12.24	\$ 11.28 <sup>(b)</sup>
<b>TOTAL RETURN<sup>(c)</sup></b>	8.51% <sup>(d)</sup>	14.18% <sup>(e)</sup>
<b>SUPPLEMENTAL DATA:</b>		
Net assets, end of period (in 000s)	\$ 18,292	\$ 9,846
<b>RATIOS TO AVERAGE NET ASSETS:</b>		
Operating expenses excluding reimbursement/waiver	2.00% <sup>(f)</sup>	3.63% <sup>(f)</sup>
Operating expenses including reimbursement/waiver	1.05% <sup>(f)</sup>	1.05% <sup>(f)</sup>
Net investment income including reimbursement/waiver	2.88% <sup>(f)</sup>	1.36% <sup>(f)</sup>
<b>PORTFOLIO TURNOVER RATE<sup>(g)</sup></b>	0%	0%

<sup>(a)</sup> Calculated using the average shares method.

<sup>(b)</sup> In preparing the financial statements in accordance with U.S. GAAP, management made certain adjustments as required by U.S. GAAP which caused the net asset value for purposes of these financial statements to differ from the net asset value used to process shareholder transactions as of the date of these financial statements. As a result, the net asset value decreased by \$0.01 from \$11.29 to \$11.28.

<sup>(c)</sup> Total returns are for the periods indicated and have not been annualized. Total returns would have been lower had certain expenses not been waived during the periods. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(d)</sup> Includes adjustments in accordance with U.S. GAAP and as such, the total return for shareholder transactions reported to the market may differ from the total return for financial reporting purposes. As a result, the total return increased from 8.41% to 8.51%.

<sup>(e)</sup> Includes adjustments in accordance with U.S. GAAP and as such, the total return for shareholder transactions reported to the market may differ from the total return for financial reporting purposes. As a result, the total return decreased from 14.29% to 14.18%.

<sup>(f)</sup> Annualized.

<sup>(g)</sup> Portfolio turnover rate for periods less than one full year have not been annualized.

See accompanying Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

### I. Organization

Financial Investors Trust (the "Trust"), a Delaware statutory trust, is an open-end management investment company registered under the Investment Company Act of 1940, as amended ("1940 Act"). The Trust consists of multiple separate portfolios or series. This semi-annual report describes the Seafarer Overseas Growth and Income Fund and the Seafarer Overseas Value Fund (individually a "Fund" and collectively, the "Funds"). The Seafarer Overseas Growth and Income Fund seeks to provide long-term capital appreciation along with some current income; it also seeks to mitigate adverse volatility in returns as a secondary objective. The Seafarer Overseas Value Fund seeks to provide long-term capital appreciation. The Funds each offer Investor Class and Institutional Class shares.

### 2. Significant Accounting Policies

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The Funds are considered an investment company for financial reporting purposes under U.S. GAAP. The following is a summary of significant accounting policies consistently followed by the Funds in preparation of their financial statements.

#### Investment Valuation

Each Fund generally values its securities based on market prices determined at the close of regular trading on the New York Stock Exchange ("NYSE"), normally 4:00 p.m. Eastern Time, on each day the NYSE is open for trading.

For equity securities and exchange traded funds, the market price is usually the closing sale or official closing price on that exchange. In the case of equity securities not traded on an exchange, or if such closing prices are not otherwise available, the securities are valued at the mean of the most recent bid and ask prices on such day. Redeemable securities issued by open-end registered investment companies are valued at the investment company's applicable net asset value, with the exception of exchange-traded open-end investment companies, which are priced as equity securities.

Equity securities that are primarily traded on foreign securities exchanges are valued at the closing values of such securities on their respective foreign exchanges, except when an event occurs subsequent to the close of the foreign exchange but before the close of the NYSE, such that the securities' value would likely change. In such an event, the fair values of those securities are determined in good faith through consideration of other factors in accordance with procedures established by and under the general supervision of the Board of Trustees (the "Board"). Each Fund uses a fair valuation model provided by an independent pricing service, which is intended to reflect fair value when a security's value or a meaningful portion of the Fund's portfolio is believed to have been materially affected by a valuation event that has occurred between the close of the exchange or market on which the security is traded and the close of the regular trading day on the NYSE. The Funds' valuation procedures set forth certain triggers that inform each Fund when to use the fair valuation model.

The market price for debt obligations is generally the price supplied by an independent third-party pricing service approved by the Board, which may use a matrix, formula or other objective method that takes into consideration quotations from dealers, market transactions in comparable investments, market indices and yield curves. If vendors are unable to supply a price, or if the price supplied is deemed to be unreliable, the market price may be determined using quotations received from one or more broker-dealers that make a market in the security. Corporate bonds and convertible bonds are valued using market models that consider trade data, quotations from dealers and active market makers, relevant yield curve and spread data, creditworthiness, trade data or market information on comparable securities, and other relevant

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security specific information. Publicly traded foreign government debt securities and foreign corporate bonds are typically traded internationally in the over-the-counter market and are valued at the mean between the bid and asked prices as of the close of business of that market.

Forward currency exchange contracts have a market value determined by the prevailing foreign currency exchange daily rates and current foreign currency exchange forward rates. The foreign currency exchange forward rates are calculated using an automated system that estimates rates on the basis of the current day foreign currency exchange rates and forward foreign currency exchange rates supplied by a pricing service.

When such prices or quotations are not available, or when the Trust's Valuation Committee believes that they are unreliable, securities may be priced using fair value procedures approved by the Board.

Certain foreign countries impose a tax on capital gains which is accrued by each Fund based on unrealized appreciation, if any, on affected securities. The tax is paid when the gain is realized.

### **Fair Value Measurements**

Each Fund discloses the classification of its fair value measurements following a three-tier hierarchy based on the inputs used to measure fair value. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Such inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability, which are developed based on the information available and the reporting entity's best efforts to interpret such information.

Various inputs are used in determining the value of the Funds' investments as of the end of the reporting period. When inputs used fall into different levels of the fair value hierarchy, the level in the hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The designated input levels are not necessarily an indication of the risk or liquidity associated with these investments. These inputs are categorized in the following hierarchy under applicable financial accounting standards:

- Level 1 – Unadjusted quoted prices in active markets for identical investments, unrestricted assets or liabilities that the Funds have the ability to access at the measurement date;
- Level 2 – Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 – Significant unobservable prices or inputs (including the Funds' own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

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The following is a summary of the inputs used to value each Fund as of October 31, 2017:

Investments in Securities at Value <sup>(a)</sup>	Level 1 - Quoted Prices	Level 2 - Other Significant		Level 3 - Significant Unobservable Inputs	Total	
		Observable Inputs	Observable Inputs			
<b>Seafarer Overseas Growth and Income Fund</b>						
Common Stocks	\$2,364,932,612	\$	–	\$	–	\$2,364,932,612
Preferred Stocks	202,386,200		–		–	202,386,200
Corporate Bond - Foreign Currency	–		34,735,014		–	34,735,014
Corporate Bond - USD	–		20,008,000		–	20,008,000
Government Bond, Medium/Long-term - Foreign Currency	–		58,427,420		–	58,427,420
Government Bond, Short-term - USD and Foreign Currency	–		81,539,553		–	81,539,553
<b>Total</b>	<b>\$2,567,318,812</b>	<b>\$194,709,987</b>	<b>\$</b>	<b>\$</b>	<b>–</b>	<b>\$2,762,028,799</b>

Investments in Securities at Value <sup>(a)</sup>	Level 1 - Quoted Prices	Level 2 - Other Significant		Level 3 - Significant Unobservable Inputs	Total			
		Observable Inputs	Observable Inputs					
<b>Seafarer Overseas Value Fund</b>								
Common Stocks								
South Korea	\$	–	\$	521,275	\$	–	\$	521,275
Other	\$	15,894,770	\$	–	\$	–	\$	15,894,770
<b>Total</b>	<b>\$</b>	<b>15,894,770</b>	<b>\$</b>	<b>521,275</b>	<b>\$</b>	<b>–</b>	<b>\$</b>	<b>16,416,045</b>

<sup>(a)</sup> For detailed descriptions of securities by country, see the accompanying Portfolio of Investments.

The Funds recognize transfers between levels as of the end of the period. For the six months ended October 31, 2017, the Funds did not have any securities that used significant unobservable inputs (Level 3) in determining fair value.

Seafarer Overseas Value Fund	Level 1 - Quoted and Unadjusted Prices		Level 2 - Other Significant Observable Inputs					
	Transfer In	Transfers (Out)	Transfer In	Transfers (Out)				
Common Stocks	\$	–	\$	(521,275)	\$	521,275	\$	–
<b>Total</b>	<b>\$</b>	<b>–</b>	<b>\$</b>	<b>(521,275)</b>	<b>\$</b>	<b>521,275</b>	<b>\$</b>	<b>–</b>

Each Fund utilizes a fair value evaluation service with respect to international securities with an earlier market closing than the Fund's net asset value computation cutoff. When events trigger the use of the fair value evaluation service on a reporting period date, it results in certain securities transferring from a Level 1 to a Level 2 classification. The transfer amounts disclosed in the table above represent the value of the securities as of October 31, 2017 transferred in/(out) of Level 1 and Level 2 during the reporting period that were also held at April 30, 2017. The above transfers from Level 1 to Level 2 were due to the



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inability to obtain a closing market price due to an inactive market to trade. For the six months ended October 31, 2017, the Seafarer Overseas Growth and Income Fund did not have any transfers in/(out) of Level 1 and Level 2 securities.

### Investment Transactions and Investment Income

Investment transactions are accounted for on the date the investments are purchased or sold (trade date). Realized gains and losses from investment transactions are reported on an identified cost basis. Interest income, which includes accretion of discounts and amortization of premiums, is accrued and recorded as earned. Dividend income is recognized on the ex-dividend date or for certain foreign securities, as soon as information is available to the Funds. All of the realized and unrealized gains and losses and net investment income are allocated daily to each share class in proportion to its average daily net assets.

### Cash Management Transactions

Each of the Funds subscribes to the Brown Brothers Harriman & Co. ("BBH") Cash Management Service ("CMS"), whereby cash balances are automatically swept into overnight offshore demand deposits with either the BBH Grand Cayman branch or a branch of a pre-approved commercial bank. This fully automated program allows the Funds to earn interest on cash balances. Excess cash with deposit institutions domiciled outside of the U.S. are subject to sovereign actions in the jurisdiction of the deposit institution including, but not limited to, freeze, seizure or diminution. Cash balances in the BBH CMS are included on the Statements of Assets and Liabilities under Cash and Foreign Currency, at value. As of October 31, 2017, the Funds had the following cash balances participating in the BBH CMS:

Fund	
Seafarer Overseas Growth and Income Fund	\$ 119,804,056
Seafarer Overseas Value Fund	2,270,600

As of October 31, 2017, the Funds had the following foreign cash balances participating in the BBH CMS (cost and value of foreign cash balances are equal):

Fund	
Seafarer Overseas Growth and Income Fund	\$ —
Seafarer Overseas Value Fund	—

### Foreign Securities

The Funds may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate foreign currency, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

### Foreign Currency Translation

The books and records of the Funds are maintained in U.S. dollars. Investment valuations and other assets and liabilities initially expressed in foreign currencies are converted each business day into U.S. dollars based upon current exchange rates. Prevailing foreign exchange rates may generally be obtained at the close of the NYSE (normally, 4:00 p.m. Eastern time). The portion of realized and unrealized gains or losses on investments due to fluctuations in foreign currency exchange rates is not separately disclosed and is included in realized and unrealized gains or losses on investments, when applicable.

### Foreign Currency Spot Contracts

Each Fund may enter into foreign currency spot contracts to facilitate transactions in foreign securities or to convert foreign currency receipts into U.S. dollars. A foreign currency spot contract is an agreement between two parties to buy and sell currencies at the current market rate, for settlement generally within two business days. The U.S. dollar value of a contract is determined using current

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currency exchange rates supplied by a pricing service. The contract is marked-to-market daily for settlements beyond one day and any change in market value is recorded as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value on the open and close date. Losses may arise from changes in the value of the foreign currency, or if the counterparties do not perform under the contract's terms. The maximum potential loss from such contracts is the aggregate face value in U.S. dollars at the time the contract was opened.

### **Trust Expenses**

Some expenses of the Trust can be directly attributed to the Funds. Expenses which cannot be directly attributed to the Funds are apportioned among all funds in the Trust based on the average daily net assets of each fund.

### **Fund and Class Expenses**

Expenses that are specific to a Fund or class of shares of a Fund, including shareholder servicing fees, are charged directly to that Fund or share class. Expenses that are common to all Funds are generally allocated among the Funds in proportion to their average daily net assets.

### **Offering Costs**

Offering costs, including costs of printing initial prospectuses, legal and registration fees, are being amortized over twelve months from the inception date of the Seafarer Overseas Value Fund. Amounts amortized during the six months ended October 31, 2017 for the Seafarer Overseas Value Fund are shown on the Statements of Operations. As of October 31, 2017, all offering costs have been amortized for the Seafarer Overseas Value Fund.

### **Federal Income Taxes**

Each Fund complies with the requirements under Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and intends to distribute substantially all of its net taxable income and net capital gains, if any, each year so that it will not be subject to excise tax on undistributed income and gains. The Funds are not subject to income taxes to the extent such distributions are made.

As of and during the six months ended October 31, 2017, the Funds did not have a liability for any unrecognized tax benefits. The Funds file U.S. federal, state, and local tax returns as required. The Funds' tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return for federal purposes and four years for most state returns. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

### **Distributions to Shareholders**

In general, the Seafarer Overseas Growth and Income Fund's policy is to distribute to its shareholders substantially all net investment income, paid out via two semi-annual dividends, in June and December. The Seafarer Overseas Value Fund's policy is to distribute to its shareholders substantially all net investment income via one annual dividend in December. It is also each Fund's policy to distribute annually all net realized short-term and long-term capital gains, if any, after offsetting any capital loss carryovers. Income dividend distributions are derived from dividends and other income each Fund receives from its investments, including short-term capital gains. Long-term capital gain distributions are derived from gains realized when a Fund sells a security it has owned for more than one year. Each Fund may make additional distributions if Seafarer Capital Partners, LLC (the "Adviser") believes doing so may be necessary for the Fund to avoid or reduce taxes.

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### 3. Tax Basis Information

#### Tax Basis of Investments

As of October 31, 2017, the aggregate cost of investments, gross unrealized appreciation/(depreciation) and net unrealized appreciation for Federal tax purposes were as follows:

	Cost of Investments	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
Seafarer Overseas Growth and Income Fund	\$ 2,475,728,126	\$ 368,234,933	\$ (81,934,260)	\$ 286,300,673
Seafarer Overseas Value Fund	15,130,816	2,095,954	(810,725)	1,285,229

#### Tax Basis of Distributions to Shareholders

The character of distributions made during the year from net investment income or net realized gains may differ from the ultimate characterization for federal income tax purposes. Also, due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or realized gain is recorded by a Fund.

The tax character of distributions paid by the Funds for the fiscal year or period ended April 30, 2017 was as follows:

	Ordinary Income	Long-Term Capital Gain
Seafarer Overseas Growth and Income Fund	\$ 27,085,171	\$ —
Seafarer Overseas Value Fund	62,391	—

The amounts and characteristics of tax basis distributions and composition of distributable earnings/(accumulated losses) are finalized at fiscal year-end. Accordingly, tax basis balances have not been determined as of October 31, 2017.

### 4. Securities Transactions

The cost of purchases and proceeds from sales of securities excluding short-term securities during the six months ended October 31, 2017 were as follows:

	Purchases of Securities	Proceeds From Sales of Securities
Seafarer Overseas Growth and Income Fund	\$ 537,064,309	\$ 224,080,489
Seafarer Overseas Value Fund	7,440,120	—

### 5. Shares of Beneficial Interest

The capitalization of the Trust consists of an unlimited number of shares of beneficial interest with no par value per share. Holders of shares of the Funds of the Trust have one vote for each share held and a proportionate fraction of a vote for each fractional share. All shares issued and outstanding are fully paid and are transferable and redeemable at the option of the shareholder. Purchasers of the shares do not have any obligation to make payments to the Trust or its creditors solely by reason of the purchasers' ownership of the shares. Shares have no pre-emptive rights.

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Prior to August 31, 2016, shares redeemed within 90 days of purchase may incur a 2% short-term redemption fee deducted from the redemption amount. The redemption fee is reflected in the "Shares redeemed, net of redemption fees" in the Statements of Changes in Net Assets. Effective August 31, 2016, the Funds no longer impose a redemption fee.

During the year or period ended April 30, 2017, the Funds retained the following redemption fees:

Fund	For the Year ended April 30, 2017
<b>Seafarer Overseas Growth and Income Fund</b>	
Investor Class	\$40,363
Institutional Class	\$49,013
<b>Seafarer Overseas Value Fund</b>	
Investor Class	\$ –
Institutional Class	\$ –

## 6. Management and Related Party Transactions

The Adviser, subject to the authority of the Board, is responsible for the overall management and administration of the Funds' business affairs. The Adviser manages the investments of the Funds in accordance with the Funds' investment objectives, policies, limitations and investment guidelines established jointly by the Adviser and the Trustees. Pursuant to the investment advisory agreement, the Funds, in the aggregate, pay the Adviser an annual management fee of 0.75% of the aggregate average daily net assets of the Funds up to \$1.5 billion and 0.70% of the aggregate average daily net assets of the Funds over \$1.5 billion. Each Fund pays the Adviser a monthly fee at the annual rate using the applicable management fee calculated based on the Fund's pro rata share of the Funds' combined average daily net assets. Prior to August 31, 2016, the Funds paid the Adviser an annual management fee of 0.75% of the aggregate average daily net assets of the Funds. The management fee is paid on a monthly basis.

Effective September 1, 2014, the Adviser contractually agreed to limit certain Fund expenses (excluding brokerage expenses, interest expenses, taxes and extraordinary expenses) to 1.25% and 1.05% of the Funds' average daily net assets in the Investor and Institutional share classes, respectively, through August 31, 2015. Effective September 1, 2015, the Adviser contractually agreed to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waiver / Expense Reimbursements (excluding brokerage expenses, interest expenses, taxes and extraordinary expenses) to 1.15% and 1.05% of the Funds' average daily net assets for the Investor and Institutional share classes respectively. This agreement (the "Expense Agreement") is in effect through August 31, 2018. The Adviser will be permitted to recover, on a class-by-class basis, expenses it has borne through the Expense Agreement to the extent that the Funds' expenses in later periods fall below the expense cap in effect at the time of waiver or reimbursement. The Funds will not be obligated to pay any such deferred fees and expenses more than three years after the date of the waiver. This agreement may not be terminated or modified prior to August 31, 2018, except with the approval of the Funds' Board. During the six months ended October 31, 2017, the Adviser agreed that it will only seek to recoup waived management fees and will not recoup any reimbursed expenses. As of October 31, 2017, the Adviser has recouped all available waived management fees from the Seafarer Overseas Growth and Income Fund.

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For the six months ended October 31, 2017, the fee waivers and/or reimbursements were as follows for the Seafarer Overseas Value Fund:

Fund	Fees Waived/ Reimbursed By Adviser
<b>Seafarer Overseas Value Fund</b>	
Investor Class	\$ 1,323
Institutional Class	62,111

As of October 31, 2017, the balances of recoupable expenses for each class were as follows for the Funds:

Fund	Expires 2020	Expires 2021	Expires 2022	Total
<b>Seafarer Overseas Growth and Income Fund</b>				
Investor Class	\$ -	\$ -	\$ -	-
Institutional Class	-	-	-	-
<b>Seafarer Overseas Value Fund</b>				
Investor Class	\$ 1,168	1,027	\$ -	\$ 2,195
Institutional Class	34,396	46,716	-	81,112

### Fund Administrator

ALPS Fund Services, Inc. ("ALPS" and the "Administrator") (an affiliate of ALPS Distributors, Inc.) provides administrative, fund accounting and other services to the Funds under the Administration, Bookkeeping and Pricing Services Agreement with the Trust.

The Funds' administrative fee is accrued on a daily basis and paid monthly. The Administrator is also reimbursed by the Funds for certain out-of-pocket expenses. Administration fees paid by the Funds for the six months ended October 31, 2017 are disclosed in the Statements of Operations.

### Transfer Agent

ALPS serves as transfer, dividend paying and shareholder servicing agent for the Funds ("Transfer Agent"). ALPS is paid an annual base fee per Fund and a fee based on the number of shareholder accounts. The Transfer Agent is also reimbursed by the Funds for certain out-of-pocket expenses. Transfer agent fees paid by the Funds for the six months ended October 31, 2017 are disclosed in the Statements of Operations.

### Compliance Services

ALPS provides compliance services to the Funds under the Chief Compliance Officer Services Agreement with the Trust. ALPS provides services that assist the Trust's chief compliance officer in monitoring and testing the policies and procedures of the Trust in accordance with the requirements of Rule 38a-1 under the 1940 Act. ALPS is paid an annual base fee and is reimbursed for certain out-of-pocket expenses. Compliance service fees paid by the Funds for the six months ended October 31, 2017 are disclosed in the Statements of Operations.

### Principal Financial Officer

ALPS provides principal financial officer services to the Funds under the Principal Financial Officer Services Agreement with the Trust. Under this Agreement, ALPS is paid an annual base fee and is reimbursed for certain out-of-pocket expenses. Principal financial officer fees paid by the Funds for the six months ended October 31, 2017 are disclosed in the Statements of Operations.

### Distributor

ALPS Distributors, Inc. ("ADI" or the "Distributor") (an affiliate of ALPS) acts as the distributor of the Funds' shares pursuant to the Distribution Agreement with the Trust. Under a side letter agreement, the Adviser pays ADI an annual base fee of \$12,000 per Fund for the distribution services. The Adviser also reimburses ADI for certain out-of-pocket expenses. Shares are sold on a continuous basis by ADI as agent for the Funds, and ADI has agreed to use its best efforts to solicit orders for the sale of the Funds' shares, although it is not obliged to sell any particular amount of shares. ADI is registered as a broker-dealer with the U.S. Securities and Exchange Commission.

### Shareholder Service Plan for Investor Class and Institutional Class Shares

Each Fund has adopted a Shareholder Services Plan (a "Services Plan") for each of its share classes. Under the Services Plan, each Fund is authorized to enter into shareholder service agreements with investment advisers, financial institutions and other service providers ("Participating Organizations") to maintain and provide certain administrative and servicing functions in relation to the accounts of shareholders. Shareholder service arrangements typically include processing orders for shares, generating account and confirmation statements, sub-accounting, account maintenance, tax reporting, and disbursing cash dividends as well as other investment or administrative services required for the particular Participating Organizations' products, programs, platform and accounts. The Services Plan will cause each Fund to pay an aggregate fee, not to exceed on an annual basis 0.15% and 0.05% of the average daily net asset value of the Investor and Institutional share classes, respectively. Such payments will be made on assets attributable to or held in the name of a Participating Organization, on behalf of its clients as compensation for providing service activities pursuant to an agreement with the Participating Organization. Any amount of such payment not paid to a Participating Organization during a Fund's fiscal year for such service activities shall be reimbursed to the Fund as soon as practicable, after the end of the fiscal year. Shareholder service plan fees paid by the Funds for the six months ended October 31, 2017 are disclosed in the Statements of Operations.

## 7. Indemnifications

Under the Trust's organizational documents, its officers and Trustees are indemnified against certain liability arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts with service providers that may contain general indemnification clauses, which may permit indemnification to the extent permissible under the applicable law. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred.

## ADDITIONAL INFORMATION

### I. Fund Holdings

Each Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q within 60 days after the end of the period. Copies of the Funds' Form N-Q are available without charge on the SEC website at <http://www.sec.gov>. You may also review and copy the Form N-Q at the SEC's Public Reference Room in Washington, D.C. For more information about the operation of the Public Reference Room, please call the SEC at 1-800-SEC-0330.

### 2. Fund Proxy Voting Policies, Procedures and Summaries

The Funds' policies and procedures used in determining how to vote proxies and information regarding how the Funds voted proxies relating to portfolio securities during the most recent prior 12-month period ending June 30 are available without charge, (1) upon request, by calling toll-free (855) 732-9220 and (2) on the SEC's website at <http://www.sec.gov>.



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Must be accompanied or preceded by a prospectus.*