SEAFARER OVERSEAS GROWTH AND INCOME FUND

Portfolio Review

Second Quarter 2019

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During the second quarter of 2019, the Seafarer Overseas Growth and Income Fund gained 1.51%.[1] The Fund's benchmark, the MSCI Emerging Markets Total Return Index, returned 0.74%. By way of broader comparison, the S&P 500 Index returned 4.30%.

The Fund began the quarter with a net asset value of $11.48 per share. During the quarter, the Fund paid a semi-annual distribution of approximately $0.181 per share. This payment brought the cumulative distribution, as measured from the Fund's inception, to $2.860 per share.[2] The Fund finished the quarter with a value of $11.47 per share.[3]

Performance

The small gain of the benchmark index – less than a percent for the second quarter – belies what was a volatile period for emerging market equities. At the outset of the quarter, stocks quickly lurched upwards, such that by the second week of April the benchmark index was nearly 4% higher than where it ended March. The index then swooned just as suddenly, such that it fell approximately -9% by mid-May. Yet equities turned and leapt higher again, such that they recovered their losses, finishing the quarter with the aforementioned modest gain.

The cause of such volatility is difficult to identify with certainty. However, we attribute the wild swings to two primary factors: first, confusion and rapidly shifting sentiments regarding the progress (or lack thereof) toward resolution of the trade disputes between the U.S. and China; and second, the unstable estimates of professional analysts regarding the forecast growth in corporate profits in the developing world for 2019. We offer our forward-looking views on these two factors in the Outlook section below. The Growth and Income Fund's performance mostly drifted along with the index, but ultimately outperformed it slightly.

The largest contributor to the Fund's performance during the quarter was Qualicorp, a Brazil-based life insurance broker. Qualicorp's stock appreciated nearly 55% during the period, recovering all the losses induced by a sharp drop in its price that

As of 6/30/19 the annualized performance of the Fund's Institutional class was: 1 year 3.58%, 3 year 4.62%, 5 year 3.10%, and since inception (2/15/12) 5.39%[1]; the gross expense ratio was 0.87%. 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. View the Fund's most recent month-end performance at www.seafarerfunds.com/performance.

occurred during the preceding quarters. The company's stock fell previously on news that its CEO and founder had received a dubious, one-time cash-based performance payment as an inducement to boost his ownership in the company. However, the event triggered outcry from various shareholders, who subsequently instituted improved controls to ensure that no such transaction would occur again. Meanwhile, the company remains highly cash-generative even amid difficult operating conditions in Brazil; this has led to speculation that the company might reduce its retained capital, perhaps via share buyback. This understanding led the share price to recover all the ground lost in the preceding quarters, and more. Qualicorp is a Value component holding (see Figure 1 for definitions of the portfolio components).

Figure 1: Seafarer Overseas Growth and Income Fund – Portfolio Components

Core Holdings	Moderately underappreciated growth; Moderately elevated current yield
Growth Holdings	Higher growth potential; Lower current yield
Value Holdings	Lower growth potential; Higher current yield

China International Travel Service (CITS) also made a notable, positive impact on the Fund's performance. CITS is listed in China's domestic A-share market; it manages travel agencies, markets travel packages, and manages a range of duty-free stores in China. The company is a relatively new addition to the Fund, and a Growth holding. The company produced strong results for the first quarter of 2019, allaying fears that surfaced in late 2018 that Chinese consumers' demand to travel might soon plateau amid a weak economy. Instead, the Chinese continue to travel with gusto – tourism is one of the leading reasons that China's current account has swung from surplus to deficit. In addition, the company announced that it would open a duty-free shop in Beijing, boosting confidence in the company's leadership within the tourism sector.

Another major contributor to the Fund's performance was South Korea-based Hyundai Mobis, a Core holding. Mobis produces auto components and parts systems for automotive companies, and it engages in after-market repair and related services. Historically, it has focused on serving its related automotive companies, Hyundai and Kia; yet the company has recently made strides to serve unaffiliated customers in the U.S., and it recently allied with a Russian company to produce autonomous vehicles. Consequently, analysts have begun to forecast greater growth for the company. Its financial results for the second quarter, released in late July, caught many analysts by surprise in the positive, suggesting that such optimism is warranted.

The greatest detractor from performance during the quarter was Orion Corporation, a confection and snack company based in South Korea. It enjoys a dominant market position in Korea and leading positions in China and Vietnam. The latter two countries are essential to the company's growth, but unfortunately its operations have struggled in both territories. For the moment, Orion's difficulties in Vietnam look temporary and cyclical, but the Chinese market's challenges have proven more persistent. The company has been engaged in an 18-month effort to re-set its competitive position in China, via the introduction of new products and a major revision of its distribution channels. We endorse those efforts as the best possible course of action, and they will presumably bear fruit. Yet in the meantime, competition in China has heightened, due to the entry of new Chinese firms, as well as tepid consumer demand. Despite such challenges, Orion remains better-positioned than many of its peers, and its shares are attractively valued given its potential for recovery in both overseas markets. Orion is a Core holding of the Fund.

Allocation

The Growth and Income Fund made three notable changes during the quarter: it added one stock in Vietnam, and it deleted two stocks, one in Vietnam and the other in China.

PetroVietnam Gas JSC (Vietnam Gas) was added to the Fund in early April and is a Core holding. The company has historically enjoyed a monopoly over gas storage and transmission in Vietnam, a service which it has performed on behalf of its parent company, the unlisted energy giant PetroVietnam. Vietnam has chosen to liberalize the transmission sector, but as yet this has not led to competitive entry, presumptively due to the substantial costs associated with erecting a large network of transmission pipes. Regardless of liberalization, the company enjoys a secure position in its industry and produces substantial cash flow that is poised to grow with Vietnam's burgeoning industrial activity. Vietnam Gas also produces a stable, substantial dividend that is attractive to the Fund.

The Fund exited Nam Long, a Vietnam-based property development company and Core holding. Nam Long is well-respected within its industry; it is known for its ability to profitability execute projects that are deemed affordable to the middle and upper middle class (as opposed to many of its peers that concentrate exclusively on ultra-premium developments that are sold to foreigners or Vietnam's richest families). The Fund has enjoyed capital gains in Nam Long commensurate with the company's success. However, as Nam Long has grown, its reliance on external sources of funding has grown, and some of the terms upon which it has secured such finance were unsatisfactory. Consequently, the Fund exited the position, largely to fund the establishment of the new position in Vietnam Gas.

Lastly, the Fund also exited Hangzhou Hikvision Digital Technology Company (Hikvision), a Growth holding. Hikvision is a China-based company known for its technologically-advanced video systems, capable of a wide range of tasks spanning industrial automation to physical security. The Fund added Hikvision because of a belief that its focus on industrial automation customers would provide an important avenue for growth over time. However, our growing scrutiny of the company's substantial involvement in China's domestic security apparatus revealed that the provenance of its revenues was morally compromised, and that the company's initial disclosure about its business in Xinjiang was disingenuous at best. We spent some time engaging with the company, encouraging it to rectify its corporate behavior. That engagement led us to discover that the company has made notable strides towards greater compliance with global ethical standards; those efforts go largely unreported by the global media. Our team was prepared to adopt a patient and active approach of engagement to reform the company's governance. Yet as we looked closer, we could not escape the conclusion that our efforts, and those of the company, would ultimately prove wanting. Accordingly, the Fund quit the position during the quarter.

Outlook

As identified above, two factors presently seem to exert the greatest force on stock markets in the developing world: first, confusion and shifting sentiments regarding trade disputes between the U.S. and China; and second, the unstable estimates of professional analysts regarding the forecast growth in corporate profits in the developing world for 2019.

On the first factor: progress seems stalled; talks have been surreptitiously delayed until September, suggesting that neither party seeks an urgent resolution. In the absence of active negotiations, we believe that misunderstandings and animus will rise, and this will likely lead to escalation on both sides. Throughout, our belief has been that the current disputes are likely to go unresolved: while the elevated degree of confusion might recede as both actors grow weary in dealing with one another, investors should assume that there will be no "happy ending" to these talks. Tensions will be left to simmer in the background – and we suspect that tariffs and countermeasures will remain in place at least until there is a change in either country's administration.

Regarding the second factor: professional forecasts for earnings growth for 2019 became skittish at the end of the second quarter, with a notable decline in forecasts for Chinese, Korean and Brazilian companies. At the outset of the year, the consensus estimate for growth was 10% for the year; it recently fell to 5%, and is likely headed next to zero, or even a slight contraction. At present, that outlook still looks too pessimistic to us: few companies within the Fund's portfolio have reported results for the second quarter; but among those that have, quite a few have outperformed expectations, happily – most notably in South Korea, where forecasts have been most dire. For the moment, we remain optimistic that expectations for growth in profits have become too pessimistic. Such negativity from "The Street" is rare – typically, analysts are perpetually and excessively optimistic about future profits. Yet judging by the results in our possession, growth of 7% to 8% still seems attainable for the year, at least for the portfolio's holdings.

Thank you for entrusting us with your capital. We are honored to serve as your investment adviser in the emerging markets.

Andrew Foster *Chief Investment Officer and Portfolio Manager*	Paul Espinosa *Portfolio Manager*	Inbok Song *Portfolio Manager*

July 31, 2019

[1] References to the "Fund" pertain to the Fund's Institutional share class (ticker: SIGIX). The Investor share class (ticker: SFGIX) returned 1.41% during the quarter.

[2] The Fund's inception date is February 15, 2012.

[3] The Fund's Investor share class began the quarter with a net asset value of $11.44 per share; it paid a semi-annual distribution of approximately $0.179 per share during the quarter; and it finished the quarter with a value of $11.42 per share.

Glossary

Chinese A-Shares: a class of securitized common stock in Chinese companies, traded exclusively on Chinese stock exchanges (i.e., Shanghai and Shenzhen), and denominated in renminbi, China's currency. Historically, the renminbi was subject to strict controls, such that foreign (i.e., non-Chinese) investors were not able to obtain or use the currency for financial purposes (i.e. savings or investment). Because of this constraint on the currency, A-shares were historically inaccessible to foreign investors, de facto: foreigners could not legally obtain renminbi for portfolio investment purposes, and therefore they could not fund any purchase of A-shares. Beginning in 2002, China liberalized the use of the renminbi for investment purposes, allowing selected, large foreign institutions to apply for Qualified Foreign Institutional Investor (QFII) status. Foreign institutions granted QFII status can legally purchase renminbi under a quota scheme, and that renminbi can be used to fund the purchase of A-shares and other financial assets within China. Beginning in 2014, China launched a second program known as the "Stock Connect;" this program allows foreign investors to purchase selected A-shares on the Shanghai or Shenzhen exchanges.

A-shares are not to be confused with H-shares (Chinese companies incorporated in China, but listed in Hong Kong) and ordinary Hong Kong-listed companies of Chinese origin (Hong Kong incorporated, and Hong Kong-listed, but with substantial economic ties to mainland China).

If a Seafarer Fund is invested in Chinese A-Shares, please note the following: 1) any reduction or elimination of access to A-Shares could have a material adverse effect on the ability of the Fund to achieve its investment objective; and 2) uncertainties regarding China's laws governing taxation of income and gains from investments in A-Shares could result in unexpected tax liabilities for the Fund, which could adversely impact Fund returns.

Current Account: the difference between a nation's savings and its investment. The current account is an important indicator of an economy's health. It is defined as the sum of the balance of trade (goods and services exports less imports), net income from abroad, and net current transfers. A positive current account balance indicates that the nation is a net lender to the rest of the world, while a negative current account balance indicates that it is a net borrower from the rest of the world. A current account surplus increases a nation's net foreign assets by the amount of the surplus, and a current account deficit decreases it by that amount.

Current Yield: a security's annual income (interest or dividends) divided by its current price.

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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. View the Fund's most recent month-end performance at www.seafarerfunds.com/funds/ogi/performance.

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.

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As of June 30, 2019, Qualicorp Consultoria e Corretora de Seguros SA comprised 2.2% of the Seafarer Overseas Growth and Income Fund, China International Travel Service Corp., Ltd. comprised 2.7% of the Fund, Hyundai Mobis Co., Ltd. comprised 4.2% of the Fund, Orion Corp. comprised 3.1% of the Fund, and PetroVietnam Gas JSC comprised 0.3% of the Fund. The Fund did not own shares in Hyundai Motor Company, Kia Motors Corporation, PetroVietnam, Nam Long Investment Corp., and Hangzhou Hikvision Digital Technology Co., Ltd. View the Fund's Top 10 Holdings at www.seafarerfunds.com/funds/ogi/composition. Holdings are subject to change.

ALPS Distributors, Inc. is the distributor for the Seafarer Funds.

Investors should consider the investment objectives, risks, charges and expenses carefully before making an investment decision. This and other information about the Funds are contained in the Prospectus, which is available at www.seafarerfunds.com/prospectus or by calling (855) 732-9220. Please read the Prospectus carefully before you invest or send money.

Important Risks: An investment in the Funds involves risk, including possible loss of principal. International investing involves additional risks, including social and political instability, market and currency volatility, market illiquidity, and reduced regulation. Emerging markets are often more volatile than developed markets, and investing in emerging markets involves greater risks. Fixed income investments are subject to additional risks, including but not limited to interest rate, credit, and inflation risks. Value investments are subject to the risk that their intrinsic value may not be recognized by the broad market. An investment in the Funds should be considered a long-term investment.