

Launch Alert: Moerus Worldwide Value Fund (MOWNX/MOWIX)



Moerus Worldwide Value Fund launched on May 31, 2016. It is managed by Amit Wadhwaney who led **Third Avenue International Value (TAVIX)** from December 2001 to June 2014. Mr. Wadhwaney founded the international business at Third Avenue and was the founding manager of the **Third Avenue Global Value Fund, LP**, the **Third Avenue Emerging Markets Fund, LP**, as well as being founding manager for TAVIX. Before his stint at Third Avenue, Mr. Wadhwaney was director of research for Marty Whitman's firm, M.J. Whitman LLC, a New York-based broker-dealer. (He speaks English, French, Gujarati, Hindi, Sindhi, and Spanish. I do not.)

He left Third Avenue during a period of rising turmoil at the firm; several members of his research team left (perhaps were forced out?) in the year before his departure. Over the past two years, constrained by non-compete agreements, he's been reading and traveling.

Mr. Wadhwaney chose the Latin word "moerus" because it embodies his investing approach. The moerus was a city's defensive walls, protection against risks both known and unanticipated. (At least one Latin scholar speculates that "moerus" might also appear in the "munis" at the heart of "community." That is, a community was a group that provided mutual support and common defense.) In describing his portfolio, Mr. Wadhwaney reports that "we seek to populate our portfolios with companies that have a 'Moerus'—the strength, staying power and wherewithal—to withstand a variety of risks." His mentor, Marty Whitman, employed a similar approach.

The portfolio is built from the bottom up and will generally hold 25-40 names, including firms in the U.S. and the emerging markets. The target is undervalued stocks of firms that have "solid balance sheets, high quality business models and shareholder-friendly management teams." Mr. Wadhwaney has frequently targeted small- to mid-cap stocks, often not covered by analysts at other funds, sometimes illiquid and unpopular.

Morningstar's valedictory judgment when Third Avenue announced Mr. Wadhwaney's departure was very positive:

The disciplined execution of his uncommon strategy has made the fund a good diversifier for investor portfolios and supported the fund's ability to limit volatility in a risky category. Although the fund's... return since its inception through February 2014 roughly matches the category norm, its low volatility has allowed it to stack up well against its peers on a risk-adjusted basis.

Mr. Wadhwaney's body of work earned him, over the years, the respect and trust of many fund analysts. Michael Breen of Morningstar attested that "We have complete confidence in Wadhwaney" (2007) while his colleague Janet Yang agreed that he "has proved his mettle



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as a skilled and thoughtful investor” (2013). Tabinda Hussain of ValueWalk described Mr. Wadhwaney as “one of the great value investors” (2012), in the company, for example, of Oaktree’s Howard Marks. Most recently, Leslie Norton at Barron’s allowed that he “was highly regarded for his disciplined strategy” (2016) and noted his affinity for the insights in *The Aggressive Conservative Investor* (1979).

Investor shares cost 1.65% after waivers while Institutional ones charge 1.40%. The difference is explained by the 12b-1 fee that’s necessary to get the fund onto major distribution platforms. Both share classes carry a 2% redemption fee on shares held for fewer than 90 days. The minimum initial investment is \$2,500 and \$100,000. The fund’s homepage is www.moerustfunds.com.

The Fund’s investment objectives, risk factors, charges and expenses must be considered carefully before investing. This and other important information can be found in the Fund’s prospectus, which may be obtained by calling 1-844-MOERUS1 (1-844-663-7871), or by visiting the Moerus Funds website at www.moerustfunds.com. Read it carefully before investing. The Fund is distributed by Foreside Fund Services, LLC, Member FINRA/SIPC.

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. This risk is greater for investments in emerging markets. Investing in smaller companies involves additional risks such as limited liquidity and greater volatility. Investments in debt securities typically decrease in value when rates rise. There can be no assurance that the Fund will achieve its investment objective. Please refer to the prospectus for further details and information about the Fund.

All opinions expressed are not intended to forecast or guarantee future results and should not be considered investment advice.