



International All Company Fund – Investor and Institutional Share Classes

Geopolitics once again buffeted international markets in the fourth quarter of 2024, with political upheaval affecting such disparate countries as South Korea, Syria, Mexico and Japan. For investors, perhaps the most significant event was the re-election of Donald Trump as President of the U.S. and the growing possibility of tariffs against goods imported into the U.S. The key elements of Trump's tariff strategy include a 25% tariff on Canada and Mexico, a 10% to 60% tariff on China, a 10% tariff on all imports to the U.S., and potential additional tariffs on the E.U. and BRIC countries. According to the Tax Foundation, the proposed tariffs would amount to 18% of total U.S. imports, up from 2% today and 3% in Trump's first term. What exactly will happen is anyone's guess.

Consumers and investors alike are concerned that such tariffs may reignite global inflation, but we think it's important to distinguish between potential tariff-related price pressure from the recent inflation of the post-COVID years. Coming out of the pandemic-related lockdowns, pent-up consumer demand, government stimulus, supply-chain disruptions and energy shocks all led to systematic upward pressure on prices. By contrast, tariffs' effects on inflation are more targeted, affecting specific countries and industries differently. Finally, tariffs are more easily reversed than broad-based inflation is, as global monetary policymakers will tell you.

Trump's potential tariffs seem to be affecting global markets already. In the fourth quarter of 2024, the MSCI ACWI ex US index fell 7.50% and the MSCI EAFE index lost 8.06%, while U.S. stocks as measured by the S&P 500 were up 2.41%. The International All Company Fund (Investor shares) fared slightly better than its benchmarks, losing just 6.72%. One quarter does not a trend make, but it does make sense that the International All Company strategy should be a bit protected from the effects of these levies. First, tariffs would be imposed on goods, not services. We estimate that approximately 70% of our holdings are service providers vs. 50% to 60% for the MSCI ACWI ex US index. Second, our portfolio is relatively protected from the economies that could be hurt most by the U.S. tariffs. Less than 10% of our portfolio companies are in the most heavily targeted countries of China, Mexico and Canada. These companies include **Kingdee** and **Kingsoft** in China as well as **Shopify** and **Descartes** in Canada. Finally, many of our holdings sell into home-country or regional markets that are unlikely to catch much second-order economic damage from the levies. For example, **MonotaRO** offers an e-commerce platform for Maintenance, Repair and Operations (MRO) products for businesses in Japan. Its prospects have much more to do with that country than anything that may happen with U.S. trade policy.

It's important to remember that we are bottom-up, fundamental investors, not economists, and we have no illusions of knowing how the tariffs will play out. Our process hinges on finding and investing in what we call Exceptional Growth Companies (EGCs). As it turns out, though, we own a company that may actually benefit from tariffs. Descartes is a Canadian technology company specializing in logistics and supply-chain-management software. As international companies exporting to the U.S. seek to remain compliant with the new levies, they will rely more heavily on tools like those Descartes provides. Generally speaking, increased complexity in global trade is good for Descartes. For example, COVID-19 proved to be a boon for the company as evidenced by a step up in sales growth for the company since 2020.

That said, some of our EGCs are clearly exposed to potential higher prices for input materials like steel and aluminum. Examples include **AutoStore**, a Norwegian producer of automated storage and retrieval systems for warehouses and fulfillment centers, and **Rational AG**, a German manufacturer specializing in professional cooking

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appliances. Should input costs rise, we believe both companies can effectively increase prices to offset the impact.

The International All Company strategy is exposed to further weakness in China's economy from additional tariffs. **Kingdee** is a leading Chinese enterprise management software provider and **Kingsoft** provides software for office, entertainment and cloud services. For other holdings, China is a major market. **Camtek**, the Israeli semiconductor equipment manufacturing company, generates about 50% of its sales to China. **Carl Zeiss**, the German optics and optoelectronics manufacturer, derives 25% of its revenue from the country. All told, we estimate that less than 15% of the International All Company Fund portfolio's revenue (on a weighted average basis) is derived from China.

In all, the year 2024 was a tough one for the International All Company strategy, as the Fund lost 0.83%, underperforming the 6.09% return of the MSCI ACWI ex US index and the 4.35% return of the MSCI EAFE index. Looking ahead, we remain optimistic about our holdings and their prospects for navigating the uncertainties we face. In addition, next quarter the horrible first quarter of 2022 (in which the Fund underperformed the MSCI EAFE index by 10.91 percentage points) will roll off our trailing three-year returns. Of course, we do not know what the relative performance in the first quarter of 2025 will be, but we may see an improvement to our trailing three-year return. More importantly, the International Team continues to gel, with all three new members of the team contributing new ideas this quarter. We remain dedicated to our EGC investment process, no matter what geopolitical curveballs get thrown our way.

Returns—Contributors and Detractors

Among the contributors to performance in the fourth quarter of 2024 were **Atlassian** and **Shopify**.

Atlassian, an Australian enterprise software company, is renowned for its team collaboration tools, led by its flagship product, Jira. Jira is a robust workflow-management platform that streamlines project coordination for development, design and marketing teams. Serving more than 300,000 customers through cloud-based and on-premise solutions, the company is strategically prioritizing cloud migration. Atlassian's growth strategy targets three progressively larger market segments: its core software developer base (23 million potential users), broader technology teams (100 million), and eventually, the global population of knowledge workers (1 billion). The past few years have been challenging, with revenue growth slowing from more than 30% to the low 20% range due to macroeconomic pressures that dampened customer acquisitions and seat expansion. Higher R&D and sales expenses during Atlassian's cloud migration has further weighed on margins, leading to significant multiple compression amid a broader tech sector selloff.

However, Atlassian's recent quarterly results signal a potential turnaround. This quarter, the company reported 21% revenue growth, with its cloud segment—66% of total revenue—surging by 31%. That outperformed consensus growth of 27%, marking its largest beat since introducing cloud-specific guidance. Non-GAAP operating margins reached 23%, surpassing the 19% estimate, while management raised fiscal year 2025 revenue guidance modestly. Stable paid-user expansion among existing enterprise customers for the second consecutive quarter may also suggest a bottoming in this segment. Atlassian's share price increased about 60% during the fourth quarter of 2024, ending a difficult year on a strong note. We remain focused on the company's compelling long-term opportunity. Atlassian's low-cost, open-architecture and user-friendly collaboration tools deliver measurable cost savings and productivity gains for clients. With a strong market position and a serviceable addressable

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market of nearly \$70 billion—compared to current sales of approximately \$4.4 billion—Atlassian has the potential for sustained double-digit growth.

Shopify, a Canada-based global leader in e-commerce platform solutions, provides turnkey services that enable merchants to seamlessly manage their online stores. Offering a comprehensive suite of features—including web design, inventory management, payment processing, analytics and reporting—Shopify simplifies business operations for merchants. By continuously innovating with user-friendly tools and unique offerings like the Shop Pay button, Shopify removes friction and empowers merchants to grow and thrive. Its all-in-one platform delivers extensive capabilities that create significant switching costs, as many merchants depend on its robust ecosystem to build and sustain their businesses.

Shopify delivered outstanding results this quarter, achieving 26% year-over-year revenue growth alongside meaningful margin expansion. Gross Merchandise Value (GMV), or the total dollar value of orders processed through Shopify's platform, accelerated to 24% year-over-year growth, marking the fifth consecutive quarter with greater than 20% growth and the fastest quarterly growth in the past 11 quarters. The company also provided solid guidance for next quarter, projecting year-over-year revenue growth in the mid-to-high 20s. Regarding profitability, Shopify has demonstrated a disciplined approach to balancing future growth investment with operational efficiency. Free-cash-flow margin expanded significantly to 19%, an improvement of more than 300 basis points from the previous quarter, and guidance for next quarter's margin exceeded consensus expectations. Supported by the secular growth of e-commerce, Shopify is well positioned to deliver sustainable and profitable growth thanks to the strength of its cutting-edge capabilities and differentiated platform.

Among the detractors from performance in the fourth quarter of 2024 were Givaudan and Novo Nordisk.

Givaudan is based in Switzerland and produces a broad array of embedded flavors and fragrances found in consumer goods such as food, beverages, personal care products and household items. With more than 130,000 formulations, Givaudan boasts a large customer base exceeding 4,000 companies. Givaudan's underperformance during the quarter is most likely due to high expectations coming into the quarter. (This contrasts with contributor Atlassian, which benefitted from low expectations.) Givaudan achieved year-to-date revenue growth of 13% on a like-for-like basis, more than double the company's historical growth rate. This growth was primarily the result of clients aggressively restocking after 2023, a year plagued by significant COVID-related customer destocking, making for easy compares. After another quarter of above-average revenue growth, management indicated that it expects sales growth to begin normalizing in the fourth quarter. Management also acknowledged the risk of potential destocking given low visibility into customer current inventory levels. The uncertainty and less sanguine tone adversely impacted Givaudan's stock price during the quarter.

Givaudan remains a solid company fundamentally, selling essential ingredients that are difficult for its customers to replace. While we plan to closely monitor topline growth, our expectation is that it will exceed the overall industry, leading to solid future stock performance.

Novo Nordisk, a Danish pharmaceutical giant, dominates the global diabetes-care market and has recently become a leader in obesity treatment with its blockbuster GLP-1 drugs, Ozempic and Wegovy. While its diabetes franchise accounts for approximately 70% of sales, Novo has reshaped the weight-loss market, capturing 55% of global market share in this rapidly expanding industry and becoming Europe's most valuable company.

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The stock declined meaningfully during the quarter following disappointing clinical trial results from its highly anticipated REDEFINE study for its next-generation obesity drug, CagriSema. The trial reported 23% average weight loss over 68 weeks, falling short of Novo's 25%-plus target and aligning closely with the 20% weight loss over 72 weeks achieved by Eli Lilly's Zepbound, a key competitor that is rapidly gaining market share. Concerns over Zepbound's potentially easier manufacturing process have further raised investor apprehensions about Novo's competitive position.

We think the sell-off appears excessive. CagriSema demonstrated superior efficacy to Zepbound in certain metrics which should position it to compete effectively once launched next year. Additionally, nuances in the REDEFINE study, such as flexible dosing protocols, may have negatively impacted the results. Further data on patient cohorts could provide a clearer picture. Novo remains a strong player in the burgeoning weight-loss-drug market, which is effectively a duopoly between itself and Lilly. With potential new competitors at least three years away and Novo and Lilly securing the majority of global protein manufacturing capacity for GLP-1 production, some barriers to entry exist. This competitive advantage, coupled with the vast market opportunity, reinforces our optimism about Novo's long-term prospects.

Additions and Deletions

We had one addition, **Wise PLC**, to the portfolio during the fourth quarter of 2024 and no deletions.

Based in the U.K., **Wise PLC** is a disruptive leader in the rapidly growing international money-transfer market operating in more than 40 currencies and 170 countries. Through its innovative platform, Wise has made strong inroads into the cross-border payments markets by offering low fees, real-time exchange rates and unmatched transparency. The company processed \$165 billion in payment volume and garnered 13 million active users in the most recent fiscal year. Despite these lofty figures, Wise accounts for less than 5% of the vast Personal Remittances market that has grown at 8.6% annually over the past 20 years. Still, 80% of Personal Remittance transfers still rely on traditional methods such as cash and banks (via SWIFT), which are expensive, slow and opaque.

With prices that are up to 80% lower than banks or Western Union, 63% of transfers completed in under 20 seconds, and exceptional customer satisfaction scores, Wise enjoys a robust competitive moat. We anticipate Wise can achieve high-teens to low-20s growth in revenue and earnings per share over the next five years, leveraging strong secular tailwinds in global payments. This positions the company as a compelling long-term growth opportunity.

Firm Update

As you probably know, all of our portfolios at Brown Capital Management are managed by co-equal teams of portfolio managers. For years, we have designated a Team Leader for each team to help with the coordination and administration of the team's research and client service responsibilities. In the last couple of years, however, we have received feedback from clients that the Team Leader role was confusing; some misinterpreted the role to be akin to a Lead Portfolio Manager. That is why the firm's Management Committee is now clarifying the role with this organizational announcement. First, we are changing the name of the role from Team Leader to Team Coordinator. Team Coordinators are servant leaders focused on keeping teams on task and on schedule regarding research, portfolio management and client service. Second, we are appointing two Team Coordinators for each

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team (instead of one), to share the time commitment involved and to allow for collaboration. Team Coordinators will serve six-month terms after which the responsibility will rotate to other members of the teams. Third, as of Jan. 2, 2025, the Management Committee has named **Damien Davis/Chaitanya Yaramada** as the Team Coordinators for the Small Company Team and **Kayode Aje/Zoey Zuo** for the International Team. You may recall that after some personnel changes on the International Team a year ago, CEO **Keith Lee** stepped in as the acting Team Leader on the International Team. This announcement concludes that temporary arrangement. If you have any questions about the new role, please do not hesitate to ask us.

Thank you, as always, for your continued trust and partnership.

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Company Name	Percentage Held in Portfolio
Descartes Systems Group Inc	4.21%
Givaudan SA	4.03%
Shopify Inc - Class A	3.80%
MonotaRO Co., Ltd.	2.81%
NOVO NORDISK A/S	2.73%
Atlassian Corp. Plc - Class A	2.38%
Rational AG	2.27%
Camtek Ltd.	2.25%
Carl Zeiss Meditec AG	1.41%
Kingsoft Corporation Ltd.	0.88%
Autostore Holdings LTD.	0.88%
Kingdee International Software	0.71%
Wise PLC Class A	0.25%

Top 10 holdings may be accessed on Brown Capital Management's website.

This is not a recommendation to buy or sell a particular security. Holdings are subject to change.

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The table below shows the performance of the Fund versus several market indices:

As of 12/31/2024

	Annualized								
	Since Inception	20 Years	15 Years	10 Years	5 Years	3 Years	1 Year	YTD	3 Months
International All Company Fund Inst. Class	4.21%	4.42%	5.14%	4.76%	3.40%	-4.20%	-0.59%	-0.59%	-6.64%
International All Company Fund Inv. Class	4.10%	4.28%	4.95%	4.50%	3.17%	-4.41%	-0.83%	-0.83%	-6.72%
MSCI EAFE	4.93%	5.31%	5.74%	5.71%	5.24%	2.17%	4.35%	4.35%	-8.06%
MSCI All Country World Index Ex US	5.24%	5.45%	5.17%	5.31%	4.61%	1.35%	6.09%	6.09%	-7.50%
Morningstar Category: US Fund Foreign Large Growth	N/A	N/A	N/A	5.81%	4.11%	-3.14%	5.17%	5.17%	-6.94%
Excess Return Over Benchmark	-0.72%	-0.89%	-0.60%	-0.95%	-1.84%	-6.37%	-4.94%	-4.94%	1.42%

Excess Return Over Benchmark is the difference between the return of the Strategy and the Index.

Source: CFS.

*Inception date for the Institutional Share Class is 8/1/2014. Performance of the Institutional Share Class prior to 8/1/2014 is based on the performance of the Investor Share Class. Inception date for the Investor Share Class is 5/28/1999.

As identified in the current Fund prospectus, the gross operating expense ratio for Investor Class was 1.88% before waiver and 1.25% after. As identified in the current Fund prospectus, the gross operating expense ratio for Institutional Class was 1.64% before waiver and 1.00% after.

Brown Capital Management, LLC (the "Advisor") has entered into an Expense Limitation Agreement with the Fund under which it has agreed to reduce the amount of the investment advisory fees to be paid to the Advisor by the Fund and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund's annual operating expenses through at least July 31, 2024. Please see prospectus for additional information.

The performance data quoted represent past performance. Returns are presented net of fees. Past performance is no guarantee of future results and investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance current to the most recent month-end may be found at www.browncapital.com or by calling 1-877-892-4226. Please see disclosures.

The **MSCI EAFE (Europe/ Australia/Asia/Far East) Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding U.S. and Canada. The **MSCI All Country World ex US Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. **Morningstar US Fund Foreign Large Growth Category:** Portfolios focus on high-priced growth stocks, mainly outside of the United States. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex Japan). Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). These portfolios typically will have less than 20% of assets invested in U.S. stocks. The volatility (beta) of an account may be greater or less than it's respective benchmark. One may not invest directly into an index.

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Brown Capital Management, LLC (the "Advisor") has entered into an Expense Limitation Agreement with the International All Company Fund under which it has agreed to reduce the amount of the investment advisory fees to be paid to the Advisor by the International All Company Fund and to assume other expenses of the International All Company Fund, if necessary, in an amount that limits the International All Company Fund's annual operating expenses (other than interest, taxes, brokerage commissions, acquired fund fees and expenses, other expenditures which are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of the International All Company Fund's business, and amounts, if any, payable under a Rule 12b-1 distribution plan) to not more than 1.00% until July 31, 2024. The Expense Limitation Agreement may not be terminated by either party prior to that date. Subject to certain conditions such as Fund asset levels being at certain thresholds and operating expenses being less than the operating expenses limit for the International All Company Fund, the International All Company Fund may reimburse the Advisor for fees waived or limited and other expenses assumed by the Advisor pursuant to the Expense Limitation Agreement. Each waiver or reimbursement of an expense by the Advisor is subject to repayment by the International All Company Fund within three years following the month in which the expense was incurred, provided that the International All Company Fund is able to make the repayment without exceeding the lesser of the expense limitation in place at the time of the waiver and/or reimbursement or the current expense limitation arrangement.

Past performance does not guarantee future results. Returns are presented net of fees. All investments involve risk, including loss of principal and there is no guarantee that investment objectives will be met. All holdings information is provided for informational purposes only and should not be interpreted as a recommendation to buy or sell any of the securities/sectors represented. Sector exposure represents nontraditional classifications as determined by the Fund's managers. This same objective, non-performance based criteria is consistently used to select portfolio holdings. It should not be assumed that any of the securities transactions, holdings or sectors discussed herein were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. BCM reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. Diversification does not eliminate the risk of experiencing investment losses.

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An investor should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund. A copy of the prospectus is available at www.browncapital.com or by calling Shareholder Services at 1-877-892-4226. The prospectus should be read carefully before investing.

Principal Risks of Investing in the Fund: As with all mutual funds, an investment in the Fund is subject to investment risks, including the possible loss of the principal amount invested. There can be no assurances that the Fund will be successful in meeting its objectives. Investment in the Fund is also subject to market risk, investment style risk, investment adviser risk,

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market sector risk, equity securities risk, portfolio turnover risk, small companies risk, and other risks as set forth in the Fund's prospectus. Funds that emphasize investments in smaller companies generally experience greater price volatility.

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