



Intelligent Investments. Independent Ideas.



As of 12/31/23

# AAM/Phocas Real Estate Fund

- Class A: APRAX
- Class B: APRIX

Mutual funds are only sold by prospectus. You should carefully consider investment objectives, risks, and charges and expenses of the Fund before investing. This and other information can be found in the Fund's prospectus or summary prospectus, which can be obtained from your financial professional or by calling 888.966.9661. Please read the prospectus carefully before you invest or send money.

An investment in the Fund is subject to risks and you could lose money on your investment in the Fund. More information about these risks may be found on the last two pages of this presentation and in the Fund's prospectus.

The information provided does not constitute investment advice and is not an offering of or a solicitation to buy or sell any security, product, service, or fund, including the fund being advertised. Any such offer may be made only by the Fund's prospectus.

*To contact an AAM Representative  
call 866.606.7220*

Advisors Asset Management Inc. (AAM) is a SEC Registered Investment Advisor and Member FINRA/SIPC.

235 West Galena Street • Milwaukee, WI 53212 • [www.aamlive.com](http://www.aamlive.com)

# Firm Profile

Phocas Financial Corporation was founded in 2005 and is based in Alameda, California.

100%

employee-owned, including all portfolio managers and senior staff members

20+

years as a stable investment team<sup>1</sup>

\$834 MM

assets under management

Phocas employs a team-managed approach. Phocas portfolio managers have backgrounds as industry generalists, but offer REIT specialty after decades of emphasis investing in REITs.

Lead portfolio managers:



**James Murray, CFA**  
**Portfolio Manager**

Portfolio management start: 1998

Phocas Financial start: 2005

1999-2005 Analyst & Trader, Bay Isle Financial

1995-1999 Tax Division, Charles Schwab

BA Economics, Kenyon College



**William Schaff, CFA**  
**CEO, Portfolio Manager**

Portfolio management start: 1986

Phocas Financial start: 2005

1986-2005 President & CIO, Bay Isle Financial

MS Engineering, University of California – Davis

# Phocas Advantage

## DISCIPLINE

Embracing a patient, value-oriented approach means rigorous and intensive bottom-up fundamental analysis aiming to capture value in mispriced securities. Phocas seeks to build diversified, total return, low turnover REIT portfolios that trade at attractive valuations.



## RESEARCH

Using proprietary tools and research models that account for quantitative and qualitative factors, Phocas seeks to uncover management teams and strategies they believe will deliver the best risk-adjusted returns to shareholders, while maintaining price and value discipline.



## BALANCE

Phocas doesn't try to hit home runs. The firm's goal is to deliver returns that exceed the benchmark, after fees, without assuming the risk inherent in swinging for the fences. Phocas believes their emphasis on fundamental investment value enables them to serve clients well over the long term.



# Why REIT's?

REITs may be an effective portfolio diversifier with the potential to both reduce risk and enhance return

## Diversification

An allocation to REITs in a diversified portfolio potentially reduces risk and enhances return. Diversification within a REIT allocation is also due to the ability to access dozens or even hundreds of properties spanning various regions and property types.

## Income

Historically produced a steady stream of income through a variety of market conditions, helping investors meet their cash flow needs. REIT dividends are typically considerable because they are required to distribute at least 90% of their taxable income to shareholders annually.

## Tax-Efficient

Income generated by REITs is generally not taxed at the corporate level, creating greater potential for distributions to shareholders.

## Liquidity and Daily Pricing

Unlike direct property ownership, listed REITs are relatively liquid investments that trade on stock exchanges, allowing investors to obtain real time market-based pricing information.

## Potential Hedge Against Inflation

Rental and lease contracts typically include provisions for rent escalation, which passes increasing costs due to inflation to the tenant. This helps preserve real rates of return for the owner. Values have also tended to rise as investors often shift into "real" assets during inflationary periods.

# Why REIT's? (cont'd)

As of December 31, 2023

## Effective portfolio diversifier and potential hedge against inflation

- APRIX has been an **effective diversifier** exhibiting low correlation to traditional equity and bond markets as well as real assets.
- Tangible asset classes, including real estate, may act as a **hedge against inflation**.

Correlation (5 Years)	APRIX	Equities	Bonds	Comm	Nat Res	REITs	Infra	MLPs	TIPs	CPI
APRIX	1.00									
U.S. Equities (S&P 500)	0.99	1.00								
Bonds	0.85	0.86	1.00							
Commodities	0.57	0.54	0.49	1.00						
Natural Resources	0.44	0.47	0.47	-0.04	1.00					
Real Estate Investment Trusts (REITs)	0.59	0.64	0.73	0.11	0.69	1.00				
Infrastructure	0.72	0.74	0.75	0.43	0.49	0.64	1.00			
Master Limited Partnerships (MLPs)	0.54	0.59	0.64	0.11	0.52	0.89	0.57	1.00		
TIPS (inflation)	0.67	0.65	0.62	0.85	0.20	0.29	0.53	0.28	1.00	
CPI (inflation)	0.01	0.04	-0.11	-0.30	0.20	0.04	-0.01	-0.10	-0.25	1.00

Source: Morningstar, Inc. Asset class representation: Equities: S&P 500 Index; Bonds: Bloomberg Barclays US Aggregate Bond Index; Commodities: Bloomberg Commodity Index; Natural Resources: S&P North American Natural Resources Index; REITs: S&P US REITs Index; Infrastructure: MSCI USA Infrastructure; MLPs: Alerian MLP; TIPS: Bloomberg Barclays US Treasury US TIPS; CPI: US BLS CPI All Urban SA. See end of presentation for index definitions. **Past performance does not guarantee future results.** It is not possible to invest directly in an index.

# Investment Process

Phocas' approach is based on the belief that REIT pricing is driven, to different degrees at different times, by where we are in the commercial real estate cycle.



- Market cap greater than \$50MM
- Sufficient liquidity for a \$1B portfolio

Phocas strives to drive performance through its proprietary research methodology, employing rigorous fundamental, bottom-up security analysis. To account for the vagaries of the cycle, Phocas utilizes a proprietary 3-pronged weighted valuation approach:

Phocas Fair Market Value Research Methodology

- Net asset value (NAV)
- Discounted cash flow (DCF) and growth potential
- Adjusted funds from operations (AFFO)

Phocas then conducts qualitative analysis with a focus on:

- Management Quality
  - Track record*
  - Value creation*
  - Competitive edge*
- Balance Sheet Soundness
  - Soundness/flexibility*
  - Asset quality/location*
  - Appreciation prospects*
- Asset Quality & Location
- Intrinsic Value vs. Market Price
  - Statement analysis*
  - Proprietary modeling*

We believe that a focus on core positions best facilitates a successful long-term strategy and reduces turnover. We aim to create long-term value through a concentrated portfolio, diversified across most real estate sectors with maximized risk-adjusted returns.

- Fundamentally attractive relative to its valuation
- Broadly diversified across sectors and geography

# Investment Process (cont'd)

## Risk Controls

1

Representation in all major sectors of commercial real estate markets.

2

Core/satellite approach designed to reduce turnover.

3

Focus on total return strategy thereby limiting dependency on dividend yields.

4

Valuation models account for vagaries of commercial real estate cycles.

5

Diversified portfolio of typically 25 – 35 REITs.

## Sell Discipline

1

Take profits if pricing becomes exorbitant relative to intrinsic value.

2

Daily review of absolute and relative price action.

3

Mandatory review if price falls 25% below purchase price.

4

Sell or reduce if management loses focus or deviates from strategy.

5

Reduce positions with significant appreciation if causing excessive overweighting.



# AAM/Phocas Real Estate Fund

## IMPORTANT FUND FACTS

**Investment Objective:** Long-term total investment return through a combination of capital appreciation and current income

Share Class	Ticker	CUSIP	Minimum Initial Purchase Amount	Minimum Subsequent Purchase Amount	Expense Ratios (net / gross)
Class A	APRAX	46141Q 220	\$2,500	\$500	1.15% / 1.68%
Class I	APRIX	46141Q 238	\$25,000	\$5,000	0.90% / 1.43%

\*All share classes may not be available. Please consult with your financial professional for more details.

The Fund's advisor has contractually agreed to waive certain fees/expenses until April 30, 2033 and may recoup previously waived expenses that it assumed during the previous three-year period.



# About The Fund Performance (%)

## TRAILING PERFORMANCE AS OF 12/31/23

Share Class	Quarter	YTD	1-Year	3-Years	5-Years	10-Years	Since Inception 9/30/06
<b>Class A – APRAX</b>	17.59	9.60	9.60	3.36	7.35	7.30	5.98
<b>With sales charge<sup>1</sup></b>	11.14	3.57	3.57	1.43	6.14	6.69	5.63
<b>Class I – APRIX</b>	17.61	9.87	9.87	3.55	7.55	7.41	6.04
<b>S&amp;P US REIT Index</b>	16.04	13.77	13.77	7.17	7.22	7.50	5.47

## CALENDAR YEAR PERFORMANCE – TRAILING 10 YEARS

Share Class	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Class A – APRAX</b>	9.60	-29.58	43.06	-0.76	30.11	-7.94	7.35	7.67	1.24	31.65
<b>With sales charge<sup>1</sup></b>	3.57	-33.45	35.20	-6.21	22.93	-13.02	7.35	7.67	1.24	31.65
<b>Class I – APRIX</b>	9.87	-29.49	43.34	-0.65	30.45	-7.85	7.35	7.67	1.24	31.65
<b>S&amp;P US REIT Index</b>	13.77	-24.36	43.05	-7.52	24.45	-3.79	4.33	8.49	2.54	30.26

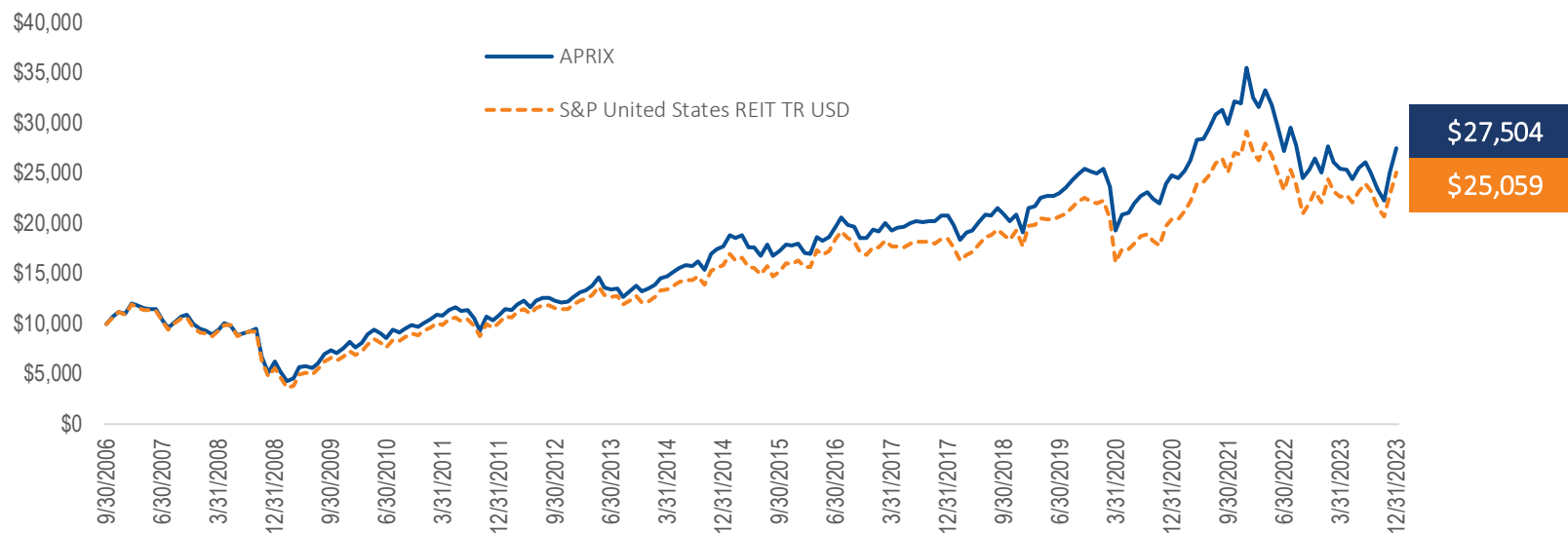
All share classes may not be available. Please consult with your financial professional for more details. The Fund commenced operations and acquired the assets and liabilities of the Phocas Real Estate Fund (the “Predecessor Fund”), a series of Forum Funds II, on August 23, 2018. As a result of the acquisition, the Fund is the accounting successor of the Predecessor Fund. Performance results reflect the performance of the Predecessor Fund. The Fund’s past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. Returns for periods longer than one year are annualized. Redemption fee if redeemed within 90 days of purchase: 2.00%.

<sup>1</sup>Sales charge for Class A: 5.50% effective as of the AAM/Phocas Real Estate Fund launch on August 23, 2018.

The performance data quoted represents past performance and is not a guarantee of future results. 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 information quoted. To obtain performance information current to the most recent month-end, call 888.966.9661.

# Hypothetical Growth of \$10,000 (APRIX)

FOR THE PERIOD 9/30/2006-12/31/2023



The Fund commenced operations and acquired the assets and liabilities of the Phocas Real Estate Fund (the “Predecessor Fund”), a series of Forum Funds II, on August 23, 2018. As a result of the acquisition, the Fund is the accounting successor of the Predecessor Fund. Hypothetical Growth of \$10,000 reflects the performance of the Predecessor Fund. The Fund’s past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. Assumes reinvestment of dividends and capital gains. **Past performance does not guarantee future results.**

# About the Fund: Portfolio Characteristics

As of December 31, 2023

## 30-DAY SEC YIELD (%)

	Subsidized	Unsubsidized
Class A – APRAX	2.72	1.82
Class I – APRIX	3.10	2.15

The 30-day SEC Dividend Yield is based on the most recent 30-day period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period, after the deduction of the fund's expenses. The unsubsidized yield figure reflects the dividends and interest earned during the period, after the deduction of the fund's expenses, while the subsidized yield takes into account fee waivers.

**Annual Distribution History** reflects past performance and is no guarantee of future results. Redemption value may be more or less than original cost. There is no guarantee of the payment of any dividend or other distributions at any level. 2006-2017 distributions paid annually. Distributions are anticipated to be paid quarterly starting September 2018.

The Fund commenced operations and acquired the assets and liabilities of the Phocas Real Estate Fund (the "Predecessor Fund"), a series of Forum Funds II, on August 23, 2018. As a result of the acquisition, the Fund is the accounting successor of the Predecessor Fund. Annual Distribution History reflects the performance of the Predecessor Fund. The Fund's past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future.



## ANNUAL DISTRIBUTION HISTORY (APRIX)

	Dividends Paid	Capital Gains
2006	0.154	0.011
2007	0.271	0.019
2008	0.174	0.021
2009	0.274	0.000
2010	0.188	0.000
2011	0.053	0.000
2012	0.187	0.000
2013	0.189	0.000
2014	0.025	0.000
2015	0.361	1.240
2016	0.345	1.274
2017	0.033	1.600
2018	0.646	0.436
2019	0.538	1.093
2020	0.443	0.152
2021	0.440	1.001
2022	0.547	1.317
2023	0.800	0.000

# About the Fund: Portfolio Characteristics (cont'd)

As of December 31, 2023

## SECTOR ALLOCATIONS

	% of net assets
Industrial	13.4
Apartments	12.0
Infrastructure	9.9
Self-Storage	9.3
Data Centers	8.4
Health Care	8.2
Shopping Centers	7.9
Regional Malls	6.0
Lodging	5.6
Single Family Homes	5.0
Office	4.2
Diversified	3.8
Man. Home	3.6
Timber	2.5
Cash	0.4
Free Standing	0.0
Mixed	0.0
Commercial Financing	0.0
Other	0.0

\*Calculated for the trailing five years. Beta, Upside Capture Ratio and Downside Capture Ratio are calculated relative to the fund's benchmark, the S&P US REIT Index.

## Top Ten Holdings

	% of net assets
Prologis Inc	7.57
Equinix Inc	7.26
American Tower Corp	6.87
Simon Property Group Inc	5.97
Rexford Industrial Realty Inc	5.79
Invitation Homes Inc	4.91
Extra Space Storage Inc	4.79
Public Storage	4.53
Centerspace	4.16
Global Medical REIT Inc	4.02
Top 10 Holdings	55.87

## Characteristics (APRIX)

	Fund
Weighted Avg Market Cap (\$B)	\$37.8
Number of Holdings	28
Turnover	0.06%
Correlation to S&P 500*	0.84
Standard Deviation*	20.96
Sharpe Ratio*	0.26
Beta*	0.97
Upside Capture Ratio*	99.64%
Downside Capture Ratio*	98.35%

Top ten holdings does not include cash allocation. Portfolio holdings will change due to ongoing management of the funds. References to specific securities [or sectors] should not be construed as recommendations by the Funds, the Adviser or the Distributor.

# Important Disclosures

All share classes may not be available. Please consult with your financial professional for more details.

*You should carefully consider the investment objectives, risks, management fees, and charges and expenses of the Fund prior to investing. The Fund's prospectus and summary prospectus contains this and other information about the Fund, and should be read carefully before investing. You may obtain a current copy of the Fund's prospectus and summary prospectus by calling 888.966.9661.*

**Risks:** An investment in the Fund is subject to risks and you could lose money on your investment in the Fund. The principal risks of investing in the Fund include, but are not limited to, investing in foreign securities, including emerging markets; investing in micro-, small and mid-cap companies; investing in real estate and real estate investment trusts (REITs); and non-diversification risk. The prices of foreign securities may be more volatile than the securities of U.S. issuers because of economic conditions abroad, political developments, and changes in the regulatory environment of foreign countries; these risks are more pronounced for investments in issuers in developing or emerging market countries. Investments in micro-, small- and mid-cap companies involve greater risks including increased price volatility compared to the market or larger companies. Investment in securities of a limited number of issuers (non-diversified) exposes the Fund to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers. Because the fund concentrates its net assets in the real estate industry (by investing in REITs and other companies that invest in real estate assets), it is particularly vulnerable to the risks of the real estate industry. Declines in real estate values, changes in interest rates, economic downturns, overbuilding and changes in zoning laws and government regulations can have a significant negative effect on companies in the real estate industry. More information about these risks may be found in the Fund's prospectus.

**Standard deviation** measures the volatility of the fund's returns. Higher deviation represents higher volatility. **Sharpe ratio** uses a fund's standard deviation and its excess return (difference between the fund's return and the risk-free return of the 90-day Treasury Bills) to determine reward per unit of risk. Beta is a measure of the volatility, or systematic risk, of a portfolio in comparison to the market as a whole. A **beta** of 1.00 is equal to that of the market; a beta lower than 1.00 indicates lower volatility than the market, while a beta greater than 1.00 indicates higher volatility than the market. **Upside/Downside Capture ratios** measure the fund's performance in up/down markets relative to the performance of S&P US REIT Index. An up/down market is defined as any period where the market's return is greater/less than zero. The lower the Downside Capture ratio, the better the manager protected capital during a market decline. The higher the Upside Capture ratio, the better the manager performed during a positive market. **Correlation** is a statistical measure of how two variables move in relation to each other with coefficients ranging from +1 to -1. A correlation coefficient of +1 implies that as one variable moves, the other will move in exact lockstep. Alternatively, a correlation coefficient of -1 implies that if one variable moves, the other moves in the same amount in the opposite direction. If the correlation is 0, the movements of the variables are completely random.

# Important Disclosures

The **S&P 500 Index** is an unmanaged capitalization-weighted index (weighted by the market value of the companies) of 500 stocks listed on various exchanges. **S&P US REIT Index** is a free-float adjusted, market capitalization-weighted index that defines and measures the investable universe of publicly-traded real estate investment trusts domiciled in the United States. **Bloomberg Barclays US Aggregate Bond Index** is an unmanaged, broad-based index composed of U.S. dollar denominated, investment grade, fixed-rate taxable bonds with at least \$250 million par amount outstanding and at least one year to final maturity. The **S&P North American Natural Resources Index** provides investors with a benchmark that represents U.S. traded securities that are classified under the GICS® energy and materials sector excluding the chemicals industry; and steel sub-industry. The **MSCI USA Infrastructure Index** captures the opportunity set of US companies that are owners or operators of infrastructure assets. Constituents are selected from the equity universe of the MSCI USA Index, the parent index, which covers large and mid cap securities in the US. All index constituents are categorized in one of thirteen sub-industries according to the GICS®, which MSCI aggregates and groups into five infrastructure sectors: Telecommunications, Utilities, Energy, Transportation and Social. **Alerian MLP Index** is a float-adjusted, capitalization-weighted index comprised of the 50 most prominent MLPs. The **Bloomberg Commodity Index** tracks prices of futures contracts on physical commodities on the commodity markets. The weightings for each commodity included are calculated in accordance with rules that ensure that the relative proportion of each of the underlying individual commodities reflects its global economic significance and market liquidity. Annual rebalancing and reweighting ensure that diversity is maintained over time. **Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index** includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have \$250 million or more of outstanding face value. The **US Consumer Price Index - All Urban Consumers** is compiled by the Bureau of Labor Statistics, based upon a 1982-1984 base of 100. An Index of 185 indicates 85% inflation since 1984 (actually the average of 1982-1984). Since this is an index it only tells you the total inflation since the base year. **Past performance does not guarantee future results.** It is not possible to invest directly in an index.

Not FDIC Insured - Not Bank Guaranteed - May Lose Value.

Distributed by IMST Distributors, LLC. Advisors Asset Management is an SEC-registered investment advisor and member FINRA/SIPC. SEC registration does not imply a certain level of skill or training; nor does it imply that the SEC has sponsored, recommended or otherwise approved of AAM.

To contact an AAM Representative call 866.606.7220 or visit [www.aamlive.com](http://www.aamlive.com).

CRN: 2022-1102-10437 R link 8654

THANK YOU