



Kopernik International Fund

Third Quarter 2018

Dear Kopernik Investor,

Below, please find the mutual fund performance of the Kopernik International Fund (“International” or “Fund”) as of September 30, 2018.

Fund Performance
As of September 30, 2018

Class	September 2018	Q3 2018	YTD	1 Year	Since Inception ¹
I	1.32%	-6.36%	-5.05%	-2.30%	5.21%
MSCI ACWI ex-USA (Net)	0.46%	0.71%	-3.09%	1.76%	4.89%

¹Annualized

Class I inception date: 06/30/2015

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The 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 the original cost, and current performance may be lower or higher than the performance quoted. For the most recent month-end performance please call Kopernik Funds at 1-855-887-4KGI (4544) or visit www.kopernikglobal.com.

Gross expense ratios for the fund: Class I 1.60% Net expense ratios for the fund: Class I 1.10%

Expense ratios shown are reflective of the Fund's current prospectus.

Kopernik has contractually agreed to reduce its fees and/or reimburse expenses in order to keep Total Annual Fund Operating Expenses (excluding interest, taxes, brokerage commissions, acquired fund fees and expenses, and non-routine expenses) from exceeding 1.10% of the Fund's average daily net assets until February 28, 2019.

WHY KOPERNIK?

Philosophically, we view ourselves as owners of businesses. Our job is to appraise these businesses and take advantage at times when an inefficient, emotional marketplace offers securities at a price that is significantly different from our appraisal. Like our namesake, Kopernik (better known by his Latin name – Copernicus), we trust the results of our own analysis even when (especially when) it generates vastly different conclusions from those of the crowd and/or those taught by many academics. Similarly, we commonly question the data issued by governments, central bankers, and companies themselves. We understand that bargains appear often because people focus on fear or panic, and other forms of risk that are not relevant to the investment portfolio. High tracking error, bad headlines or unpopular stocks/countries/regions/industries can present a degree of risk to a manager's career, while often lowering the potential of permanent loss of capital (due to lower initiation prices and higher potential upside) to the portfolio. Similarly, Kopernik believes volatility and other measures of past price movements are not relevant to long-term investors' assessment of risk. It can be indicative of potential risk to short-term speculators or to highly levered players, but can often present opportunity for true long-term investors.

QUARTER REVIEW

The NAV of Class I shares of the Kopernik International Fund declined -6.36% for the quarter. In comparison, the MSCI All Country World ex USA Index rose +0.71%.

Our precious metals mining companies detracted -4.1% from the Fund's quarterly performance. New Gold Inc., down -61.9%, was the top detractor for the group. During the quarter, there was negative news on the grade of the company's gold reserves and the estimated cost to mine them. Although we are disappointed by the news, we remain attracted to New Gold's large quantity of reserves, which we estimate are worth many multiples of New Gold's share price. Other notable decliners in the group include: Barrick Gold Corp, Wheaton Precious Metals Corp., Newcrest Mining Ltd., and Goldcorp Inc., down -25.5%, -20.3%, -12.2%, and -25.5% respectively. The spot price of gold was down





-5.0% for the quarter and -8.6% year-to-date, to under \$1,200 per troy ounce. Gold continues to trade at a steep discount to our calculated incentive price of \$2,000 per troy ounce. This incentive price is the level we estimate would encourage adequate supply. Moreover, we reiterate our view that the value of gold as a store of wealth justifies a much higher gold price than \$2,000 per troy ounce. Also in the quarter, the spot price of silver fell -10% to \$14.67 per ounce. Silver corrected even more than gold in the quarter, as evidenced by the gold-silver ratio (the amount of silver ounces required to purchase one ounce of gold) increasing from 77 to 82. This ratio is near all-time highs. We believe our holdings with exposure to gold and silver trade significantly below their risk-adjusted intrinsic value and we opportunistically added to the group during the quarter. Elsewhere, in energy, MEG Energy Corp., a Canadian oil exploration and production company, fell -25.5%. Despite this decline, MEG is up +51.4% year-to-date, and we trimmed on strength earlier this year.

Several of our emerging markets holdings detracted. Lenta Ltd., a Russian food retailer, decreased -35.8%. We continue to believe Lenta offers compelling risk-adjusted potential upside and we added on weakness. In the fragmented Russian food retailer industry, we think Lenta, as a large player, stands to continue taking share as the industry consolidates. Amid the U.S. sanctions on Russia and other sources of short-term volatility, we remain focused on investing in companies that trade significantly below our calculated intrinsic value, which we discount for geopolitical (amongst other) risks. Meanwhile, Turkiye Halk Bankasi AS (“Halkbank”), a Turkey-domiciled bank, declined -29.3%. During the quarter, Moody’s cut credit ratings on 18 banks, including Halkbank and two finance companies in Turkey, citing increased downside risk. Also during the quarter, tensions grew between the U.S. and Turkey as the U.S. imposed sanctions on Turkey over its continued imprisonment of an American pastor. We added to Halkbank, because from a bottom-up perspective, we are attracted to the fact that its shares trade at less than a third of book value. We see value in the fact that Halkbank benefits from loan subsidies sponsored by the government, and Turkey is a relatively under-leveraged country by global comparison. Elsewhere in emerging markets, Golden Agri-Resources Ltd. (“Golden Agri”), decreased -18.2%. Golden Agri is the largest palm oil plantation company in Indonesia. Golden Agri is down -33.7% year-to-date and trades well below our estimate of risk-adjusted intrinsic value. We have added on weakness this year, as palm oil supply and demand dynamics continue to seem favorable.

Nevertheless, some of our emerging markets exposure contributed positively. Gazprom PJSC, our largest Russian holding, rose +16.8%. Gazprom is the largest natural gas producer in the world, and natural gas prices rebounded in the quarter. Although Gazprom remains a top holding, we have trimmed on strength. Another large Russian holding, Lukoil PJSC, increased +13.8%. Lukoil is an integrated oil and gas company operating in Russia, Europe, and the Middle East. KT Corp. (“KT”), also a large position, increased +11.8%. KT is an integrated phone company in Korea. It is the dominant fixed line player and has large share in the mobile phone and broadband internet markets.

We initiated two positions during the quarter. We purchased Inpex Corp., a Japanese upstream oil and gas exploration and production company with global operations. The Fund had previously exited its position in Inpex after shares rallied with oil prices near the end of last year. We then purchased Inpex in July, after shares corrected more than -20.0% this year and offered a seemingly more compelling discount to our calculated risk-adjusted intrinsic value. We also initiated a position in Magnit PJSC, a large Russian food retailer. Like Lenta (mentioned above), Magnit is a large player that we also think could grow share as the industry consolidates. The stock is down -80% from its high 5 years ago and trades at 13 times earnings and 0.6 times enterprise value to revenue. We view Magnit as having attractive risk-adjusted upside.

We eliminated our position in Guoco Group Ltd., as the stock approached our estimated risk-adjusted intrinsic value after receiving a bid to be taken private.

Kopernik would also like to announce the re-designation of Class A shares of the Kopernik International Fund as Investor Class Shares effective September 27, 2018. For more information, please see the supplement to the prospectus, dated September 27, 2018 on the [Mutual Fund – Prospectus & Fund Documents](#) webpage at [Kopernikglobal.com](#).

As always, we appreciate your continued support.

Kind Regards,

Kopernik Global Investors, LLC





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This report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we may describe or imply. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions we express in these forward-looking statements. We do not intend to update these forward-looking statements except as may be required by applicable laws.

Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. As a result, actual results could differ materially from those expressed, implied or forecasted in the forward-looking statements.

The holdings mentioned herein represent the following percentage of net assets of the Kopernik International Fund as of September 30, 2018: Barrick Gold 0.00%, Gazprom PJSC 4.58%, Goldcorp Inc. 2.32%, Golden Agri-Resources Ltd. 2.29%, Guoco Group Ltd. 0.00%, Inpex Corp. 0.58%, KT Corp 2.73%, Lenta Ltd. 2.01%, Lukoil PJSC 2.15%, Magnit PJSC 0.70%, MEG Energy Corp. 1.94%, Newcrest Mining Ltd. 4.43%, New Gold Inc. 0.19%, Turkiye Halk Bankasi AS (Halkbank) 1.27%, and Wheaton Precious Metals Corp. 4.39%. These positions may change over time without notice. The holdings listed should not be considered recommendations to purchase or sell a particular security. It should not be assumed that securities bought or sold in the future will be profitable or will equal the performance of the securities in this portfolio. Current and future portfolio holdings are subject to risk.

Please consider all risks carefully before investing. An investment in a Kopernik Fund, or any other vehicle using the same strategy, is subject to many risks including sudden changes in general market valuations and market liquidity. Investments in small and mid-capitalization companies also tend to involve greater risk and portfolio price volatility than investments in larger capitalization stocks. Further, investing in non-U.S. markets, including emerging and frontier markets, involves certain additional risks, including potential currency fluctuations and capital controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity, less disclosure, and the potential for higher market volatility, share expropriation, confiscatory taxation, and social, economic and political instability. Further, investments in energy and other natural resources companies tend to be greatly impacted by developments in global commodities markets, which can be more volatile than equity markets.

Past performance herein should not be construed as an accurate indication of future returns.

The MSCI All Country World ex-USA Index is an un-investable index that captures over two thousand primarily large and mid-cap companies across 22 developed and 24 emerging market countries as of September 30, 2018. The MSCI indices returns do not reflect any management fees, transaction costs or expenses. Individuals cannot invest directly in an Index. Additionally, The MSCI All Country World ex-USA Index is different from the strategy in a number of material respects, including being much more diversified among companies and countries, having less exposure to emerging markets, and having no ability to invest in fixed income or derivative securities. MSCI ACWI ex-USA performance includes theoretical dividends distributed. Past performance is no guarantee of future results.

Mutual fund investing involves risk, including possible loss of principal. There can be no assurance that the Fund will achieve its stated objectives. Equity funds are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus. Investments in foreign securities may underperform and may be more volatile than comparable U.S. securities because of the risks involving foreign economies and markets, foreign political systems, foreign regulatory standards, foreign currencies and taxes. Investments in foreign and emerging markets present additional risks, such as increased volatility and lower trading volume. For more information on the Kopernik International Fund, call our toll free number at 1-855-887-4KGI or email funds@kopernikglobal.com.

This material must be preceded or accompanied by a current prospectus. Investors should read it carefully before investing.

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