



UPDATE ON RUSSIA/UKRAINE EXPOSURES

March 10, 2022

Kopernik condemns Russian actions in Ukraine. We believe that war is not good for anyone, and our hearts and prayers go out to the people of Ukraine. Wars are generally waged by governments, not by people. We do not condone most military actions, nor do we seek to profit from them. At the same time, when markets are depressed because of misguided government decisions, history suggests that it is best to invest in the good people and companies domiciled in most countries.

Kopernik's investment thesis has always required a large margin of safety for investments in Russia, Ukraine, and other emerging markets. Although the situation in Ukraine has continued to develop, our investment thesis remains the same. Our bottom-up, fundamental research process determines what we believe a company is intrinsically worth. We then discount this value using a company specific risk-adjustment score, which we call our "certainty of value" score. The less certain we are of our intrinsic value estimate, the larger the discount we require. Furthermore, we only buy when we are getting significant discounts to this risk-adjusted price. The Russian companies held in our portfolios tend to be high-quality, cash-flowing businesses with strong balance sheets. These companies are trading at low single digit multiples of earnings and significant discounts to book value. Thus, we believe we are being well compensated for the risk.

Kopernik purchases and sells shares of companies primarily on the secondary market. Russian holdings held in our portfolios are traded as local shares in Russia and as depository receipts in London. Profits or losses from our purchases are absorbed by the seller of the shares, not by the company itself or the government.

Below are the recent Russian/Ukrainian exposures in the Global All-Cap and International Strategies:

	Portfolio Weight as of December 31, 2021		Portfolio Weight as of February 28, 2022		Portfolio Weight as of March 9, 2022	
	Russia	Ukraine	Russia	Ukraine	Russia	Ukraine
Kopernik Global All-Cap Strategy ¹	13.36%	2.90%	8.84% ²	1.76%	3.59% ³	1.43%
Kopernik International Strategy ¹	14.98%	0.69%	11.6% ²	0.49%	4.23% ³	0.52%
MSCI All-Cap World Index ⁴	0.40%	-	0.18%	-	-	-
MSCI All-Cap World Index ex USA ⁴	1.03%	-	0.46%	-	-	-

¹ The information presented is based on the data of a representative account that is reflective of the strategy. Holdings and performance of individual accounts will differ based upon, among other things, account restrictions, timing of transactions, and corresponding management fees. All accounts in the same strategy are managed uniformly, subject to client guidelines, utilizing a model portfolio.

² Representative account exposure reflects Kopernik's fair value pricing for local Russia security holdings of 2/28/22

³ Representative account exposure reflects Kopernik's fair value pricing for local Russia security holdings and Russia GDR/ADR holdings as of 3/9/22

⁴ MSCI, Inc. will reclassify Russian indexes from emerging markets to a standalone status, including in the MSCI All-Cap World Index and MSCI All-Cap World Index ex USA, effective March 9, 2022. The Ukraine Index was reclassified from frontier markets to standalone status in August 2015.

The largest risk we see is being forced to sell by Western governments at low prices. Other than VTB Bank PJSC, it does not currently appear that sanctions will require us to sell these Russian holdings. However, we do not know how the future will play out. We view such actions as unlikely to happen since it would harm U.S. investors while benefitting the governments of Russia and China. They have both expressed intentions to buy at discounted prices.

Currently our ability to trade Russian securities is limited. As of this writing, the Moscow Stock Exchange has been closed since February 28, 2022, and the London Stock Exchange suspended trading in Russian depository receipts as of March 3, 2022. The market remains effectively frozen.





Additionally, Russia has banned foreigners from selling local assets, which has the potential to impact us should prices approach the levels at which we would sell; however, in our opinion it is unlikely that prices will rise to their risk-adjusted intrinsic values before that ban is lifted. The situation is fluid, and when we are able, we will continue our disciplined process of adding to and trimming from positions based upon their relationship to risk-adjusted intrinsic value.

As the situation develops, Kopernik will continue to provide updates on material developments to our portfolios.

Kopernik Global Investors

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The exposure information presented is based on the holdings of a fully seasoned representative account that we believe is reflective of the strategy. Holdings and performance of individual accounts will differ based upon, among other things, account restrictions, timing of transactions, and corresponding management fees. Please consider all risks carefully before investing. An investment in the Kopernik Global All-Cap strategy or Kopernik International Strategy, in any vehicle, 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. The information presented herein is confidential and proprietary to Kopernik Global Investors, LLC. This material is not to be reproduced in whole or in part or used for any purpose except as authorized by Kopernik Global Investors, LLC.

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.

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.

Countries worldwide have experienced outbreaks of infectious illnesses and may be subject to other public health threats, infectious illnesses, diseases or similar issues in the future. Any spread of an infectious illness, public health threat or similar issue could reduce consumer demand or economic output, result in market closures, travel restrictions or quarantines, and generally have a significant impact on the economies of the affected country and other countries with which it does business, which in turn could adversely affect investments in that country and other affected countries.

The MSCI All Country World Index is an un-investable index of over two thousand primarily large and mid-cap companies across 23 developed and 27 emerging market countries as of December 31, 2021. The MSCI indices returns do not reflect any management fees, transaction costs or expenses. 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 27 emerging market countries as of December 31, 2021. The MSCI indices returns do not reflect any management fees, transaction costs or expenses. Individuals cannot invest directly in an Index. Past performance is no guarantee of future results.

Investors should carefully consider the fund's investment objectives, risks, charges, and expenses before investing. For this and other information, please call 1-855-887-4KGI (4544) or download a free prospectus at www.kopernikglobal.com. Read it carefully before investing.

