Mercator International Funds

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The Mercator International Opportunity Fund (MOPPX)
Quarter 3, 2020 Report

We are pleased to report another strong quarter.

The Mercator International Opportunity Fund (MOPPX) had another very strong quarter, outperforming the Morgan Stanley EAFE index by more than 15% and its peers in the Foreign Large Blend category by more 14%. YTD, the fund is once again ranked in the top 1% of Foreign Large Blend category in Morningstar, returning 32% more than the EAFE index and 31% more than its peers in the Foreign Large Blend category.*

	Q3, 2020	YTD	1 Year	Annualized Since Inception (4/2/2018)
MOPPX	+19.98%	+25.28%	+39.10%.	+12.3%
MSCI EAFE	+4.80%	-7.09%	+0.50%	-0.04%
Foreign Large Blend[1]	+5.80%	-5.73%	+2.19%	-0.61%

**Past performance does not guarantee future results. Loss of principal is possible. Investment returns and principal value of an investment in the Mercator International Opportunity Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For up-to-date performance information please contact the fund's transfer agent at 1-800-869-1679.*

Investing in International Markets

US investors started to take a serious look at international markets in the 1980's when the whole world seemed to embrace free markets. At this time, the European Union adopted a policy of promoting the free flow of goods, services, capital and people among its members. China unleashed its economic potential by allowing free enterprise. Latin America replaced its military dictatorships with more pro-business and democratically elected leaders. "The end of history" was declared. Democracy and free enterprise had won the Cold War.

The Soviet Union's collapse and the triumph of capitalism was transforming the world economy. Investors were pouring money into newly investable countries. Investing overseas became an acceptable, even a "must" diversification strategy. The next step was to look for additional growth in emerging markets. Since developing countries were embracing capitalism, it was only a matter of time before they caught up with the US. That, at least, was the accepted wisdom among institutional investors.

A Different Take on International Investing

Unfortunately, it takes more than freeing up some economic regulations to build a successful and robust economy. So far, the US economic juggernaut is unique. Here in North America, we have the most imaginative entrepreneurs in the world, both home-grown and naturalized. We also have

[1] Foreign large-blend portfolios invest in a variety of big international stocks. 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). The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios typically will have less than 20% of assets invested in U.S. stocks.

an Anglo Saxon tradition of taking measured risks. These factors, and many others, have contributed to make the US stock market the most attractive in the world.

That does not mean, however, that there are no great companies overseas as well. We can divide the world's stock markets into two parts, the US and all other countries. They are like two different ponds we can fish from. One is full of excellent fish and attracts a lot of experienced fishermen. The other pond, while about the same size, is somewhat murkier and has fewer fish. Different techniques are required, which is probably why it attracts fewer fishermen.

The Index Is Not The Story

An index is made of the largest capitalizations of the stock markets. Most companies that make up the Morgan Stanley EAFE index represent the established, old economy. They may be solid and even sometimes well managed, but they are seldom dynamic. They may from time to time offer valuation opportunities, but they are not the "ten baggers" so dear to famed investor Peter Lynch.

We believe the real opportunities are elsewhere, in the blue chips of tomorrow. Mercator Fund management strives to identify and invest primarily in these growth companies.

In short, our belief is that when buying the international index, one invests in the past, looking in the rear-view mirror. The Mercator Fund seeks maximum exposure to the future. At the dawn of the automobile, it was not a winning strategy to invest in manufacturers of horse carriages.

The Opportunities

We live in extraordinary times. The Digital Revolution is bigger than the Industrial Revolution. As we have discussed in previous letters, it is changing the way we live, the way we work and the way we learn. It is creating enormous wealth at a pace never experienced before.

The Industrial Revolution started in the UK and, at first, spread to some countries on the Continent, including France and Belgium. From there, industrialization continued to gradually spread to the rest of what is known as the Western World plus Japan. It took several more decades to reach the Asian Tigers.

Compare that to today's Digital Revolution which is advancing at breathtaking pace all over the world. It is happening all at once, from Singapore to Moscow to Berlin. Silicon Valley plays a major role, but anybody with access to the internet has the ability to learn and create a new business. The result is billions of potential entrepreneurs. All they need is to set up an account with Shopify (SHOP) or wix.com.

In such a period of simultaneous global transformation, it matters less in what corner of the world you start your new digital company. Yes, the US still offers a lot of advantages through flexible finances, low regulations and a great understanding of risk, but one can now start a new business from any garage in the world. More and more action will take place outside the United States.

The Post-COVID World Is Around The Corner

The bulk of the Mercator Fund is invested in the new digital champions. Lately, we have also added a few companies whose stocks that we consider to be oversold due to COVID-related lockdowns. They have greatly suffered, but are most likely to survive. Once the world recovers and we return to a more normal life, these companies are not only likely to recoup their pre-crisis business volume, they may also enjoy less-competitive environments.

New additions include the Irish low-cost airline company Ryanair Holdings Plc (RYAAY, 1.7%), the French advertising giant Publicis (PUB:FP, 0.8%), and the British gaming company William Hill (WMH:LN, 1.7%).

IMPORTANT DISCLOSURES: **Mutual fund investing involves risk. Such risks associated with the Mercator International Opportunity Funds as well as applicable investment objectives, charges and expenses must be considered carefully before investing. This and other important information about the Mercator International Opportunity Fund is found in the Prospectus, a copy of which or current performance information may be obtained by contacting Mutual Shareholder Services ("MSS") toll free at 1-800-869-1679. We encourage you to read the prospectus carefully before investing.**

MOPPX Total Annual Fund Operating Expenses before waiver for Class I shares is 2.82%. The Advisor has contractually agreed to waive fees and/or reimburse expenses of the Fund to the extent necessary to limit total annual fund expenses (excluding brokerage costs; underlying fund expenses; borrowing costs such as (a) interest and (b) dividends on securities sold short; taxes; and extraordinary expenses) to 1.41% which is set to expire on April 30, 2021.

MOOPX Total Annual Fund Operating Expenses before waiver is 2.61%. The Advisor has contractually agreed to waive fees and/or reimburse expenses of the Fund to the extent necessary to limit total annual fund expenses (excluding brokerage costs; underlying fund expenses; borrowing costs such as (a) interest and (b) dividends on securities sold short; taxes; and extraordinary expenses) at 1.56%. This waiver is set to expire on April 30, 2021.

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Investing in mid or small cap companies can be considered riskier than investing in large cap companies. In addition, the size of companies comprising an Index, although midcap by some country standards, could be considered small cap in the U.S. Currency risk involves the chance that the value of a foreign investment, measured in U.S. Dollars will decrease due to unfavorable change in currency exchange rates.

Positions reported as of September 30, 2020.

Arbor Court Capital, LLC serves as the Distributor for the Fund and is a member of FINRA and SIPC.

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