April 23, 2012

Dear Fellow Shareholder,

Returns as of March 31, 2012 for our Funds and their Russell Benchmarks were as follows:

***Total Returns***

Quarter 1 yr 3 yrs 5 yrs Since Inception[[1]](#footnote-1)\*

Global Opportunities, Investor Class (GPGOX) 16.08% n/a n/a n/a 15.50%

Global Opportunities, Institutional Class (GPGIX) 16.08% n/a n/a n/a 15.50%

*Russell Global Small Cap Index[[2]](#endnote-1) 13.77% n/a n/a n/a 13.39%*

*Russell Global Index[[3]](#endnote-2) 12.35% n/a n/a n/a 13.26%*

Intl Opportunities, Investor Class (GPIOX) 17.62% n/a n/a n/a 13.50%

Intl Opportunities, Institutional Class (GPIIX) 17.62% n/a n/a n/a 13.50%

*Russell Global ex US Small Cap Index[[4]](#endnote-3) 14.54% n/a n/a n/a 9.26%*

*Russell Global ex US Index[[5]](#endnote-4) 11.92% n/a n/a n/a 8.78%*

*The Grandeur Peak Funds are new and have limited performance history. The recent growth rate in the stock market has helped to produce short-term returns for some asset classes that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.*

*Data shows past performance, which is not indicative of future performance. Current performance may be lower or higher than the data quoted. To obtain the most recent month-end performance data available, please visit* [*www.grandeurpeakglobal.com*](http://www.grandeurpeakglobal.com)*. The Advisor may absorb certain Fund expenses, without which total return would have been lower. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost.* **Total Expense Ratio: Gross 2.35% /** Net 1.75% **for Investor Class Shares, Gross 2.10% /** Net 1.50% **for Institutional Class Shares.** *The Advisor has contractually agreed to limit certain expenses to 1.75% for Investor Class Shares and 1.50% for Institutional Class Shares through at least 8/31/2013.**See the prospectus for additional information regarding Fund expenses.*

*Grandeur Peak Global Advisors will deduct a 2.00% redemption proceeds fee on Fund shares held 60 days or less. Performance data does not reflect the deduction of fees or taxes, which if reflected, would reduce the performance quoted. For more complete information including charges, risks and expenses, read the prospectus carefully.*

**RISKS: Investing in small and micro cap funds will be more volatile and loss of principal could be greater than investing in large cap or more diversified funds. Investing in foreign securities entails special risks, such as currency fluctuations and political uncertainties, which are described in more detail in the prospectus. Investments in emerging markets are subject to the same risks as other foreign securities and may be subject to greater risks than investments in foreign countries with more established economies and securities markets.**

*This must be accompanied or preceded by a prospectus. You can download a prospectus at* [*http://www.grandeurpeakglobal.com/fund-literature.php*](http://www.grandeurpeakglobal.com/fund-literature.php)*. Please read it carefully before investing.*

***Market Commentary***

We’re sure you’re well aware, but 2012 has started out with a bang. As measured by the Russell Global Indexesii, large cap stocks were up 12.2% in the first quarter, and small cap stocks were up 13.8%. In the small cap space, emerging markets, driven by Brazil, Taiwan and South Africa, led the way, while Canada, the US and Japan lagged; developed Europe was very strong driven by the UK, France and Germany.

Although it’s a bit like claiming to be in the front of the pack after the first 100 yards of a 26-mile marathon, we’re quite pleased to report that the Grandeur Peak funds performed well in the quarter. You can see from the returns on the first page that we outperformed our benchmarks quite nicely—and this even though we had a slight cash drag from the large inflows we had in the quarter. We get into more detail regarding our performance for Q1 later on, but the Cliff Notes version is as follows:

Emerging markets worked for us in the quarter because we were slightly overweight and our particular stocks matched the benchmark’s performance. We had a big underweight to Japan, but our stock selection was great and we had strong outperformance. We were underweight the US and outperformed a bit and we were slightly overweight in Developed Europe and in Belgium, Germany, Sweden, the UK and the Netherlands we outperformed well. We also outperformed big in Canada, Australia and Israel.

We mentioned in our last letter that we had been disappointed with our performance in the fourth quarter of 2011 (our first quarter in business), but in reality any given quarter’s performance is being harvested from the seeds that were planted a long time ago. And with that in mind we think that 2011 was a good year for sowing seeds.

Volatility in stock prices is a two-edged sword: it causes stress to market participants who would rather see the value of their investments behave more consistently (except, of course, where it concerns upside volatility which is always universally accepted), but it also creates good buying opportunities. Greece and its effect on the Euro was a pretty big topic in the second half of 2011 and then popped up again in the news during March 2012, causing a minor sell off in stocks. But guess what? The inevitable default happened, and so far it’s been pretty much a non-event; the market had already priced it in about 6 months ago. That said, we’re not sure we’re out of the woods on Europe yet and now it seems that Spain is beginning to pop up in a lot of conversations.

According to the International Swaps and Derivatives Association (ISDA), a little over $3 billion of Greece’s debt is covered by Credit Default Swaps (a type of insurance contract commonly referred to as “CDS”) but over the past year the amount of Greek debt covered by CDS had been reduced by half. This long lead-time had allowed the market to digest and price in the eventuality of the default. In the case of the Lehman Brothers default (which was over $5 billion), there was almost no lead-time between the emergence of the Lehman issue and its bankruptcy filing.

As long as we’re on the topic of risk, we’d like to weigh in with a few thoughts. Risk gets defined in many different ways, but typically when people discuss risk they are referring to some sort of mathematical calculation dealing with volatility, whether it’s standard deviation[[6]](#footnote-2), beta[[7]](#footnote-3) or Value-at-Risk (VaR[[8]](#footnote-4)). In our last letter we talked about how volatility had picked up in the second half of 2011 and so “risky” assets had underperformed. We have a big problem with the concept that risk = volatility. For us, true investment risk has always been a permanent loss of capital. What we’re most worried about is losing our clients’ money on a permanent, gone-forever basis.

In his 2011 Annual Letter to shareholders, Warren Buffett (what’s a quarterly investment letter without a reference to Buffett, right?) brought up an even finer definition of risk. He defines risk as “the reasoned probability of [an] investment causing its owner a loss of purchasing-power over his contemplated holding period.” He goes on to say that “assets can fluctuate greatly in price and not be risky as long as they are reasonably certain to deliver increased purchasing power over their holding period.” In other words, it’s not enough to avoid a permanent loss of capital—you also need your capital to grow at least in line with inflation.

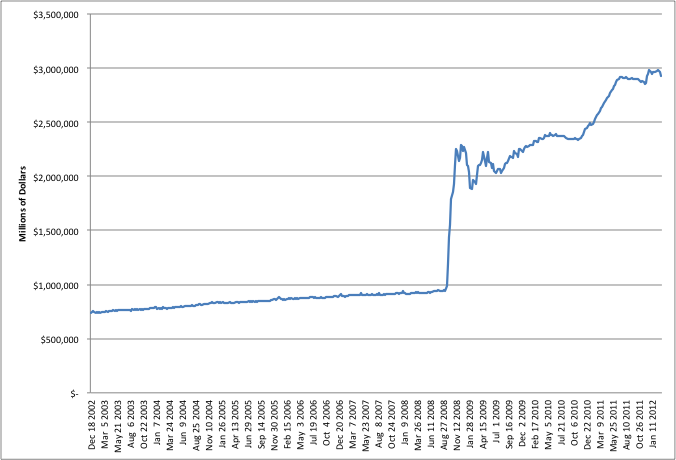
Given this concept of risk, it is indeed ironic, then, that when markets get volatile and investors go into “risk-off” mode, they typically pile into lower beta assets, like cash or Treasuries. No risk in cash, right? How can there be? Cash is a zero beta instrument. Tell that to a theoretical Zimbabwean investor who might have timed the market perfectly by selling off his stock portfolio in 2007 and gone to cash in Zimbabwe Dollars. By March of 2008, his entire portfolio probably couldn’t have bought so much as a sausage sandwich, which by then was costing Z$30,000,000, or about a buck twenty-five US!

We admit the Zimbabwe example is not a very fair one to use; there isn’t an investment in the world that could keep up with the hyperinflation rates that hit Zimbabwe. But as Mr. Buffett reminds us in his 2011 letter, the US Dollar has fallen 86% in value since 1965, the year he took over Berkshire Hathaway. This deflation in the value of our currency has continued unabated over the past 10 years when measured against the price of gold (don’t worry, we’re not jumping on the gold bandwagon; we’re just making a point here). Gold has appreciated, or in other words, the US Dollar has depreciated at an approximate 19% annualized rate for the past ten years. Past performance is certainly no indicator of future results, but in the words of Mr. Buffett (again from his 2011 letter): “Current rates . . . do not come close to offsetting the purchasing-power risk that investors assume. Right now bonds should come with a warning label.”

We think TIPs certainly have a warning label on them right now: their negative yield. As of March 30, the yield on the 10-yr TIP is -0.19%. A negative yield on TIPs implies that investors view them as insurance and are willing to pay an annual premium for some inflation protection. So maybe investors really are assuming high purchasing-power risk, as Mr. Buffett maintains. But if that is truly the case, why aren’t investors demanding a higher rate of interest on nominal bonds? Well, maybe because the biggest player in the bond markets over the past few years has been none other than your Uncle Sam.

You’ve no doubt seen the scary looking chart detailing the size of the Fed’s balance sheet. We reproduce it again here as Chart 1, which is simply the level of “Total factors supplying reserve funds” as reported by the Federal Reserve as of March 8, 2012. This is the assets side of the US Government’s balance sheet.

***Chart 1: Total factors supplying reserve funds as of 03/08/12***



*source: http://www.federalreserve.gov/releases/h41/hist/h41hist1.txt*

No wonder rates are so low! The biggest buyer of rates over the past few years has absolutely no interest in getting a decent yield; in fact, he’s buying all that paper with the explicit goal of driving rates lower. Uncle Sam doesn’t need to get a return on his money; he’s got a printing press out in the shed where he can print as much money as he needs (and he has). And what a drag for asset owners, aka: pensions, endowments, foundations, retirees, oh and you too fellow shareholders. As Bill Gross of PIMCO (what’s a quarterly investment letter without a reference to Bill Gross right?) puts it in his April 2012 Investment Outlook: “investors are locked up in a financially repressive environment that reduces future returns for all financial assets.” Simply put, the typical institutional investor needs somewhere between 8 - 10% returns in order to maintain its spending requirements; with the 10-yr Treasury yielding around 2.15% these days, there is a huge disconnect between required return and what might actually be available in the market.

Return expectations are so high, of course, because the typical asset allocation model is 100% backward looking and the past few decades leading up to the turn of the century—a period of ever compressing yields and spreads—delivered those types of returns. But in the words of Private Hudson, Bill Paxton’s character in the movie *Aliens*: “Game over man, game over.” We’ve now had a decade of lots of volatility and 5-ish% returns from both stocks and bonds.

So what are we doing about this conundrum here at Grandeur Peak Global Advisors? We are doing lots of screening and lots of research to un-cover those rare companies that we think will offer investors relatively high levels of earnings growth over the coming decade and buying the stock only at prices where we think we can get multiple expansion[[9]](#footnote-5) to boot. We believe earnings growth + multiple expansion should equal the kinds of returns that you (and we) need in order to meet your (our) goals and/or obligations. Our company-touch tracker (we keep track of all the ways we touch our companies, via on-sight meetings, calls, etc.) continues to expand; we touched 302 companies in the first three months of 2012; 194 of those touches were on-site company visits. The team was in South Carolina, Georgia, California, Chicago, Boston, Toronto, Quebec, Japan, Taiwan, Singapore, and Malaysia. And guess what? We’re finding what we think are great opportunities.

***Notes from the Road***

Of all the places we visited in Q1 we thought Malaysia might be of particular interest to share with you. You might think that the countries of South East Asia are far less developed in terms of capitalism and markets. Amy and Spence spent about three weeks in Singapore and Malaysia and what follows are Spence’s impressions of Kuala Lumpur, Malaysia:

*I’ve been reading regional newspapers everyday and am consistently surprised by how advanced and globally minded these countries are. My guess is that the population diversity demands the all-encompassing information. From a diversity standpoint, Malaysia covers the gamut; there are a lot of different cultures and they seem to be getting along nicely. On the buses and trains whenever a relatively older person steps on, someone will immediately offer up a seat regardless of ethnicity or appearance.*

*The economy feels very robust. I spent Saturday with an old man of means. He spoke about business most of the time and continually reminded me that the Malaysians have always been capitalists. The people seem hardworking and driven. Unless the numbers are inaccurate Malaysia is a place with only 3% unemployment and a high personal savings rate. Something like 50% of the population is under 25 and the consumption is pretty staggering. All of downtown Kuala Lumpur is malls and though some are slower than others, they all look better off than malls in the typical US city.*

*The government seems to be in tune with the demands of the public as well. The ruling party lost their 2/3 majority in ’08 and, at least on the surface, is stepping up their image. It’s an election year and I’d say politically Malaysia is running well; the ruling party seems responsive. For example, there was a big flood on Tuesday that had a lot of folks complaining. In today’s paper the government has already communicated a defined plan for fixing the situation.*

*Looking forward, the government has made it a goal to reach “developed country” status by 2020. There are at least 5 - 10 references in the daily paper to this 2020 goal, typically talking in terms of healthcare, infrastructure, energy, or education. In order to achieve the 2020 goal the government has launched the Economic Transformation Program (ETP). The ETP tag pops up everywhere; almost every company 10k I’ve read references the ETP. The bottom line is that the Malay government is very pro-business.*

Spence goes on to describe a lot of the companies that he and Amy visited. Suffice it to say that they are seeing some very interesting opportunities throughout the region.

***Portfolio Performance***

We think that after you read enough of these quarterly letters you’re going to come to the conclusion that we sound like a broken record. In Q1-2012 we did well in the places we usually do well in and not so well in the places where we don’t usually do well. Industrials and technology were the sectors to be in for the quarter and we were overweight and outperformed there. Energy was an underperforming sector but we did very well there in the quarter. We also had solid performance in health care, finance and consumer discretionary, places where we usually do well. Not surprisingly we struggled in materials and in consumer staples, just as we have in the past. We currently have no investments in utilities.

As most of you know, we’re not big industry sector rotators. We tend to be overweight in the same areas over time (the areas we’re good at) and we underweight the same areas that we’re generally not as good at. Occasionally there is an exception and we’ll do something profound on the industry front, but right now we are sticking to our knitting and not doing anything too different.

We are, however trying to get better in the areas we’ve historically struggled in. For example, we love the consumer staples story but have always been unwilling to pay up for the great stories. We recognize this as flaw, and are now grappling with how to fix it going forward. On the materials side, we continue to look for small and micro-cap names that fit the profile we can buy. Blake found a new name on his recent Canadian trip and we’ve established a small position; but progress on materials is slow for us. There are other sub-categories not mentioned above where we have work to do as well; real estate (included within financials) is an example.

What you should keep in mind about Grandeur Peak though, is that while we generally stay close to those areas we feel we are best in, we are committed to searching the entire universe of opportunities, across all industries and sectors. Overtime we have gotten better in areas that we were once not as good, such as energy, capital goods (industrials), and parts of finance and we hope to continue this process of self-improvement going forward.

*Top Contributors*

For the first quarter of 2012 our top five contributors to performance across both funds were:

*Melexis NV*

Melexis is a $760 million market-cap company based in Belgium. Founded in 1993, the company manufactures semiconductors and integrated circuits primarily for the automotive industry; nearly every automobile brand worldwide has Melexis chips in them. Melexis also develops RF and RFID components for wireless, consumer and industrial products. Melexis generates about $250 million in revenue and has a 4.5% dividend yield. The stock was up 31% in the fourth quarter and contributed 70 basis points to the overall return of Global and 83 basis points to the overall return of International.

*RPS Group PLC*

RPS Group is a UK-based consulting firm based in that specializes in the energy sector. The company was founded in 1972 and provides advice on exploration and production, property development, infrastructure and environmental management. RPS has a $830 million market-cap, generates $475 million in revenue and has a 2.4% dividend yield. The stock was up 35% in the fourth quarter and contributed 52 basis points to the overall return of Global and 85 basis points to the overall return of International.

*Monotaro Co Ltd*

Monotaro is a $485 million market-cap distributer of factory parts and materials based in Amagasaki, Japan. The company has three main business segments: factory supplies, factory replacement parts, and office supplies. The company generates about $265 million of revenue and pays a small dividend. The stock was up 46% in the fourth quarter and contributed 49 basis points to the overall return of Global and 67 basis points to the overall return of International.

*Super Retail Group Ltd*

Super Retail Group is a $1.6 billion market-cap retailing group based in Brisbane, Australia. The company generates about $2 billion in revenue from its 560+ stores across Australia and New Zealand. The company operates seven brands across four different segments: auto parts, outdoor/camping/fishing gear, cycling, and sporting goods. The stock was up 48% in the fourth quarter and contributed 46 basis points to the overall return of Global and 54 basis points to the overall return of International.

*Magellan Financial Group Ltd*

Magellan Financial Group is a $275 million market-cap investment management firm based in Sydney, Australia. Magellan manages three global equity funds principally for high net worth and retail investors in Australia and New Zealand. The company has close to $3 billion of assets under management and generates revenue of about $15 million. The stock was up 28% in the fourth quarter and contributed 43 basis points to the overall return of Global and 51 basis points to the overall return of International.

*Other notable gainers for the quarter:*

* Pan Orient Energy Corp (oil and gas) – up 108% in 1Q12[[10]](#footnote-6)
* Ausenco Ltd (mining engineering) – up 81% in 1Q12
* Eugene Technology Company (semiconductor equipment) – up 65% in 1Q12
* Billabong International Ltd (apparel/specialty retailing) – up 60% in 1Q12
* Afren PLC (oil exploration) – up 55% in 1Q12

*Top Detractors*

For the fourth quarter of 2011 are top five detractors to performance across both funds were:

*1000Mercis*

1000Mercis (“1,000 thank-you’s” in English, pronounced *mille merci* in French) provides interactive advertising and marketing services via the internet, mobile phones, texts and emails. The company is based in Paris, France, has a $150 million market-cap, generates about $50 million of revenue and pays a small dividend. The stock was down 19% in the fourth quarter and detracted 14 basis points to the overall return of Global and 21 basis points to the overall return of International.

*Exillon Energy PLC*

Exillon is a $435 million market-cap independent oil exploration and production company with assets in two oil-rich regions of Northern Russia/Siberia. While the stock is listed on the London Stock Exchange, the company is incorporated in the Isle of Man and maintains its operational headquarters in Urai, Russia. The company generates $325 million of revenue. The stock was down 31% in the fourth quarter and detracted 10 basis points to the overall return of Global and 14 basis points to the overall return of International.

*Highland Gold Mining Ltd*

Highland Gold is a $730 million market-cap gold mining company with mining operations within the Russian Federation. The company is incorporated in Jersey and listed on the London Stock Exchange. The company generates about $335 million of revenue and has a 1.8% dividend yield. The stock was down 28% in the fourth quarter and detracted 7 basis points to the overall return of Global and 9 basis points to the overall return of International.

*Inmet Mining Corporation*

Inmet Mining is a Toronot-based mining company that produces primarily copper, zinc, gold, silver and pyrites. Its operating properties are in Turkey, Spain, Finland and Panama. It has a $4 billion market cap, generates $1 billion of revenue and pays a small dividend. The stock was down 12% in the fourth quarter and detracted 6 basis points to the overall return of Global and 6 basis points to the overall return of International.

*Pacific Online Ltd*

Pacific Online in provides internet advertising services in the People’s Republic of China. The company is headquartered in Guangzhou and is listed on the Hong Kong Stock Exchange. The company has a $535 million market-cap, generates $100 million of revenue and pays a 5% dividend. The stock was down 5% in the fourth quarter and detracted 5 basis points to the overall return of Global and 6 basis points to the overall return of International.

*Other notable detractors for the quarter:*

* Immunodiagnostic Systems Holdings (medical diagnostics) – down 32% in 1Q12[[11]](#footnote-7)
* Koh Young Technology Inc (industrial equipment) – down 11% in 1Q12
* Cyberagent Inc (internet advertising) – down 10% in 1Q12
* Sino Biopharmaceutical Ltd (pharmaceuticals) – down 10% in 1Q12
* China Automation Group (industrial equipment) – down 8% in 1Q12

***Looking Forward***

In terms of the macro outlook, we don’t really try to predict what the markets will do. Sometimes we get the feeling from our bottom-up research that markets are poised to move up and sometimes the environment feels soft and our conviction gets weak. Today, we are somewhere in the middle. For most of our companies, business is good, but not booming. The macro environment is still pretty tough out there and the outlook is still very uncertain. We’re not at all surprised to see a market correction here at the start of Q2. So we continue to be prudent; we’re focused on quality, keeping the valuations we pay for companies in a reasonable range, and managing risk very carefully—which means we are staying very diversified and keeping position sizes relatively low. We are hunkered down searching the globe for high quality, undiscovered companies that we think can power through the tough environment.

As we mentioned earlier however, tough times are not always bad for investing; during tough times, great companies get stronger. We’ve seen it before, it’s an age-old story: tough times ultimately weed out the weaker companies, and when the economy strengthens, the survivors are able to do especially well. We think our companies are strong both competitively and financially, with market positions and balance sheets that can continue to weather the storms.

Whatever 2012 brings in the overall market, what you can count on us for is to work diligently, and according to a time-tested process that we hope will ultimately position our clients for strong performance over the long run.

***Business Update***

So our screening and search engine is firing on all cylinders; the team is travelling a ton; and we’re finding great companies. Frankly, though, after being in overdrive mode these past six months of launching the firm, we now need to slow it down a bit, and while still maintaining a high level of company touches, to focus on the back-end of our process—the models and dashboards. Our mantra right now as a research team is: “Dot the I’s and Cross the T’s”. We now need to be as strong on the back end of our process as we have been out of the chute on the front end and this is our greatest focus right now.

We look forward to reporting continued progress in this area to you in the next quarter or two, but in this regard we’re actively building a support team for our research analysts. We currently have 3 interns from local universities and a couple of high school kids working for us (recall that Robert and Eric both started at Wasatch Advisors as a sixteen-year-old high school kids). Our hope is to grow the next generation of Grandeur Peak analysts from these interns and high school kids. As they mature they will increase the productivity of our senior analysts and portfolio managers measurably, and in the meantime, they’re taking a great load off the research team by performing some of the more mundane tasks (ie: “grunt work”) and helping us stay organized.

We continue to attract some great clients to the firm and as mentioned earlier, have seen strong inflows. At the end of Q1-2012 our firm-wide assets under management stood at just over $163 million. We thank you for your continued trust.

Sincerely,

Mark Siddoway, CFA, CAIA[[12]](#footnote-8)

Grandeur Peak Global Advisors

1. \* *Inception of the Grandeur Peak Mutual Funds is October 17, 2011* [↑](#footnote-ref-1)
2. *The Russell Global Small Cap Index offers investors access to the small-cap segment of the global equity universe. It is constructed to provide a comprehensive and unbiased barometer for the small-cap segment and is completely reconstituted annually to accurately reflect the changes in the market over time.*  [↑](#endnote-ref-1)
3. *The Russell Global Index measures the performance of the global equity market based on all investable equity securities. All securities in the Russell Global Index are classified according to size, region, country, and sector, as a result the Index can be segmented into thousands of distinct benchmarks.*  [↑](#endnote-ref-2)
4. *The Russell Global ex-U.S. Small Cap Index measures the performance of the small-cap segment of the global equity universe, excluding companies assigned to the United States.* [↑](#endnote-ref-3)
5. *The Russell Global ex-U.S. Index measures the performance of the global equity market based on all investable equity securities, excluding companies assigned to the United States.*

   *You cannot invest directly in these or any indices.*

   *Credit Default Swap (CDS) is a swap designed to transfer the credit exposure of fixed income products between parties. Payments are made to the seller of the swap. In return, the seller agrees to pay off a third party debt if this party defaults on the loan. A CDS is considered insurance against non-payment. A buyer of a CDS might be speculating on the possibility that the third party will indeed default.*

   *Treasury Inflation Protected Security (TIPS) is a treasury security that is indexed to inflation in order to protect investors from the negative effects of inflation.*

   *Economic Transformation Program (ETP)is an initiative by the Malaysian government to turn Malaysia into a high income economy by the year of 2020.*

   |  |  |  |  |  |
   | --- | --- | --- | --- | --- |
   | Global Opportunities Fund Top 10 Holdings as of Dec 31, 2011\* | Percent of Net Assets |  | International Opportunities Fund Top 10 Holdings as of Dec 31, 2011\* | Percent of Net Assets |
   | L'Occitane International SA | 2.13% |  | Vitasoy International Holdings Ltd | 2.60% |
   | Vitasoy International Holdings Ltd | 2.00% |  | Wirecard AG | 2.56% |
   | Wirecard AG | 1.96% |  | Melexis NV | 2.50% |
   | Melexis NV | 1.95% |  | RPS Group PLC | 2.49% |
   | RPS Group PLC | 1.50% |  | Market Vectors India Small-Cap Index ETF | 2.46% |
   | Home Capital Group Inc | 1.40% |  | L'Occitane International SA | 2.14% |
   | Magellan Financial Group Ltd | 1.38% |  | Magellan Financial Group Ltd | 2.04% |
   | Bertrandt AG | 1.32% |  | Banco Daycoval SA | 1.97% |
   | Banco ABC Brasil SA | 1.30% |  | China Medical System Holdings Ltd | 1.76% |
   | China Medical System Holdings Ltd | 1.28% |  | Home Capital Group Inc | 1.73% |
   | Total | 16.2% |  | Total | 22.3% |

   *\*- Portfolio holdings are subject to change at any time. References to specific securities should not be construed as recommendations by the Fund or its Advisor. Current and future holdings are subject to risk.*

   *Grandeur Peak Funds are distributed by ALPS Distributors, Inc.*

   *GPG000147 7/31/2012* [↑](#endnote-ref-4)
6. *A statistical measure of how much variation or dispersion exists from the average.* [↑](#footnote-ref-2)
7. *Beta is another statistical measure of risk that is calculated as the covariance of an asset or portfolio to the market (or benchmark) divided by the variance of the market (or benchmark).* [↑](#footnote-ref-3)
8. *VaR is a mathematical calculation so complicated that one almost needs an advanced degree in math or statistics to understand it (just ask the folks at AIG). Basically the concept is that for a given portfolio or asset, and using assumptions that relate to normal probability distributions, VaR is the maximum loss not exceeded with a given probability defined as the confidence level, over a given time horizon. VaR does not give any information about the severity of loss once the threshold is exceeded (the folks at AIG found that out the hard way).* [↑](#footnote-ref-4)
9. *That is, we think we’re buying stocks at relatively low P/E multiples and that over time the P/E’s will grow higher (expand). The expansion of the multiple will have the effect of driving the stock price higher.* [↑](#footnote-ref-5)
10. ***Past performance does not guarantee future results.*** [↑](#footnote-ref-6)
11. ***Past performance does not guarantee future results.*** [↑](#footnote-ref-7)
12. *Mark Siddoway and Eric Huefner are registered representative of ALPS Distributors, Inc.* [↑](#footnote-ref-8)