

## Akre Focus Fund Commentary Second Quarter 2021

The Akre Focus Fund's second quarter 2021 performance for the Institutional share class was 9.80% compared with S&P 500 Total Return at 8.55%. Year-to-date through June 30, 2021, the Institutional share class was up 14.17% versus the S&P 500 Total Return at 15.25%.

Even in a town with one stoplight, we see COVID-19's receding impact on daily life. There are fewer masks and more people. At Akre Capital, our work continues to toggle seamlessly between home and office, a capability that, along with greater preparedness, we hope proves to be one of the few lasting legacies of the pandemic.

While pandemic clouds appear to be lifting in the United States, the market outlook remains uncertain as always. Shortages of materials and labor are evident throughout the economy, raising the specter of inflation and a less accommodating Federal Reserve. Speculation (IPOs, SPACs, crypto, "meme" stocks) and valuations continue to run high, unchecked by even a roughly 5% pullback in the S&P 500 over the last 8 months. Robinhood, the popular trading app for young investors, filed to go public and disclosed that it generates approximately two-thirds of its revenue from the trading of options and cryptocurrencies. This is not exactly a sound introduction to the fundamentals of investing for a new generation, in our opinion. And yet, household net worth is at all-time highs and pent-up demand for the fruits of economic reopening is rampant.

Rather than try to navigate these swirling macro currents, we remain focused on the individual businesses the Fund owns or is considering: their quality, prospects, and valuations. On the first two fronts, we remain as enthusiastic as ever. Indeed, while our portfolio has changed very little in recent months, our research team has been extraordinarily productive in terms of evaluating new businesses. The primary result of this work has not been to dramatically expand our investment wish list, but rather to reinforce our conviction as to the quality and prospects of the businesses the Fund already owns.

| Performance                       | Total Annualized Returns % as of 06/30/21 |      |       |       |       |       |       |                         |
|-----------------------------------|---|------|-------|-------|-------|-------|-------|-------------------------|
|                                   | Net Assets                                | QTD  | YTD   | 1 YR  | 3 YR  | 5 YR  | 10 YR | Since Inception 8/31/09 |
| Retail Share Class (AKREX)        |   | 9.74 | 14.03 | 27.14 | 21.67 | 21.74 | 18.17 | 17.56                   |
| Institutional Share Class (AKRIX) |   | 9.80 | 14.17 | 27.46 | 21.99 | 22.07 | 18.49 | 17.88                   |
| S&P 500 TR                        |   | 8.55 | 15.25 | 40.79 | 18.67 | 17.65 | 14.84 | 15.24                   |

*Performance data quoted represents past performance and does not guarantee future results. 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 their original cost. Fund performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by calling 1-877-862-9556. The Fund's annual operating expense (gross) for the Retail Class shares is 1.31% and 1.05% for the Institutional Class shares. The Fund imposes a 1.00% redemption fee on shares held less than 30 days. Performance data does not reflect the redemption fee, and if reflected, total returns would be reduced.*

*Mutual fund investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund invests in small- and medium- capitalization companies, which involve additional risks such as limited liquidity and greater volatility than larger capitalization companies.*

It is only when it comes to valuations that our enthusiasm gets tempered. While we believe that our portfolio exhibits little of the eye-popping valuations seen elsewhere, valuations in general are high and, in our view, not broadly conducive to putting fresh cash to work if the goal is to generate above-average, long-term returns. Whatever one believes about current or near-term market conditions, there is one virtual certainty: the present lack of any discernable investor fear. In any case, we remain confident in our holdings and will continue to be patient with the Fund's cash, which stood at 1.9% of Fund assets at the end of June.

The largest five positive contributors to performance during the quarter were Moody's, American Tower, Adobe, KKR, and Visa. The largest five detractors from performance this quarter were Dollar Tree, CarMax, Live Nation, Verisk Analytics, and Alarm.com. The Fund exited a position during the second quarter in order to make room for a new addition to the portfolio.

Thank you for your continued support.

John & Chris

**Top Ten Holdings as of 06/30/21**

| Name                         | % of net assets |
|------------------------------|-----------------|
| Moody's Corp.                | 11.2%           |
| Mastercard, Inc.             | 10.9%           |
| American Tower Corp.         | 9.9%            |
| Visa, Inc.                   | 7.2%            |
| Constellation Software, Inc. | 5.6%            |
| CarMax, Inc.                 | 5.1%            |
| KKR & Co., Inc.              | 5.1%            |
| Adobe, Inc.                  | 5.1%            |
| CoStar Group, Inc.           | 4.6%            |
| Roper Technologies, Inc.     | 4.5%            |

**Sector Weightings as of 06/30/21**

| Type                   | % of net assets |
|------------------------|-----------------|
| Information Technology | 38.3%           |
| Financials             | 20.8%           |
| Real Estate            | 13.5%           |
| Industrials            | 11.6%           |
| Consumer Discretionary | 11.3%           |
| Health Care            | 2.6%            |
| Cash & Equivalents     | 1.9%            |

*The composition of the sector weightings and fund holdings are subject to change and are not recommendations to buy or sell any securities. Cash and Equivalents include asset backed bonds, corporate bonds, municipal bonds, investment purchased with cash proceeds for securities lending, and other assets in excess of liabilities.*

*The S&P 500 TR is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. It is not possible to invest directly in an index.*

***The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The summary and statutory prospectus contains this and other important information about the investment company and it may be obtained by calling (877) 862-9556 or visiting [www.akrefund.com](http://www.akrefund.com). Read it carefully before investing.***

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