

## Akre Focus Fund Commentary First Quarter 2021

Greetings from Middleburg where spring is in full bloom, and it increasingly feels as if the long COVID-19 winter may finally be thawing. The folks at Akre Capital Management are in various stages of vaccination, and we hope you and your families are safe and healthy. While uncertainty remains a constant, it is hard not to feel more optimistic as vaccination rates rise along with temperatures.

The Akre Focus Fund's first quarter 2021 performance for the Institutional share class was 3.98% compared with S&P 500 Total Return at 6.17%. Performance for the trailing 12-month period ending March 31, 2021 for the Institutional share class was 41.23% as compared with 56.35% for the S&P 500 Total Return.

As you know from past writings, execution of our investment strategy is undertaken with the goal of compounding shareholder capital at an above-average rate measured over decades. This requires the avoidance of the short-term, tactical thinking fanned incessantly by Wall Street and the financial media.

As an outcome of avoiding short-term thinking, the Fund has experienced low turnover, although this outcome is not a goal in itself. We are not "buy and hold no matter what" investors and spend much of our time critically reevaluating the businesses the Fund already owns. Thus, low turnover is the logical outcome of identifying and owning businesses that compound economic value per-share at above-average rates for many years. We believe this approach will continue to serve our shareholders well. However, it also means that over any given time period the Fund's performance will trail or lead the market based on the share price performances of *more or less the same group of businesses*. Said differently, we will not abandon what works to chase what is working.

As Morgan Housel put it in his book, *The Psychology of Money*, "doing well with money has a little to do with how smart you are and a lot to do with how you behave." We heartily agree. Further, we believe that setting rational expectations is crucial to good investment behavior. For example,

Performance	Total Annualized Returns % as of 03/31/21							
	Net Assets	QTD	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception 8/31/09
Retail Share Class (AKREX)		3.90	3.90	40.85	19.52	19.83	17.37	17.03
Institutional Share Class (AKRIX)		3.98	3.98	41.23	19.84	20.15	17.68	17.34
S&P 500 TR		6.17	6.17	56.35	16.78	16.29	13.91	14.77

*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.*

we expect the businesses the Fund owns to be periodically richly valued as well as cheaply valued over the course of a long holding period. That expectation promotes good investment behavior by encouraging patience for buying opportunities and reducing temptation to part with exceptional businesses on the basis of fleeting valuation considerations alone.

Another expectation of ours is that the Fund will not, cannot, and should not outperform the broad market at all times. The Fund's performance is determined by a small and slow-to-change group of businesses that we believe to be both exceptional and opportunistically purchased. While we look to own "all-weather" businesses, we do not expect their stock prices to outpace at all times and under all market conditions, particularly highly speculative market conditions. Having the contrary expectation may lead to poor investment behavior, such as abandoning what works to chase what's working.

The largest five positive contributors to performance during the quarter were CarMax, KKR, Topicus.com, American Tower, and O'Reilly Automotive. American Tower was the Fund's largest performance detractor in 2020 and its recent reversal is notable.

The largest five detractors from performance this quarter were Costar Group, Verisk Analytics, Roper Technologies, Visa, and Alarm.com. Nothing noteworthy to point out.

The Fund's cash weighting at March 31, 2021 was 2.9% compared with 6.2% at year-end and 10.3% on March 31, 2020. During the first quarter, we added a combined \$452 million to a couple of positions, and we also trimmed several positions and exited another position entirely.

We thank you for your continued support. Be safe and be well.

John & Chris

Top Ten Holdings as of 03/31/21		Sector Weightings as of 03/31/21	
Name	% of net assets	Type	% of net assets
Mastercard, Inc.	11.7%	Information Technology	34.8%
Moody's Corp.	10.2%	Financials	19.1%
American Tower Corp.	9.6%	Real Estate	13.8%
Visa, Inc.	7.2%	Consumer Discretionary	12.5%
CarMax, Inc.	5.8%	Industrials	12.1%
Constellation Software, Inc.	5.7%	Communication Services	30.0%
CoStar Group, Inc.	5.0%	Health Care	2.4%
KKR & Co., Inc.	4.6%	Cash & Equivalents	2.3%
Adobe, Inc.	4.5%		
Roper Technologies, Inc.	4.3%		

*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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