January 31, 2020

Dear Clients and Fellow Shareholders,

There are many versions of Aesop's Fable: "The Man, the Boy, and the Donkey." This is one that I have heard over the years and very much like:

> *The objective of the man and the boy was to journey to the city marketplace and sell the donkey for winter provisions. As they started to town, the father rode the donkey. In the first village, the villagers said, "What an inconsiderate man, riding the donkey and making his son walk!" So the father got off the donkey and let his son ride. In the next hamlet, the people whispered, "What an inconsiderate boy, riding the donkey and making his father walk!" In frustration, the father climbed on the donkey; and father and son rode the donkey, only to have the people in the next town declare, "How inconsiderate of the man and the boy to overload their beast of burden and treat him in such an inhumane manner!" In compliance with the dissident voices and mocking fingers, the father and son both got off the donkey to relieve the animal's burden, only to have the next group of onlookers say, "Can you imagine a man and a boy being so stupid as to not even use their beast of burden for what it was created!" Then in anger and total desperation, having tried to please all those who offered advice, the father and son both rode the donkey until it collapsed. The donkey had to be carried to the marketplace. The donkey could not be sold. The people in the marketplace scoffed, "Who wants a worthless donkey that can't even walk into the city!"*

I like one person's analysis of this situation:

> *The father and son had failed in their goal of selling the donkey and had no money to buy the winter provisions they needed in order to survive. How much different the outcome would have been if the father and son had had a plan to follow. The father could have said, "I'll ride the donkey one-third of the way; Son, you ride the donkey one-third of the way; and we'll both walk the last third of the way. The donkey will arrive at the marketplace fresh and strong, ready to be sold." Then, as they received confusing advice while traveling through each hamlet and village along their way to the city, they could look at each other, give a reassuring wink of the eye, and say, "We have a plan."* [i]

We founded Grandeur Peak Global on July 1st, 2011. At the time, we were fortunate to not only have a significant amount of experience as stock pickers, but also good experience in building an asset management company. So, as we began this adventure eight and half years ago, we came to it with "a plan!"

As I've done in every annual chairman letter since then, I'd like to report on "the plan," and this time I'd like to address some of the "dissident voices" we've encountered along the way. Hopefully, this will help you see why Blake, Eric, I and the rest of our team can give each other a "wink" periodically and remind each other, "We have a plan," when others suggest that we take a different path.

One of the most common criticisms we've heard is the long list of holdings in our portfolios. Common industry consensus at our founding, and even more today, was/is that concentrated portfolios are the way to get alpha. We're proud to show how well we've done with long-list portfolios over our history.

At their 8-year mark, our two original funds, Grandeur Peak Global Opportunities Fund (GPGIX) and Grandeur Peak Internationals Opportunities Fund (GPIIX), which have on average held 200 names, were in the top 10% and top 13% of their Morningstar peer group respectively.[1] [ii] As of 12/31/19, the Global Opportunities Fund (GPGIX) had outperformed its primary benchmark by over 45.00 percentage points cumulatively since inception, and the International Opportunities Fund had outperformed its benchmark by over 65.00 percentage points cumulatively over the same period (click here to see standard performance of these Funds). We've done better than nearly 9 out of 10 of peers (and that doesn't include those that dropped out along the way). This has been achieved through good stock picking in the face of allocation head winds – e.g. both funds had a meaningful overweight in Emerging Markets while Emerging Markets underperformed, and the global fund had a significant underweight to the US while the US outperformed.

We believe our historical ability to capture alpha despite having an extremely long-list portfolio (by industry standards) demonstrates a tremendous amount about the strength of our firm. Our performance has been generated not by having picked one huge winner like Amazon, nor by making one big market timing call, nor by one big bet on a winning geography or a winning sector. Rather, our performance has been generated across a large number of winners, across geographies, sectors and market caps. I think this speaks to our stock picking ability, while controlling risk. We aren't reliant on a few big winners or one great sector call. We're not getting "lucky" on a big bet. Rather our performance has been generated by a thousand good, small decisions.

I won't detail all of the reasons for our conviction to run long-list portfolios, but suffice it to say, it is part of a well-thought-out plan coming from a lot of experience. Blake and I, as we worked together at our prior firm, often found after visiting a country that we liked a package of what we believed to be the best five or six names (from the 25-30 we had screened and visited), better than picking just one or two companies. We could intuitively feel and see that the portfolio of five to six would give us higher confidence in a potentially solid return at lower risk than making a concentrated bet. As another example, I learned the hard way that when you have a theme you want to play, the best strategy often is to spread your bets across the theme, especially in the early innings, and avoid the unlucky mistake of getting the theme right but the individual company wrong. This came from a lesson back in the 1980's when the team I was on played the growing PC theme by buying Lotus over Microsoft because Lotus had a 12 P/E (Price-to-Earnings Ratio) and Microsoft had a 14 P/E (we did make money on Lotus, but we could have done a little better 😊). So, at Grandeur Peak we believe in package bets in certain circumstances, and that naturally leads to longer lists; but it's not really any more work because we need to follow the full group of competitors regardless of how many from the group we purchase.

Now, I don't want to dismiss that there is truth to the concept that more concentrated portfolios can be better alpha generators. Indeed, our Stalwarts portfolios, which have been our leading performers in recent years, are more concentrated than our other portfolios (click here to see performance of all Grandeur Peak Funds). But, again, even the Stalwarts strategies have longer lists than industry standard

[1] *The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. The Morningstar percentile rank is the rank among its category peers, which rank is based on a comparison of a fund's total return performance against its peers over a given time period.*
Past performance is no guarantee of future performance.

and they have been able to produce nice results while reducing portfolio risk. When the firm was founded, we believed our best path to lasting success was longer-listed portfolios, and time has proven out that we were right in this decision. Certainly if we could concentrate our bet in what turn out to be our best 20 companies each year, performance of such a portfolio would be higher, but this, of course, is hard and risky. It's a risk/reward proposition that could pay off nicely, but we have taken the more conservative long-game view which we believe serves our clients well.

As our team has grown, and our coverage of the investment universe has matured, the time has come for some of our funds to become a little more concentrated (by our standards). Our seasoned team includes 20 analysts, plus a focused quantitative analyst team of four. In addition, we have a sister research team at Rondure Global Advisors that is co-located with us. We are a low-turnover team. We have over 40 people who speak a second language, and since inception, our team has visited 50 countries and conducted more than 10,000 company visits. We believe we know our universe as well, or better, than any other manager on the globe; and so we believe concentrating our funds a bit will be beneficial to our clients. The change in name counts won't be dramatic and it will occur over time. We will seek to take bigger positions in the companies in which we are most confident and trim the tail positions. However, our Global Reach Fund will continue to pursue an unusually long-list strategy as our umbrella portfolio, which is the natural extension of our five industry teams each having their own tranche of this Fund.

The point of all of this is that we have continued to follow our plan and we believe after our first eight years, we've gotten the father and son to the distant city with a healthy sellable donkey; and we confidently hope to do it again over the next eight years!

Today there is criticism about active management and we're seeing a great movement towards passive investing. We feel this every day. A few months ago, I was at my family's Bear Lake cabin in Idaho closing up for the season. My neighbor, Steve, came over for a chat. Steve has been a day trader over the decades I've known him. As we chatted, Steve made the comment that he'd given up trying to beat the S&P 500 Index[2] by day trading and instead he simply bought the S&P 500 ETF and it's been doing great. It made me stop and ask myself: Why are we traveling the world and doing thousands of company visits? Should our clients just buy the S&P 500 ETF?

The question I have for all of us: "Is it really that easy?"

In 2019 I had a stock debate with some of our team over a controversial name. The name was Norma Group (NOEJ GR).[3] Norma's fundamentals had struggled recently due to weakness in the auto market. Those debating with me were backers of one of our big 2019 winners, Lululemon (LULU US). They questioned why we were messing around with figuring out Norma (which by the way is not in many ETFs), and its recent troubles, when we could just buy Lulu that's on a roll (and in a lot of ETFs). My response to them was, "Is it really that easy?" There's no question that in today's lengthening bull markets, it can seem that easy.

But I have to tell you - It is not that easy! The flood to passive investing feels to me a little like the dot-com flood to internet stocks in 2000. Steve's words to me at Bear Lake were eerily similar to another neighbor I had during that period who looked down on my solid returns at the time while boasting

[2] The S&P 500 Index is an index of 500 stocks, it is designed to be a leading indicator of U.S. equities.

[3] References to specific securities is not a recommendation to buy or sell that security. Specific holdings are used for illustrative purposes only.

about the brilliant overnight returns he had achieved buying dot-com stocks with no revenues. His celebration was short lived. I emphatically preach to my team that it is not that easy. That we have to go find the stocks that are off the beaten path, with better valuation, perhaps forgotten by the ETFs, and not driven solely by the movement to passive investing!

To be clear, we agree that there has been a bloat of overpaid active managers in our industry whose fees were too high and who did not earn their keep. A silver lining of the movement to passive is that there has been a weeding out of these managers. The benefit to us is greater inefficiency as we are seeing fewer analysts talking with our management teams, trying to figure out interesting companies. The passive movement may be good for us as a survivor.

I believe the move to passive investing is more broadly creating greater inefficiency in the markets. Please contemplate this conceptually. A greater and greater percentage of each company's stock is held by investors who know nothing about its fundamentals. Has the pendulum of ownership swung far enough now that the markets are becoming increasingly less efficient and actually making the job of a good active manager easier? Is there not enough knowledgeable money to accurately price securities? Remember the old saying, "I love to compete when the other side isn't trying." At some point, we believe prices that are being driven up purely by the flow of money will have a reckoning. And what will happen in a market panic when all that ETF money starts to go the other way with velocity? Time will tell.

I'm not predicting that in 2020 something negative will happen related to passive investing. In fact, all indications suggest it could continue to have momentum. But I have to tell you that my team and I are winking at each other. We have a plan. We are as active a manager as there is. We're spending time reading annual reports, building earnings models, and touching companies across the globe with a tremendous amount of enthusiasm and energy. You are getting serious active management here! I can tell you emphatically, if all the money in the world leaves for passive investing, the last active management firm standing will be Grandeur Peak Global Advisors! Of course it's not realistic that all money will move to passive since passive investing only works as a free-rider of active investing. So, as active investing shrinks, passive investing actually becomes less sound and increasingly risky.

While we don't really know if the movement to passive investing is at bubble stage yet (probably not), we are extremely excited to have opened our first new fund in four years: The Grandeur Peak Global Contrarian Fund (GPGCX). In a nutshell, it is a Fund that is a taking the opposite approach from ETF index-tracking products that skew toward larger-cap companies. Global Contrarian is searching for orphaned micro- and small-cap companies across the globe. It's been a strategy in our Strategic Plan from before we began the firm, and we think its time has now come. We launched the Fund in September, and so far it has received a collective yawn (it had about $7m in AUM as of 12/31/19). This makes sense within the human psychology of a bull market that just keeps running, and that makes me even more excited about it! If you believe that a key component of great investing is a contrarian gene, you should be looking at this Fund.

Our client team recently forwarded me chat board conversations expressing concerns about the proliferation of funds at Grandeur Peak, mentioning other fund families who have done a similar thing unsuccessfully. I would like everyone to understand how we think about our strategies.

There are two fundamental reasons for our product breadth.

First, team motivation. Imagine that you have a team of 20 analysts and they all work on a single fund. How exciting do you believe that is for the 20th most junior member of the team? What is their career path? If she is talented, do you really think you can retain her and keep her excited about what she does? We don't think so. The recent launch of the Global Contrarian Fund is a new, exciting opportunity for three of our team members. They are still very much engaged on our other funds, but this is the second hat they each wear and it's exciting for them to be at Grandeur overseeing a fund.

Second, having a variety of related but different funds helps us make each individual fund better. Take our new Global Contrarian fund for example. How can this make our existing funds better? The primary focus of each of our existing funds is to find what we believe are best-in-class growth companies. As part of this endeavor, we aspire to capture earnings growth in our portfolios in real time. Because of this discipline, we can tend to avoid places in the market where the macro outlook is poor because the growth will not be there over the near term. Brazil went through a significant down patch economically not long after our firm started. We recognized this reasonably well and lowered our bets in Brazil. This was very good for us from 2013 to 2015, but from 2016 to 2019 the Brazilian market has done exceptionally well. Our existing funds have been a little slow to get back into Brazil and missed some of the upside there. We believe by having a fund whose mission is contrarian, the Global Contrarian Fund will be able to better capture the upside when markets, sectors, and stocks come back into favor, and in doing so will help our growth-focused strategies react more quickly as well: be it Brazil in 2015, or say US homebuilders in 2010. One of the Global Contrarian Fund's investment strategies is to go to the most out-of-favor places in the market and find the best companies there.

Perhaps a third reason for our broad list of strategies is that internal competition can be a very healthy thing. Randy Pearce, our CIO, and his team on the Stalwarts Funds have outperformed our team on the Opportunities funds. You don't think I want to beat Randy? Research analysts are naturally competitive, and creating a little competition can be healthy and fun when it builds off the collaborative culture at our firm.

While at Wasatch Advisors, I worked for a decade on funds with Sam Stewart and Jeff Cardon, and towards the tail end of that period, I even got to run a tranche of those funds. But the real motivation for me came when I got my own chance to run the Wasatch Micro Cap Fund[4]. By then, I had become more of a peer to them and I was ready to take the reins of a fund. Running just a tranche wasn't fulfilling for me anymore. This is the natural evolution for many research analysts. Opening the Micro Cap Fund in no way hurt Sam and Jeff's funds. It unquestionably helped their funds, as we had a great collaborative team environment – that same collaborative spirit is here today at Grandeur Peak. But a little, friendly bragging rights competition helped push us all a bit too!

Finally, in regards to other fund families that have proliferated funds and seen their performance suffer, I believe their real problem may have been "asset bloat." We've been consistent from our outset saying that we believe we can run around $3B in micro/small-cap assets; and then when we added the Stalwarts line we said we thought we could manage an additional $4-6B of these more liquid smid/mid-cap assets. Today we have roughly $2B in micro/small-cap companies and $2.5B in smid/mid names. Most of our micro/small-focused funds are closed and we have targets of closure for all of our other funds. We remain as committed today as we were on Day One to protecting our investment strategies from asset bloat. You will not see us waiver on this point.

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[4] *Robert Gardiner managed the Wasatch Micro Cap Fund from its inception in 1995 through January of 2006.*

In our original strategic plan, we outlined seven specific smaller-cap strategies that we envisioned launching during our first decade. Of those, Global Contrarian is the 6th listed in our original pipeline. The current plan is to soft close[5] Global Contrarian in the $100-200m range. We did not open it to gather assets, but rather to motivate our team members, to make our other funds better, and to provide a different pole in the water for our clients. Since it is a different pole, it may end up having a little more capacity, but we will err on the safe side in terms of assets.

Four years ago, when we launched our Stalwarts Funds, we heard similar comments and skepticism about fund proliferation. As we've all seen, the Stalwarts Funds have performed very well against both their peer group and their benchmark. Meanwhile, our Opportunities funds haven't done quite as well in part due to the micro/small-cap headwind and the move to passive investing (in addition to the US and Emerging Market headwinds mentioned earlier). We believe the Stalwarts funds have in fact helped the Opportunities funds by finding additional interesting smid-cap companies appropriate for the Opportunities funds while the market is sour on micro-caps. Many of our micro/small-cap names also compete against the smid/mid-cap Stalwart companies and the increased research in the smid/mid area has helped us better understand that competition.

We have other modest plans for future strategies. Notably, we have filed a prospectus for a US-focused fund which we expect to launch sometime in 2020 -- I will discuss more below. We have also been asked about a more concentrated version of our Stalwarts strategies, which we have been exploring. There is also a very important strategy that we've been developing for several years now, which we call Global Explorer. It follows the same idea as Global Reach, but would be managed by our geography teams rather than the industry teams. Launching Global Explorer is roughly targeted for 2021-22. We don't have plans to churn out a plethora of new funds, but after an intentional four-year lull of no new strategies, we do have a few in the pipeline.

To conclude Aesop's Fable: Just like criticizing the man on the donkey, or the boy on the donkey, or neither on the donkey, it's easy to question long-list portfolios, active management, or fund proliferation. I hope this letter helps you understand our plan, and that our performance to date gives you confidence that we have a well-thought-out game plan, and that we have a team willing to put everything on the field of play to make it happen.

Now, I don't want to give the impression that we haven't made mistakes. We have. Where have they been? I don't view the underperformance of micro- and small-caps or the impacts of the passive movement as mistakes. Those are headwinds that we can't control. I think we've adjusted to these headwinds about as well as we could have given the mandates of our funds.

Where we have made mistakes is largely in two areas that I've mentioned before. First, over our history we've been too value focused, and not enough quality focused. I've written about this a fair bit in prior letters. Fortunately, 2019 was a great year on this front, where our efforts to fix those mistakes bore fruit. To just highlight one obvious example, our Emerging Market Fund was up over 23.00% compared to only 13.00% for its benchmark. You will recall a few years ago, we very consciously began moving the Fund towards what we believe are higher quality companies. Stuart Rigby has very effectively delivered

[5] *Soft close means existing investors in the strategy may continue to purchase additional shares, but new investors are restricted.*

Past performance is no guarantee of future performance.

on this effort. It took time to reposition out of some of the more illiquid micro-cap names that we didn't believe were high enough quality, and in 2019 we saw the benefits of this shift.

The other big mistake we made was our major underweight to the US in our global funds. It would be easy to just chalk this up to bad timing and to the passive movement, but I believe there is more to it. All I have to do is mention names like Amazon, Google, Apple, Netflix, and you will get the picture. There have been a lot of names in the mid-cap space of similar quality that have also been huge winners. The US has had some great next-generation mid-cap companies emerge in the past decade. To be fair to us, the performance of our US stocks over our history has been good, but it is the large underweight where we erred. I could forgive not predicting the full impact the tax rate reductions would have on the US stock market, but what is frustrating is that we should have had a lot bigger weight in the powerhouse mid-cap next-generation companies. To some degree, our lack of weight was due to the quality/value trade off. We favored value too much. Also, the micro- and small-cap part of the US market has been less interesting and that is our bread and butter, so we were a bit less focused on the US for this reason. But it was also just the fact that we were so focused on global markets that led us to spend less time on the US at just the wrong time.

You may have seen that we recently filed a US Stalwarts Fund prospectus with the SEC. This is the 7th and final fund from our original strategic plan. The one tweak from the original plan is that we moved this fund under the Stalwarts banner as opposed to the Opportunities banner. As just described, the smid/mid-cap space has been much more interesting than the micro/small-cap segment in the US. Thanks to Sarbanes-Oxley[iii] and the complexities of being a small public company in the US today, we believe the smid/mid-cap segment will continue to be the more interesting area for investing. Truthfully, though, we aren't ecstatic about our timing (unlike our enthusiasm for the timing of Global Contrarian!) because valuations are high in the US, and so we don't yet have an exact launch date for the fund, even though the portfolio is ready to go. But we believe this fund will make us better. It will give us greater focus to the US, which we believe will benefit all of our Global funds, and even help us connect the dots better for our International funds. As usual, you won't see a big marketing push from us to raise assets, but it will provide a different slice of our portfolio for those interested. We believe we can run a great US strategy, as many of our team have a depth of experience here, and as I mentioned, the US pieces of our established Global funds have done quite well.

I want to turn to other accomplishments of 2019. One important accomplishment last year was that we solidified our trading team. We have struggled to find the right fit for our global trading desk as we've sought to build it out. In the past, we've had some promising young traders, but the fit was off and they frankly weren't that happy. We decided to look for seasoned traders and we found two amazing ones, Adam Rowbotham and Jason Mullin. They've been outstanding additions. I encourage you to meet them at your next opportunity. They are moving the dial for us and have helped our performance in good ways.

I am also exceptionally excited about the development of our research team. After last year's disappointing year, I sat down with each member of our team individually. I wanted to gauge the team spirit after a tough year. I want you to know I'm extremely pleased and proud of where we are eight years in. We are right on plan. Almost without exception, I am pleased with the growth and attitude of each team member. They have a strong fighting spirit to succeed, they care about each other, and about you, our valued clients, and they are loyal and committed to the Grandeur Peak dream of being a world-class global asset manager that seeks to deliver for our clients.

You may recall that we recognized last year that wearing three "hats" was spreading our analysts' attention too thin (i.e. having an industry, geography, and fund responsibility). At the beginning of 2019, we pared back to two hats each and it has been the perfect move. The biggest improvement has come on the geography front. With clearer analyst focus country by country, coupled with the work our geography teams have put into running a paper portfolio for the aforementioned Global Explorer strategy, we are stronger. The structure feels right and we believe the team is well positioned to deliver.

We continue to train and develop our team. This happens every day, of course, via company visits, model building, stock talk, Grandeur Peak University, etc. But our team has also continued to further their formal education. Three of our early interns-turned-analysts, started master's programs last fall: Conner Whipple at Oxford, Benjamin Gardiner at the London Business School, and Spencer Hackett at the University of Utah. Tyler Glauser has been accepted into the Insead Singapore MBA program starting Fall 2020. Each of them continues their work for Grandeur Peak while in school, though obviously to a lesser degree, and each will return to us full-time after their program is completed.

Meanwhile, Keefer Babbitt passed the third and final level of the Chartered Financial Analyst (CFA) exam; two others passed Level II and one passed Level I. Keefer was also named as a co-portfolio manager on our Global Contrarian Fund and as a co-industry portfolio manager on the Global Reach Fund last summer. Keefer was our third intern hired. The first two moved on after their internship, but Keefer stuck and has spent eight years under our wings, building his skills. We're excited to have our first portfolio manager from our intern pool.

For each of our young analysts, we jointly develop an education plan, looking at what programs are most interesting to them and the best fit for their skill gaps and the firm's needs (e.g. CFA, MBA, Master of Finance, etc.). For those we view as potential long-term members of the team, we help financially support their additional educational pursuits. We have a detailed plan as to when each of our junior analysts will obtain a graduate degree or pursue their CFA designation.

We had three more interns graduate from college and join us full time in 2019, which helps to cover for those who have reduced their hours while seeking their master's degrees. Dane Nielson joined us from Brigham Young University, and Miranda Jacobs and Spencer Randall both hail from the University of Utah. Each has been with us for several years and brings unique and significant talents to us. I encourage you to read their bios on our website and to meet them when you have the chance.

It's been exceptionally gratifying to see the team become better analysts and to increasingly step up in important ways. I can honestly say that 2019 is the year in Grandeur Peak's history where I felt measurably less important. The team is running the company without me now. Great ideas for investments and for themes and for process are coming so much more from them than from me now. Along these lines, we added the title of Deputy Chief Investment Officer (CIO) to Brad Barth last summer. Brad has brought a wealth of perspective from his experiences at Goldman Sachs and from his London School of Economics background. Brad has pushed the team with big ideas on how to get better and to improve our process. This is a well-deserved promotion. We also named Brad as a co-portfolio manager on Global Stalwarts, the sister strategy to International Stalwarts where he was already a co-portfolio manager.

Equally important was the promotion of Juliette Douglas to Deputy Director of Research (DOR). Juliette came to Research several years ago from the business side of our firm, having worked in operations and trading. We recognized her great analytical abilities and organizational talent and we wanted to harness that on the research side. Juliette has been an incredible stock picker with some "move the dial" picks that have really added to our performance. Thus, she isn't just a great team leader in her DOR role, but is also setting a high bar as a stock picker. We are excited to have added another great female voice (in addition to Amy Hu Sunderland and Liping Cai) to our senior research team.

An annual letter for 2019 wouldn't be complete without a discussion about the growing ESG (environmental, social and governance) conversation.

We've been open with you about the challenges of recruiting women in our field. Our recruiting experience has been that we have a very limited number of women who apply for our research intern role for some reason, and several who have joined our internship program, have chosen a different profession upon graduating from college. We have created endowed scholarships at Brigham Young University and the University of Utah (which are specifically targeted to women), and are presenting to female-oriented clubs on campus as one set of efforts to increase awareness and interest in our profession. As mentioned, Miranda joined our research team full time last spring. We have another woman, Sydney Dahl, who joined us full-time this month. Sydney has been a data analyst intern on our Director of Research team and just completed her Master of Data Analytics at Utah State University. We also have another female research intern who will be joining us this spring. We are making progress on bringing more female voices to our research team, but we have more work to do.

Of course Laura Geritz, CEO/CIO of our sister firm, Rondure Global Advisors, provides another strong female perspective for our firm. Rondure recently received its certification as a woman-owned business from the NWBOC (National Women Business Owners Corporation). Rondure continues to deliver on their investment goals. We think they are particularly well positioned for where we are in the market cycle, and believe 2020 will be an exciting year for them. We are proud to be a minority shareholder in Laura's firm. We value and appreciate Laura's voice at Grandeur Peak.

In addition, we have recently added Karey Barker, founder and managing director of Cross Creek Advisors, to the Grandeur Peak Advisory Board we're creating. Karey is a former partner of mine from Wasatch Advisors and Cross Creek. She is the first addition to what we hope will be a valuable external advisory board. Karey has been a great friend to Grandeur Peak and has provided us a view into the venture world and companies preparing for IPOs (Initial Public Offerings). She has 30+ years of industry experience and will bring a great external perspective to our firm.

I now turn to the broader ESG topics that are in the news almost daily. We have always subscribed to the idea that good companies need to be good on sustainability issues (internally we refer to the ESG topics as "sustainability" instead of ESG). We are well aware of, and agree with, the many studies that have confirmed this. We have always invested in companies we feel score high on these factors. Because most of our companies are micro- and small-cap, many don't yet have the formal disclosure on some ESG topics that most larger companies now have, and therefore, from the cursory look by ESG rating agencies, it may appear that our companies are less committed to important ESG principles. This is inaccurate.

Thanks to the great efforts of Brad Barth, Juliette Douglas, and Dustin Brown over the past 18 months, we have taken our internal sustainability analysis and review to a very high level. Our team goal is to invest in companies we believe are sustainable over the long-term, and in order to be so they need to exercise sustainable principles and practices, which include the important elements of ESG. Sustainability is a core part of our research analysis on each company. We will not outsource this analysis, nor turn to ESG scoring services that scrape easily accessible information and don't get to the true heart of the matter on each company. Rather, we independently analyze and rate each of our companies on this front, and these analyses and ratings represent an important element of our investment decision (both for buying/selling as well as portfolio weighting). In doing this work, we are in direct discussions with our companies, and are able to encourage better disclosure and suggest areas for improvement when relevant.

We ultimately leave the final buy/sell decisions for the portfolios up to each Portfolio Manager (PM) team, and PM teams may come to different conclusions. As an example, we have had great discussions about whether we should be investing in oil & gas related companies at all, and there is a range of opinions on the topic across our team. You'll see this range play out across our portfolios (although as you are likely aware, we have always been underweight oil and gas because the industry doesn't fit our investment approach very well). Our sustainability work helps us better understand the risks of each company, but the answers are frequently not black or white. What we require of each PM team is that they heavily consider sustainability issues, and that we engage our company management teams directly on these important long-term topics.

We are in the process of forming an external sustainability advisory board made up of leading sustainability authorities to help us in this endeavor. We will seek their advice to ensure that we stay on top of the most important sustainability topics and the related implications to our companies and our research analysis. We don't believe sustainable investing is done by checking off hundreds of ESG boxes; instead we seek to focus on the most important areas of sustainability, invest with companies that we believe have long-term sustainability, and seek to drive real progress in those important areas. We also spent 2019 engaging with many of the leading global investment managers focused on ESG to understand how their efforts may differ from ours and to identify any gaps we may have as we seek to be truly world class. We've visited over fifty of our peers that we feel are leaders on this front. This work has been invaluable.

Finally, we are stepping up the environmental bar internally as well. Grandeur Peak encourages and offers financial support to all employees taking steps to decarbonize. We offer a comprehensive public transportation benefit to all employees. We offer employees an electric (EV) or hybrid electric vehicle (HEV) subsidy. The firm subsidizes solar panel installations at employee residences. We have replaced plastic bottles and paper cups in the office with re-usable tumblers and mugs; we have replaced paper plates and plastic utensils in our breakroom with real plates and utensils (and a dishwasher). Recycling experts have come to train our team on how to be better recyclers. And we have several environment-related charities that we support as part of our charitable donations and outreach. The one big piece of our carbon footprint that remains a challenge for us is our global travel. We are focused on making these trips as efficient as possible, and are looking at ways we might counter this part of our footprint.

Stay tuned to learn more about our sustainability efforts.

Of course in any annual letter we need to talk about performance. On the surface, it looks like 2019 was a good, but perhaps not spectacular year. Underneath it was really good. We faced difficult headwinds. Big cap has massively outperformed small- and micro-cap. US outperformed again and Emerging Markets massively underperformed again. Despite these stiff headwinds, we performed very admirably, outperforming in each major region (US, Developed & Emerging) for the majority of our funds. If you had told me in January that the markets would perform the way they did, I frankly would have been nervous about this year's report to you, but our team has been more than up to the task.

While we don't know what the market will bring in 2020, I'm confident in our team and am excited for when the winds shift and we could potentially benefit from tailwinds instead.

On the industry/sector front we performed as we would hope for Grandeur Peak. In our bread and butter areas, we were quite strong, especially in Industrials, Technology, and Consumer; and our Healthcare team deserves an especially large shout out for having had a breakout year. Great work by our Heathcare PM, Liping Cai, and by Preston Williams, our lead health care analyst, and by Ben Gardiner who covers a number of Healthcare names. Years of hard work came together nicely in 2019 for our Healthcare portfolio.

Our team delivered in 2019 the way I had hoped we would rebound from a tougher 2018. There are many others whom I didn't mention on the research team, and equally as important on the business operations side that deserve recognition. I look across our entire team and say wow, this is a great team.

We continue to give out significant synthetic equity awards to our team. Every full-time member of the team that has been with us for over a year owns synthetic equity in our firm. We have also been able to build a nice balance sheet to provide a rainy day fund and to support future potential needs of the firm. The vision from day one was that this firm would be built to last and be built on the shoulders of the next generation, and not for me, Eric and Blake. 2019 will go down as a great year where the next generation here really emerged as the leaders.

I want to thank most of all, you our valued clients. I wasn't sure how our clients would react to a sub-par 2018. There were headwinds that year, but we expected to do better against them than we did. I am gratified that you too have the long-term view and continue to share your trust with us. I'm also grateful for the many personal notes I received after my last Chairman's message[iv] encouraging me to keep my head up.

To close, I just want to say again that we have a plan. Over the past eight years I believe we have gotten the donkey to the city in good health. Passive is the rage now, but we're optimistic about the role we can play in what is likely to become an increasingly inefficient market. Any time you want more knowledge of our "plan" we're happy to talk it through with you!

Sincerely,

Robert

Robert Gardiner
Chairman & Co-Founder
Grandeur Peak Global Advisors

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[i] Robert Hales, "Making Righteous Choices at the Crossroads of Life," October 1988.

[ii] **Morningstar Peer Rankings as of 10/31/19**

Grandeur Peak Fund	11/1/11 to 10/31/2019 Ranking	5-Year Ranking	3-Year Ranking	1-Year Ranking	Morningstar Category
Global Opportunities (GPGIX)	Top 9% (9 of 81 funds)	Top 42% (54 of 109 funds)	Top 54% (72 of 131 funds)	Top 26% (48 of 153 funds)	US OE World Small/Mid Stock
International Opportunities (GPIIX)	Top 13% (10 of 94 funds)	Top 61% (67 of 108 funds)	Top 65% (82 of 119 funds)	Top 54% (75 of 132 funds)	US OE Foreign Small/Mid Growth

Morningstar Peer Rankings as of 12/31/19

Grandeur Peak Fund	11/1/11 to 12/31/2019 Ranking	5-Year Ranking	3-Year Ranking	1-Year Ranking	Morningstar Category
Global Opportunities (GPGIX)	Top 10% (10 of 81 funds)	Top 41% (53 of 109 funds)	Top 38% (60 of 131 funds)	Top 22% (36 of 156 funds)	US OE World Small/Mid Stock
International Opportunities (GPIIX)	Top 9% (8 of 94 funds)	Top 55% (58 of 108 funds)	Top 64% (85 of 123 funds)	Top 40% (50 of 136 funds)	US OE Foreign Small/Mid Growth

Morningstar Peer Rankings as of 03/31/20

Grandeur Peak Fund	11/1/11 to 03/31/20 Ranking	5-Year Ranking	3-Year Ranking	1-Year Ranking	Morningstar Category
Global Opportunities (GPGIX)	Top 6% (6 of 79 funds)	Top 30% (44 of 107 funds)	Top 43% (70 of 139 funds)	Top 32% (65 of 156 funds)	US OE World Small/Mid Stock
International Opportunities (GPIIX)	Top 14% (11 of 93 funds)	Top 46% (47 of 109 funds)	Top 72% (93 of 123 funds)	Top 46% (58 of 134 funds)	US OE Foreign Small/Mid Growth

[ii] The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. The Morningstar percentile rank is the rank among its category peers, which rank is based on a comparison of a fund's total return performance against its peers over a given time period.
Source: Morningstar Essentials. Rankings are based on total return. Ratings are based on risk-adjusted return. The Diversified Emerging Markets category is comprised of funds investing in any capitalization range. Data shows past performance. ***Past performance is not indicative of future performance. Inception date for both GPGIX and GPIIX is 10/17/2011.***

[ii] The Sarbanes-Oxley Act of 2002 (SOX) is an act passed by U.S. Congress in 2002 to protect investors from the possibility of fraudulent accounting activities by corporations. The SOX Act mandated strict reforms to improve financial disclosures from corporations and prevent accounting fraud.

Performance as of 12/31/2019

	Quarter	YTD	1 yr	3 yrs	5 yrs	Since Inception*
Global Opportunities, Investor Class (GPGOX)	11.04%	31.13%	31.13%	12.53%	9.01%	13.29%
Global Opportunities, Institutional Class (GPGIX)	11.20%	31.49%	31.49%	12.72%	9.25%	13.58%
MSCI All-Country World Small Cap Index[iv]	*9.85%*	*25.23%*	*25.23%*	*10.21%*	*8.32%*	*11.03%*
MSCI All-Country World Investible Market Index[v]	*9.16%*	*27.04%*	*27.04%*	*12.68%*	*8.92%*	*10.95%*
Intl Opportunities, Investor Class (GPIOX)	11.39%	28.20%	28.20%	11.56%	7.95%	12.12%
Intl Opportunities, Institutional Class (GPIIX)	11.50%	28.21%	28.21%	11.80%	8.16%	12.35%
MSCI All-Country World ex-US Small Cap Index[vi]	*11.07%*	*22.93%*	*22.93%*	*10.07%*	*7.44%*	*7.98%*
MSCI All-Country World ex-US Investible Market Index[vii]	*9.26%*	*22.24%*	*22.24%*	*10.36%*	*6.20%*	*6.95%*

Performance as of 03/31/20

	Quarter	YTD	1 yr	3 yrs	5 yrs	Since Inception*
Global Opportunities, Investor Class (GPGOX)	-24.18%	-24.18%	-12.52%	-0.05%	2.50%	13.29%
Global Opportunities, Institutional Class (GPGIX)	-24.12%	-24.12%	-12.62%	0.17%	2.74%	13.58%
MSCI All-Country World Small Cap Index[iv]	*-30.11%*	*-30.11%*	*-22.70%*	*-4.12%*	*-0.05%*	*11.03%*
MSCI All-Country World Investible Market Index[v]	*-22.33%*	*-22.33%*	*-12.25%*	*1.29%*	*2.99%*	*10.95%*
Intl Opportunities, Investor Class (GPIOX)	11.39%	28.20%	28.20%	11.56%	7.95%	12.12%
Intl Opportunities, Institutional Class (GPIIX)	11.50%	28.21%	28.21%	11.80%	8.16%	12.35%
MSCI All-Country World ex-US Small Cap Index[vi]	*11.07%*	*22.93%*	*22.93%*	*10.07%*	*7.44%*	*7.98%*
MSCI All-Country World ex-US Investible Market Index[vii]	*9.26%*	*22.24%*	*22.24%*	*10.36%*	*6.20%*	*6.95%*

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.

* Inception of the Grandeur Peak Global Opportunities Fund and the Grandeur Peak International Opportunities Fund is 10/17/2011;

iv The MSCI All-Country World (ACWI) Small Cap Index captures small cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries.
v MSCI All-Country World Investible Market Index (ACWI IMI) captures large, mid and small cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The index is comprehensive, covering approximately 99% of the global equity investment opportunity set.
vi The MSCI All-Country World ex-US (ACWIxUS) Small Cap Index captures small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.
vii MSCI All-Country World ex-US Investible Market Index (ACWIxUS IMI) captures large, mid and small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. The index is comprehensive, covering approximately 99% of the global equity investment opportunity set.
It is not possible to invest directly in an index.

The Advisor may absorb certain Fund expenses, without which total return would have been lower. These expense agreements are in effect through August 31, 2020. The Expense Agreement for Grandeur Peak Global Contrarian is *in effect through August 31, 2021. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost.*

Total Expense Ratios: Gross 1.37% / Net 1.33% for GPGIX; Gross 1.62% / Net 1.58% for GPGOX; Gross 1.37% / Net 1.32% for GPIIX; Gross 1.62% / Net 1.57% for GPIOX;

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 this redemption fee or taxes, which if reflected, would reduce the performance quoted. For more complete information including charges, risks and expenses, read the prospectus carefully.
The objective of all Grandeur Peak Funds is long-term growth of capital.

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.

An investor should consider investment objectives, risks, charges, and expenses carefully before investing. To obtain a Grandeur Peak Funds prospectus, containing this and other information, visit www.grandeurpeakglobal.com or call 1-855-377-7325. Please read it carefully before investing.

Emerging Markets Opportunities Fund Top 10 Holdings as of 01/31/20**	**Percent of Net Assets**		**Global Contrarian Fund Top 10 Holdings as of 01/31/20****	**Percent of Net Assets**
Silergy Corp.	2.8%		BBI Life Sciences Corp.	2.9%
WNS Holdings, Ltd.	2.6%		Plover Bay Technologies, Ltd.	2.6%
Bajaj Finance, Ltd.	2.1%		Fiducian Group, Ltd.	2.2%
Genpact, Ltd.	2.0%		NV5 Global, Inc.	1.9%
Metropolis Healthcare, Ltd.	1.8%		Trancom Co., Ltd.	1.9%
Dino Polska SA	1.5%		Bioteque Corp.	1.7%
LEENO Industrial, Inc.	1.4%		Selamat Sempurna Tbk PT	1.6%
Wilcon Depot, Inc.	1.3%		Jacobson Pharma Corp., Ltd.	1.5%
Pagseguro Digital, Ltd.	1.3%		Piovan SpA	1.5%
Sarantis SA	1.2%		Hackett Group, Inc.	1.4%
Total	18.0%		Total	19.2%

Global Micro Cap Fund Top 10 Holdings as of 01/31/20**	Percent of Net Assets		Global Opportunities Fund Top 10 Holdings as of 01/31/20**	Percent of Net Assets
National Veterinary Care, Ltd.	3.6%		Silergy Corp.	2.2%
BBI Life Sciences Corp.	2.8%		Power Integrations, Inc.	2.2%
Sarantis SA	2.6%		EPAM Systems, Inc.	2.0%
NV5 Global, Inc.	2.3%		Dechra Pharmaceuticals PLC	1.8%
Self Storage Group ASA	2.1%		First Republic Bank	1.7%
Fiducian Group, Ltd.	2.0%		CVS Group PLC	1.5%
Vaibhav Global, Ltd.	2.0%		WNS Holdings, Ltd.	1.5%
M&A Capital Partners Co., Ltd.	1.9%		Lululemon Athletica, Inc.	1.4%
Impax Asset Management Group PLC	1.6%		B&M European Value Retail SA	1.4%
Kogan.com, Ltd.	1.6%		Bajaj Finance, Ltd.	1.3%
Total	22.5%		Total	17.0%

Global Reach Fund Top 10 Holdings as of 01/31/20**	Percent of Net Assets		Global Stalwarts Fund Top 10 Holdings as of 01/31/20**	Percent of Net Assets
First Republic Bank	1.8%		First Republic Bank	3.9%
WNS Holdings, Ltd.	1.4%		Silergy Corp.	2.9%
NV5 Global, Inc.	1.2%		St. James's Place PLC	2.6%
Silergy Corp.	1.2%		Power Integrations, Inc.	2.2%
EPAM Systems, Inc.	1.2%		B&M European Value Retail SA	2.2%
Parex Resources, Inc.	1.2%		EPAM Systems, Inc.	2.1%
B&M European Value Retail SA	1.0%		Lululemon Athletica, Inc.	2.0%
BBI Life Sciences Corp.	1.0%		Dechra Pharmaceuticals PLC	2.0%
Apollo Global Management, Inc.	1.0%		Fastenal Co.	1.9%
Sanne Group PLC	0.9%		ABIOMED, Inc.	1.9%
Total	11.9%		Total	23.7%

International Opportunities Fund Top 10 Holdings as of 01/31/20**	Percent of Net Assets
EPAM Systems, Inc.	2.2%
Silergy Corp.	2.2%
Dechra Pharmaceuticals PLC	1.9%
B&M European Value Retail SA	1.8%
WNS Holdings, Ltd.	1.8%
Aalberts NV	1.8%
CVS Group PLC	1.7%
Tokyo Century Corp.	1.4%
Metropolis Healthcare, Ltd.	1.4%
Irish Residential Properties REIT PLC	1.3%
Total	17.5%

International Stalwarts Fund Top 10 Holdings as of 01/31/20**	Percent of Net Assets
Silergy Corp.	3.3%
St. James's Place PLC	3.1%
B&M European Value Retail SA	2.6%
Dechra Pharmaceuticals PLC	2.4%
Lululemon Athletica, Inc.	2.3%
WNS Holdings, Ltd.	2.3%
EPAM Systems, Inc.	2.2%
Aalberts NV	2.2%
Nihon M&A Center, Inc.	2.0%
Bajaj Finance, Ltd.	1.9%
Total	24.9%

*** 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.*

Alpha is defined as the active return on an investment or the excess return of an investment against the benchmark or index that represents the market as a whole.
P/E Ratio: Price-to-Earnings Ratio is the ratio of the current price divided by typically the earnings over the past 23 months.

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