

TICKER: MAVKX

## MORNINGSTAR RATING



Overall Morningstar Rating™ based on risk-adjusted returns among 446 Small Value Category funds.

## PORTFOLIO MANAGERS



**Stephen J. Rich**  
32 Years Experience



**Thaddeus Pollock, CFA, CAIA**  
23 Years Experience

## ABOUT MoA FUNDS

Mutual of America created its first mutual funds in 1985. Now, Mutual of America Capital Management manages an array of 28 mutual fund strategies that span domestic and international equities, fixed income, target date and allocation funds. With a team of over 20 investment professionals, we manage portfolios with a common goal — to provide investors with attractive returns over time while being mindful of risk.

## CONTACT US

Financial Professionals:  
**443.652.4218**

Shareholder Services:  
**800.914.8716**

[moafunds.com](http://moafunds.com)

## 1 Would you please discuss the relative performance of small-cap value stocks in 3Q24 and comment on the Fund's performance?

In the third quarter of 2024, the Russell 2000® Value Index, which tracks small-cap value stocks, outperformed the Russell 1000® Value Index, which is a proxy for large-cap value stocks. The Russell 2000® Value Index posted a total return of 10.15% and outperformed the Russell 1000® Value Index, which returned 9.43% for the quarter.

This performance disparity highlights the stronger market sentiment towards small-cap value stocks during this period, driven by factors such as favorable economic conditions and the easing of monetary policy by the Federal Reserve, when it cut the Fed funds rate by 50 basis points in September. Small-cap companies are generally more sensitive to interest rates, as they tend to have higher debt levels, higher borrowing costs, and debt that is often floating rate in nature. In addition, small-cap stocks were relatively undervalued compared to large-cap stocks, making them more attractive to investors focused on valuations. These factors contributed to a rotation from large-cap stocks into small-cap opportunities.

We are pleased that the Fund outperformed the Morningstar Small Value Category average in the quarter with a return of 9.26% vs 8.14%, respectively. In addition, the Fund outperformed the category average year-to-date with a return of 9.29% vs 8.74%, respectively.

At MoA Funds, we attribute our outperformance, in part, to our disciplined approach. We favor value-oriented companies with strong fundamentals and experienced management teams with disciplined capital deployment. Our goal is to deliver superior returns to investors while minimizing risk along the way.

## 2 Would you please discuss a recent addition to the Fund?

During the quarter we purchased Wyndham Hotels & Resorts (WH). Wyndham is a leading hotel franchisor in the select service hotel and resort segment with over 9,200 hotels under 25 brands across the United States. The company employs a franchise asset light business model, which makes Wyndham a high

*Continued on next page*

### FUND PERFORMANCE (%) as of 9/30/2024

	ANNUALIZED						
	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
MoA Small Cap Value Fund	9.26	9.29	20.66	5.62	7.99	6.60	7.32
Russell 2000® Value Index	10.15	9.22	25.88	3.77	9.29	8.22	7.27
Morningstar Small Value Cat. Avg.	8.14	8.74	22.68	6.47	11.02	8.17	—

Date of Inception: 7/1/2005 | Gross Expense Ratio: 0.84%

*The performance data quoted represents past performance and is no guarantee of future results. 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. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance, please call 800.914.8716 or visit moafunds.com.*

margin business that generates significant free cash flow. The company exhibits strong growth improvement opportunities over the next few years including strong net room growth, ancillary fee growth, royalty rate expansion and revenue per available room growth aided by domestic infrastructure spending. The company's disciplined cost management and capital allocation policies should support strong shareholder returns over the next few years. In addition, we believe the strong leadership team at the company has been vindicated with improving organic results from the Choice Hotel hostile acquisition attempt which substantially undervalued the future growth prospects of the franchise.

We also purchased First Financial Bankshares (FFIN) during the quarter. First Financial is leading Texas based regional bank, with 83 locations and an over three decade history of consistent earnings growth. The company employs a local bank charter model and differentiated customer service focused strategy that has allowed it to consistently take share in its strongly growing local markets. The company also follows conservative lending standards in a broadly diversified loan portfolio, which should allow the company to continue to grow above peers.

### 3 Would you please comment on some of the qualities that you favor in the companies that you own?

We prefer to own companies that have strong balance sheets and low leverage. With lower debt levels, small-cap stocks face lower financial risk and are less burdened by interest payments. Low debt levels also provide more flexibility to invest in growth opportunities. Companies with low leverage are seen as more creditworthy, making it easier and cheaper for them to obtain financing if needed. This can be particularly important for small-cap companies that may need to raise capital to support their growth.

In addition, we favor companies with high margins, which are particularly beneficial for small-cap stocks. High margins indicate that a company is able to convert a significant portion of its revenue into profit, which can be used for expanding operations, investing in new technologies, or entering new markets. High margins also provide a buffer against economic downturns and market volatility. In addition, they can indicate a competitive advantage, such as unique products, strong brand loyalty, or efficient operations resulting in wider competitive moats. The weighted average net margin for the Fund's holdings was 12.1% vs 8.3% for the Russell 2000® Value Index as of September 30, 2024.

**You should consider the investment objectives, risks, and charges and expenses of the funds carefully before investing. This and other information is contained in the funds' prospectuses and summary prospectuses, which can be obtained by calling 800.914.8716 or visiting [moafunds.com](http://moafunds.com). Read them carefully before investing.**

Mutual fund investing involves risk. Principal loss is possible. Investing in small- and mid-cap stocks involves risks including greater volatility and less liquidity than large-cap stocks. The portfolio manager's judgments about the attractiveness, value or potential appreciation of the Fund's investments may prove to be incorrect. The Fund could underperform in comparison to other funds with a similar benchmark or similar objectives and investment strategies if the Fund's overall investment selections or strategies fail to produce the intended results.

Dividends are not guaranteed and may fluctuate.

© 2024 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (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.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Among Small Value funds, the MoA Small Cap Value Fund received 3 stars among 446 for the 3-year, 2 stars among 420 for the 5-year, and 2 stars among 326 funds for the 10-year period ended 9/30/2024. **Past performance is no guarantee of future results.**

Morningstar Risk scores for a given time period (three, five, or 10 years) reflect the Fund's Morningstar risk score plotted on a bell curve: Monthly calculations are based on whether the Fund scores in the top 10% of its category, its risk score is considered High; if it falls in the next 22.5% Above Average; a place in the middle 35% is Average; those lower still, in the next 22.5%, are Below Average and the bottom Low. Overall Morningstar risk score is a weighted average of the available three, five, and 10 year Morningstar risk scores. Investments with less than three years of performance history are not rated.

# MoA Small Cap Value Fund



Fund holdings and/or sector allocations are subject to change and are not recommendations to buy or sell any security. Of the companies mentioned, the Fund's holdings as a percentage of net assets as of 9/30/2024 were as follows: Wyndham Hotels & Resorts 1.0% and First Financial Bankshares 1.03%.

The Russell 2000<sup>®</sup> Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000<sup>®</sup> Value Index is a market capitalization weighted index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth rates. It is not possible to invest in an index. A basis point is one hundredth of 1 percentage point. Free cash flow represents the cash a company can generate after accounting for capital expenditures needed to maintain or maximize its asset base. Net margin measures how much net income or profit a company generates as a percentage of its revenue.

MoA Funds distributed by Foreside Fund Services, LLC.